



Testimony in Support of House Bill 2002
House Committee on Human Services and Housing

Speaker of the House Tina Kotek
February 13, 2017

Thank you for the opportunity to testify on this important issue.

We face a statewide housing crisis that stems from a shortage of housing – both affordable and market rate. To solve this crisis, we must take a three-pronged approach. First, we need to increase our supply of housing, both market rate and affordable. Second, we need to preserve the affordable housing that we have. Finally, we need to provide protections for renters who are bearing the brunt of this shortage while we get more units online.

Preserving existing affordable housing is a critical part of addressing our housing crisis. We cannot afford to lose ground during a time when too many Oregonians are worried about having to sleep outside, or the upheaval that a pending eviction will cause, or the impossibility of making their next rent payment.

Although it is difficult to assess the exact number of affordable units that are at risk of conversion to market rate, the Secretary of State's recent audit of the Oregon Housing and Community Services Department (OHCS) notes that 121 properties with 4,000 units have rental subsidies that expire over the next seven years. There are an additional 72 properties administered by the United States Department of Housing and Urban Development (HUD) with 2,200 rental units at risk of deterioration due to age and inability to take on debt to recapitalize and renovate. The residents of those buildings cannot afford to lose their housing given how challenging it is for renters to find affordable units in the present market.

In order to preserve our affordable housing and protect the public's investment in these subsidized units, I am proposing that we strengthen our preservation laws with House Bill 2002.

The goal of HB 2002 is to preserve subsidized housing that is at risk of conversion to market rate through sale of the property. HB2002 does three major things:

- First, it applies laws regarding preservation to “publically supported housing,” which is newly defined in HB 2002 as housing subsidized with federal, state, or local resources. Current law only applies to federally-subsidized properties.
- Second, it increases notice requirements for property owners who intend to sell an affordable property to a new owner. Current law specifies that an owner must give one year’s notice. HB 2002 changes the notice requirement to two years. Increasing the notice requirements enhances OHCS’s ability to track units that are at risk of losing affordability so they can better plan to support residents who may be losing their affordable housing.
- Third, it requires an owner to give the local government, state government, or an approved designee an opportunity to purchase the publically supported housing in order to preserve the property’s affordability. The intent here is to try to prevent affordable housing that is up for sale without a continuing affordability agreement from being converted to market rate housing.

My office is currently working with stakeholders to amend the current language of the bill to more effectively achieve the bill’s objectives, and I look forward to bringing you an amendment that addresses some technical errors in the original bill.

Based on feedback that we have already received, we plan to make the following changes:

- Definition of publically supported housing:
 - Clarify that Section 8 vouchers are not subject to laws regarding preservation – only place-based Section 8 projects will be included.
 - Specify that publically-supported housing includes multi-family housing with five or more units and excludes properties with fewer than five units.
- Notice requirements:
 - Clarify that notice is triggered when a building is being sold without guarantee of continued affordability as opposed to being sold with a new affordability agreement.
- Opportunity to purchase:
 - Clarify that a designee is acting on behalf of the state and that the state is not legally liable when designee purchases building.

Thank you for your attention to this important issue.