



**Testimony Regarding SB 794
Senate Committee on Human Services
March 20, 2017**

Chair Gelser, Vice-Chair Olsen, and Members of the Committee,

I submit this testimony on behalf of the Oregon Law Center (OLC) regarding SB 794, which would establish an Oregon Renter Assistance Program to be funded by through a tax credit program.

As you may know, OLC's mission is to achieve justice for low-income communities of Oregon by providing a full range of the highest quality civil legal services. One of the most important issues in the lives of our clients is the challenge to find and maintain safe, stable, affordable housing. Challenges our clients face include high rent burdens, sudden rent increases, no-cause evictions, a lack of accountability for violations of fair housing laws, lack of supply, and lack of shelter access. We greatly appreciate the legislature's efforts to consider all aspects of the current housing crisis in Oregon, and possible solutions to all of these aspects. Without housing stability, our communities cannot succeed.

SB 794 proposes to create a new renter assistance program, to be funded via the use of a tax credit to pay the difference between the rent that tenants can afford and what the market rent rate is. Payments would be administered by a non-profit management agency directly to landlords, to assist with the rent for qualifying tenants.

It is clear that housing instability, evictions, and rent burdens are at crisis levels in Oregon. The major impact of this crisis is falling disproportionately on our most vulnerable Oregonians. Across the state, seniors, low-income people, people of color, people with disabilities, children, are all at risk. The crisis is felt by middle income working Oregonians as well. A fully funded renter assistance program would be of great value in helping those most vulnerable to survive the impact of ever-increasing market rents.

A few questions arise that we hope the legislature will carefully consider in moving forward:

- 1) How would this program interact with other state housing assistance programs?** OLC has consistently testified in support of full funding for the Emergency Housing Assistance (EHA) fund and the State Homeless Assistance Program (SHAP). This biennium, we advocate for an investment of \$50 million into EHA and SHAP. The Governor's Recommended Budget for these programs recommends \$10 million, and today, organizations are barely meeting the needs for emergency housing and shelter assistance. These effective and efficient programs are means tested, and highly successfully run at the local level, where administering organizations can best identify priority and need. It would be important that

any new renter assistance program be designed to mesh well with these current programs, and not be duplicative, either substantively or administratively.

2) What standards would the program use to define eligibility for tenants?

- a. In order to ensure the best use of state dollars, tenants should be means tested. The legislation already proposes means testing, but would benefit from some guidance from the legislature as to the parameters of eligibility. Setting these parameters would help better determine how the new program would mesh with other housing assistance programs, and would help the state better calculate fiscal impact.
- b. As a point of comparison, the federal Section 8 program provides that to be eligible for a Housing Choice Voucher, a tenant household must make less than 50% of the Area Median Income (AMI), and federal law requires housing authorities to provide 75% of their vouchers to households at 30% of the AMI or below.
- c. The bill proposes to set criminal history, rental history, and other standards for eligible tenants. How would these standards mesh with landlord application acceptance standards? It would be important to make sure that any standards set in the program were no more restrictive than state and federal law would allow as housing application standards.

3) How would tenant assistance be impacted by no-cause eviction or rent increases?

- a. If there were a no-cause eviction and the tenant was forced to move, would the tenant be able to transfer assistance to the new landlord? Would tenant assistance be available for any periods of homelessness caused by the move (for example, to hotels, etc?)
- b. If the landlord increased the rent, would the tenant qualify for a proportionate increase in rent assistance to be paid to the landlord?

4) Would the sale of tax credits to fund the program be the only source of revenue for the program?

- a. It would be important to know approximately what the size of the fund would be so that the program could set a case load expectation and manage waitlists.
- b. How would the sale of these tax credits impact other general fund programs? It would be important that these funds be in addition to, and not at the expense of, other underfunded but effective existing housing programs.

5) Any new funding is helpful. However, full funding for the program would be very expensive. If there were not full funding to help everyone in need, administrative rules would need to address how applicants would be prioritized, and how waitlists would be managed. As a point of reference, it may be useful to consider the following numbers:

- a. According to 2016 OHCS data, there are 176,000 households in Oregon whose incomes are at or below 30% of area median income (AMI), and another 173,000 households whose incomes are between 31 and 50% of AMI.

- b. According to data found on the Oregon Housing Blog site (<http://oregonhousing.blogspot.com/>), the average Housing Choice Voucher currently costs the federal government approximately \$540/month, or approximately \$6,480 per year per household. If these numbers are correct, and there are approximately 33,000 households who receive vouchers in Oregon, the current Section 8 program spends approximately \$213 million a year in voucher assistance (this does not take into account any administrative costs).
- c. If this new state program were to provide assistance modeled after the Section 8 voucher program, and we were to consider only the lowest-income households eligible, then we would need approximately a billion dollars a year to adequately fund the program.
 - i. 176,000 0-30% AMI households minus the 33,000 households who already receive federal vouchers = 143,000 households.
 - ii. 143,000 households times \$6,480 average voucher cost per year = 926,640,000, or just under a billion dollars a year.
 - iii. *Note: the above math does not take into account any households above 30% AMI who may be rent burdened and in need of assistance.*

6) How quickly could the program be up and running?

- a. The housing crisis is upon us now. Would the program need to wait until sufficient funding by the sale of tax credits had been amassed to pay out benefits?

7) How would market rent be determined, and what impact would this determination have on tenant eligibility?

- a. Would the administering agency (or contracting non-profit organizations) be authorized to set market rents? How often would these be set? Would they be set locally, or by the state? There are many markets in the state, and they vary based on many criteria and factors.
- b. If the market rate were determined at one level, but vacancy rates and tenant needs forced a tenant into a unit that rented for higher than the market rate – would the tenant remain eligible for assistance?

8) What would be the criteria for landlord eligibility?

- a. Would landlords receiving payments from the program be subject to similar criteria as tenant applicants? It would be a great benefit to tenants to know if a landlord had satisfied a basic screening by the state.
- b. For example, would fair housing training be required of landlords receiving state payments? Could there be inspections for habitability standards? A screening for negative eviction history? Such oversight by the state could be of great use to landlords and tenants alike in assuring basic standards consistent across the state.
- c. Would landlords receiving state funding be prevented from using extreme rent increases or no-cause evictions during the period of assistance? If not, the goal of stability for tenants may not be achieved.

In closing, we applaud the legislature's willingness to consider a variety of methods to help address the housing crisis impacting our communities. Housing is a basic human need. It is about much more than a roof over one's head; Housing is about opportunity, stability, and health. Without stable housing, it is difficult or impossible for families to hold down a job, keep children in school, access neighborhood amenities, and stay healthy. Stable, available, and affordable housing are critical to the public health and safety of all Oregonians. We must act to ensure stability and fairness for the 4 in 10 Oregon households who are renters.

Thank you for the opportunity to submit comments.