

THE OREGON HOUSING TRUST FUND
A CASE STUDY
Peter Grundfossen
Executive Director
Association of Oregon Housing Authorities

“The whole idea is to bring people together from a variety of points of view to agree on a legislative program.”

INTRODUCTORY OVERVIEW

This case explores leadership efforts to meet the low-income affordable housing needs of the citizens of Oregon. More specifically, it is a study of the establishment of the Oregon Housing Fund created by the Oregon legislature in 1991. The Fund embodies a variety of strategies that seek to develop low-income housing, both to rent and to purchase.

This case raises a wide variety of leadership questions, including some of the following: What is the best way to generate political support for poverty issues? How can that be done in both good and bad economic times? How can support be generated with part-time elected officials and when the executive and legislative branches may have divided party rule? What is the role of city, county, for-profit, and non-profit advocacy groups in building coalition support? How is strategy for developing an initial coalition affected by the need to sustain it over a period of years? How do you keep a political coalition together? How do you decide who is in the coalition and who is not?

PART I: WHAT’S THE PROBLEM?

- 1. Private Market Forces** – Private market rate housing is too costly for low-income Oregonians to afford. They pay for it because they have little choice, but it deprives them of other life necessities. Federal assistance, although important, has been inadequate. Advocates of state housing assistance have emphasized the importance of constructing additional low-income affordable housing rather than instituting a state program of rent assistance. In 1991 an expansive new program of housing assistance was adopted by the state legislature. Part of that program is referred to as the Housing Trust Fund. The Housing Lobby Coalition has been the chief promoter of this program.
- 2. Oregon’s Declining Wages** - Beginning in the late 1970s, with a lull during the Oregon recession of the early 80s, housing prices have grown at a rate faster than household incomes. From 1979 to 1992 incomes for men having no more than a high school education dropped by an inflation adjusted \$7000 annually, nationally. The huge financial loss to this segment of the population has not been at all mitigated since then. Significant income losses were also experienced by men having less than a high school education, by men with less than a college education, and by women with less than a college education. The only two broad segments of the population to experience increases in earning capacity during this period were women earning baccalaureate degrees or better (largely because their base pay had been so low) and men with post graduate education. Because the backbone Oregon forest and fishing industries declined during that time period, the loss of income was probably greater here than nationally.

This loss of income is the chief economic result of moving increasing numbers of manufacturing jobs out of the United States. The social consequences of resultant unemployment in central cities and the necessity of two household wage earners in middle class families is as yet unfolding.

- 3. Increasing Housing Costs** - During the same period, housing costs have soared, particularly in Oregon's largest and fastest growing areas. Housing statistics are not as plentiful as we would like. These facts are clear, however: Housing costs began an acceleration in the late 70's, flattened and dropped slightly as Oregon went into a recession in the early 80's, then began climbing again, at first slowly, then, toward the end of the decade, rapidly. In 1988 the average Portland area apartment rental per month was \$425. By 1991 it was \$520, a gain of 22% in three years. In Bend in 1989 the average rent was \$360. In 1991 it was \$460, a gain of 28% in two years. In Jackson County (Medford, Ashland) single family home prices on average went from \$60,624 in 1985 to 87,443 in 1990, an increase of 44% in five years. Sales prices in the Portland area went from \$61,500 in 1986 to \$91,750 in 1992, nearly 50% in six years.

Housing costs didn't rise uniformly around the state. Economic stagnation continued in many rural areas, as it does today, and housing costs have remained relatively low in those areas. However, people in all the urban areas – Portland metro, Salem-Keizer, Eugene-Springfield, Medford-Ashland, and recreational areas like Bend, the Coast and Hood River were becoming alarmed. In tourist centers on the Coast, housing for service workers completely evaporated. In many areas of the state more pressure was put on transportation infrastructure as more and more people found themselves driving long distances from home to work.

- 4. Add Homelessness** - So, housing costs went up and incomes went down. Today, 107,000 Oregon households earn 50% or less of median income and pay more than 30% of that income for housing costs. All of them are at risk of homelessness. Throw in a little mental depression here, a little dysfunctional behavior there, a dollop of real mental illness, and some occasional bad luck, and we also have 6000 people, one third of whom are children, seeking emergency shelter every night. An equal number lives on the streets, under bridges, in vehicles, and doubled up with people who don't want them as permanent boarders. These people, economically, are priced completely out of the housing market.
- 5. Housing Units Needed?** – In 1989 advocates said – no one knew for sure – that 25,000 additional low-income affordable housing units were needed in Oregon. By 1994 our statistics were clearer and we asked for 50,000 units. In 1999 we claimed need for 60,000 units, 50% of the number of households that are in economic straights.

PART II: WHAT'S THE SOLUTION?

- 1. Federal Housing Assistance, a Partial Solution** - Oregon, until 1991, always depended solely on the federal government to provide housing for low-income households. Federally financed housing began with the Housing Act of 1937, which allowed the government to contract with local communities through "housing authorities" for the construction and management of public housing. Over the years numerous additional programs were developed which specifically served the elderly, the disabled, rural communities, first-time homebuyers, and so forth. In the early 1970s the "Section 8" program was established, which gave an eligible household a certificate and allowed it to find housing on the private market. Section 8 has evolved to the present voucher program.

The HUD Section 8 voucher program allows an eligible household to go to the private rental market, find a cooperative landlord, and enter a three-way agreement between herself, the landlord, and the local housing authority. The housing authority inspects the rental unit to assure it is decent, safe, and sanitary, and pays a portion of the rent based on a formula. The tenant pays the balance of the rent – up to 40% of her/his income.

There are two major problems with the federal programs. First, they only serve about one-fourth of those eligible for them. Second, the voucher program has not encouraged private sector developers to build new housing affordable for low-income households, as conservative economic theorists had hoped. New construction is aimed primarily at the middle and upper end of the economy because larger, more elaborate homes bring larger profits. And “trickle down” economics don’t work well because older units tend to hold their value, or reasonably so. At any rate, they don’t come within range of low-income households until they are decrepit and usually not decent, safe, and sanitary.

2. **A Beginning: The Housing Trust Fund** - In 1991 the Oregon legislature passed into law the Oregon Housing Fund. This is a multifaceted law that provides several programs of assistance for low-income households as they address their housing costs. Assistance is limited by the amount of money available to the programs. Low-income affordable housing advocates believe state assistance to be far short of what is necessary. The elements of the program are these:
 - a) The Housing Development and Guarantee Account, commonly referred to as the “Housing Trust Fund”. Today there is \$15.5 million in the corpus of the trust. It spins off interest, which is used to help develop low-income affordable housing. The corpus of the trust serves to guarantee low-income housing mortgage loans.
 - b) The Housing Development Account, which is comprised of direct appropriations (averaging nearly \$5 million per fiscal biennium since 1991) from the legislature for housing development. The rules for spending money from the trust fund and from the housing development account are identical; thus, both are seen by lay advocates as “The Housing Trust Fund”.
 - c) The Emergency Housing Account. This program, with a biennial appropriation of nearly \$5 million, gives emergency assistance to households suffering temporary setbacks that could lead to homelessness.
 - d) A fourth element of the Oregon Housing Fund was established in 1995. It is the Low-Income Home Ownership Account, which provides assistance to low-income households in purchasing homes. It is funded at \$750,000 per biennium.

PART III: LEADERSHIP AND THE IMPORTANCE OF DEFINING THE PROBLEM

1. **Scoping the Issue** - I went to work for the Association of Oregon Housing Authorities in late 1988. My new employer had a list of things it wanted accomplished in the 1989 legislative session. The list was aimed at: 1) Making management of housing authorities easier (in some ways, fully possible), and 2) Expanding financing mechanisms to acquire and rehabilitate existing housing or to develop new housing, all of which housing had to be affordable to low-income households.

Money was nowhere on the list.

Although I had learned something about housing finance while in Utah as deputy director of the Utah Department of Community and Economic Development and as a board member of a small, non-profit, neighborhood improvement corporation, I used the 1989 legislative session to clarify in my

mind the imperatives. There were lots of distractions to that. Outside the lobby, housing advocates wanted to talk about – advocate for – nostrums: rent controls, interest rate controls, public property condemnation and purchase, gifts from local governments, and on and on. The low-income housing developers wanted more flexibility in mortgaging, lending, receiving, transferring, borrowing, etc. I came to think that each of these approaches might have some useful effect on the problem but would either be enormously difficult to effectuate or marginally helpful. And none of them would get to the heart of the issue.

- 2. The Issue** - So, what was the issue in 1989? (The same as it is today). I talked to bankers and I talked to low-income housing developers. They confirmed the obvious. (in lobbying, confirming the obvious is essential). By the end of the 1989 legislative session I was clear in my own mind. *Money* is the issue. Poor people don't have enough money to afford market rate housing. There is a *gap between what low-income people can afford for housing and what the housing actually costs*. As one banker put it to me in industry-loaded jargon: "Market money has to be supplemented with off-market money". The movement in Oregon to help low-income people obtain affordable housing has been a movement to provide "*gap financing*".

The question naturally arises, why can't the private marketplace satisfy the needs for low-income housing. What incentives could be provided to cause it to do so? The answer to that is found in thinking through the process of building a home or an apartment house and in accepting that some elements of society will never rest while what they see as injustice is being done to the economically disenfranchised.

First, one has to think of the financing process. The home builder has to finance the project. How does he/she do that? By going to a lender, usually, and borrowing the money. That done, construction goes forward. Once the construction is completed, what does the builder have? A housing facility of some kind and a large loan to pay off. So, the builder looks for a buyer. Who can buy? Someone with enough money to pay off the loan and add a little profit for the builder. Low-income people cannot do this, as the narrative in the subsequent sections of this study will show.

So, then, what incentives might there be for the builder besides the Housing Trust Fund that is the subject of this study? It has to be money, or as my banker friend said, "off-market" money. And it doesn't make any difference where it comes from as long as it is legally obtained. It can come from the federal government, as much of it does. It can come from the state. It can come from local government in the form of cash, or property donations, or waiver of building fees. Or it can come from private foundations, or donated labor and supplies. And all of these play a small part in making low-income housing available today. However, none but the federal and state governments have enough resources to make a real impact on the problem.

So, the bleeding hearts and do-gooders, who won't let the problem of homelessness, poverty, children on the streets out of school, unnecessary disease – physical and mental – etc. go unapprised, go where the money is. *If the private sector can't solve the problem alone, then bring in the public sector.*

- 3. Basics of Household Housing Finance** - Let's say a two-bedroom apartment, rents at \$700 per month. Electricity, gas, water and garbage are an additional \$150 per month. A family consisting of a single mother and two children, a boy and a girl, one in grade school and one pre-school, has a household income of \$1500 per month. The \$850 for housing costs leaves only \$650 for all else, including taxes, food, clothing, transportation, child care, health care, school costs, and incidentals. It is immediately obvious that housing requires the largest portion of this household's budget. It is also obvious that this amount for housing isn't affordable for this household. It is paying 57% of a small income for rent and utilities.

4. **The Importance of Affordable Housing** - The policy of the U.S. Department of Housing and Urban Development (HUD) has for many years been that housing is affordable only if rent (or mortgage), property taxes and utilities cost no more than 30% of household gross income. This policy is borne out of long-time lending industry experience that a household that exceeds this limit is likely to default on its mortgage. (In the case of renters, be unable to pay the rent over a period of time.) That is not to say that households can't from-time-to-time pay more than 30% of their income for housing. It is simply not economically healthy, and may not be possible, over the long run. The 40% maximum under the Section 8 Voucher program is a HUD concession to low-income affordable housing scarcity.
5. **The Issue Revisited: Gap Financing** - So, the issue for low-income affordable housing advocates is finding the money – providing the money – for gap financing. Property costs what it costs. Money – interest rates – costs what it costs. Labor costs what it costs. Home builders mostly aim at the higher-end market, because there are better profits to be made there. They won't build low-income affordable housing unless it is (they are) subsidized.

PART IV: LEADERSHIP AND THE IMPORTANCE OF BUILDING SUPPORT

1. **The Housing Lobby Coalition** - In November of 1989 Mickey Lansing, of the social action arm of the Lutheran Church in Oregon, and I had lunch to talk about the housing problem. We had both reached the same conclusion: we had to ask the legislature for a housing appropriation, and it probably ought to take the form of a housing trust fund. We also knew that we had to have help in our quest. We drew up a list of people to call and ask to join us.

The people we called were lobbyists who represented clients related to the housing problem in one way or another. They were the advocates for the community action agencies, the chronically mentally ill, senior citizen groups, the physically disabled, Oregon Catholic Conference, Ecumenical Ministries of Oregon, Oregon Home Builders Association, Oregon Realtors Association, private rental owners associations, the Oregon Bankers and Mortgage Bankers associations, the savings and loans, legal services agencies, the manufactured housing industry, the Association of Counties, the League of Cities, and the cities of Portland, Salem, and Eugene. Further, we invited leadership from the Oregon housing finance agency (now the Department of Housing and Community Services) to attend our meetings and advise. I named the organization the Housing Lobby Coalition.

Virtually all of those called agreed to attend the first meeting, scheduled for December 1989. The Housing Lobby Coalition has remained intact to this day and has been by far the strongest force in the modest program that has been developed over the years. All newcomers to the field of housing advocacy are steered toward the Housing Lobby Coalition for guidance. Legislative low-income affordable housing concepts not sent to the Coalition for agreement are rarely successful. More important, housing legislation thought undesirable by the Coalition has always been killed by a few tactical conversations in the capital.

The Coalition, though, has concentrated mostly on housing finance – on getting money. Our interests as independent organizations are too wide-spread for us to work happily in concert on issues such as land use, building codes, system development charges, and urban growth boundaries.

Coalition politics is difficult, but no more so than politics generally. The whole idea is to bring people together from a variety of points of view to agree on a legislative program. You have to do

two things simultaneously. The subject matter to be addressed is necessarily proscribed so as not to alienate participants. Then the mechanisms within the subject are broadened and sophisticated so as to attract as many advocates as possible. Even if I had thought it a good idea, which I didn't, I couldn't possibly have advocated for rent controls and expected the rental owners associations to stay in the coalition. As much as I would love to see lower mortgage interest rates, we would have lost the lenders associations if we had tried to legislate that. And some of the organizations were so conservative in their makeup that they could barely tolerate our central idea of spending government money to help individuals with housing. It was sometimes difficult for them to be at the table.

So, there was always a certain wariness among the members of the Coalition, as there will be among the members of any coalition. Indeed, at first some attended only to ensure that their ox wouldn't be gored in the process. No telling what might happen behind your back.

Coalitions always form around specific issues. Sometimes the participants may be of such a similar mind that they can move on to other issues, but that didn't happen in this case. With the Housing Lobby Coalition, after passage of the Trust Fund, in subsequent years some of us tried moving on into another area, but it nearly destroyed the Coalition. The case in point was when several of the bleeding hearts tried to get the Coalition to champion a real estate transfer tax for purposes of funding the Trust Fund on a permanent basis. The Oregon Realtors Association went ballistic (by that, I mean they did not simply object) on the grounds that such a tax would increase the cost of housing and make it less saleable. For a time the Realtors left the Coalition. The Bankers and Home Builders associations were luke warm to the idea, and the Manufactured Housing Association scoffed and said "no new taxes". In short, we lost the commercial half of the Coalition, absolutely essential to successful legislation on housing issues.

During the 1991 legislative session, the effectiveness of the Coalition had a huge test. We never could find an African-American lobbyist interested in the housing issue. The Urban League and the NAACP weren't housing organizations, so how could they belong to the Housing Lobby Coalition? The same was true of Mexican-American and Hispanic organizations, and of Native Americans. It didn't cross our minds that we were engaged in plain old institutional racism. Of course not, these people just didn't happen to have housing lobbyists! We did recruit one Hispanic member, but he attended meetings only sporadically.

When it came time for the House committee hearing on the Housing Trust Fund bill, our failure at race relations – a vital part of contemporary coalition building – blew up into a major brush fire. Hispanic advocates came into the hearing and demanded a set-aside in the bill, particularly for farmworker housing. This was a problem because our mantra, in an effort to keep the coalition together, was "no set-asides", not for the elderly, not for the disabled, not for minorities, not for the homeless. We didn't want to put the money into small pots, thereby losing administrative flexibility for the future. All we could do was appeal to the Housing Committee not to put in set-asides, explaining our rationale. We won the argument in the face of intense Hispanic anger.

The hearing also drew the testimony of a single Native American, representing a group none of us had heard of before. He asked that "and Native Americans" be added to the preamble litany of groups to be served by the bill: "low-income people, including the elderly, and the disabled", which were broad based sales points. This seemed oddly asymmetrical to me, but we didn't object as the committee adopted it.

There is one other procedural matter that must be observed about coalitions. They will not hold together under the strain of split coalition votes. If people are offended about either substance or procedure, there is very little to keep them in the coalition. During all the discussion of the details of

the Trust Fund we never took a vote. All issues were settled by consensus. Under those conditions winning positions had to be persuasive. No arm-twisting, no threats to abandon or eject. None of that. Just respectful discussion and personal compromise.

2. **Organization** - Having done most of the calling for and organizing of the first meeting, I simply assumed the chair of the new coalition. There was no election of officers. Assuming the chair was a simple matter because none of the new members was interested in taking on another job. Organizing and tending the Coalition looked to most like more work, which it was. I was the only member who had housing as a sole responsibility, so I could take on this extra assignment. I also took the notes, kept a rudimentary record of activity, sent out meeting notices, and as legislative activity heated up in 1990 and 1991, wrote an occasional newsletter to a growing list of interested people around the state. We met monthly during 1990, as we have most months since, mapping out an acceptable legislative program and trying to identify a source of funding for our incipient bill of law.
3. **Writing the Legislation** - During 1990 we wrote the Oregon Housing Fund (this is more than a housing trust fund) briefly described above. First, we quickly decided that the foremost public necessity was to build housing for low-income people. Simply providing subsidies to poor people so that they could go out to the open market, as with the federal Section 8 program, would leave the state in the long-run position of not having enough affordable housing. We were convinced that we had to get more housing onto the market.

Each element was worked out in legislative detail: what each element would do, who would be eligible for the program, how the money would flow.

First, we clarified the concept and wrote the details of the Housing Trust Fund. There are only two reasons for having a real trust fund. One is that it guarantees a steady flow of revenue into the desired program regardless of political and economic circumstances. The other is that the steady flow of dollars enables comprehensive, long-range planning by the fund's administrators. We wanted to shield low-income housing development from the problems inherent in the political system. The loan guarantee account aspect of the trust fund was added to encourage lenders to get into the business. Of course there is a problem with a trust fund in that it takes a large appropriation or repeated smaller appropriations to make a trust fund corpus large enough to generate a satisfactory amount of revenue.

The other central features of the legislation – the Housing Development Account and the Emergency Housing Account – are simple. An appropriation goes to the Department of Housing and Community Services for each of the major areas of the program, then the money is given in grants to competing non-profit organizations (including housing authorities) for either emergency housing or housing development projects. For-profits can compete and receive grants for housing development.

Several other important program features came out of our deliberations. One is the requirement that developers have to provide, or ensure that someone else will provide, in conjunction with the development, a supportive social service program to help the tenants get work and with their associated problems. So, there has to be child care, transportation, training in English language, case management for the chronically mentally ill or for homeless families, or some other program.

There was another feature of the “trust fund” that we became absolutely clear about in our deliberations. That is that the bulk of the grant money for housing construction has to be aimed at households whose incomes were no more than 50% of median income in that county of the state where the project is being developed. It was written in the law that 75% of the money must be used to house those earning 50% or less of median income. But we also wanted to include those earning

from 50% to 80% of median income. So, we put in a provision saying that *up to 25%* of the money could be used for the latter group. This latter provision was a clear concession to the commercial interests in the coalition less interested in poor people and more interested in moderate-income households. We were broadening the appeal of the bill. It is necessary to be inclusive of your partners' interests in order to keep them in the coalition.

- 4. Finding the Dollars** - During the process of writing the legislation we also spent a lot of energy looking for a fresh supply of money, other than the General Fund. It is difficult to fund programs from the General Fund because there are always so many claims on it. We considered a real estate transfer tax, but discarded it immediately (and came back to it in subsequent legislative sessions, with negative results). We also considered lottery funds, amending the law that sends all state escheats to the Uniform School Fund, and others. We have returned to these efforts from time-to-time over the years, but the General Fund and Lottery Fund have always been our best bets for success.
- 5. Gathering Inside Help** - Three members of the Oregon House showed particular interest in housing issues during the 1989 session, so we asked them for their ideas about what ought to go into the plan. They were Judy Bauman, a Democrat from Portland and chair of the House Housing Committee, Bob Repine, a Republican from Grants Pass and vice-chair of the Committee, and Beverly Stein, a Democrat from Portland, also a member of the Committee. Of the three, Stein had the clearest ideas about organization and reach of the emerging legislation. I was doing much of the writing of the bill that emerged and incorporated her idea of the Oregon Housing Fund, using that title as the overarching construct for several housing support ideas: the trust fund, the guarantee fund, the development account, and the emergency housing account.

PART V: LEADERSHIP AND THE IMPORTANCE OF WORKING THROUGH THE LAND MINES

- 1. The Governor's Race** - 1990 was an election year and we had a governor's race. Governor Goldschmidt had decided not to seek reelection. Barbara Roberts, the Democratic Secretary of State and David Frohnmayer, the Republican Attorney General squared off for the race. A dissident Republican right winger, Al Mobely, ran as an independent. We discounted the independent, but made efforts to get to both Roberts and Frohnmayer and get them committed to supporting a housing program. Our ideas were not complete early in the campaigns, so we weren't selling a particular piece of legislation. We were talking about the problem, the money needed, and about the concept of a housing trust fund.

Then I hit on the idea of hosting a state-wide conference on the gravity of the housing problem and the need for state funding. We scheduled it for late July or early August, invited everyone we could think of that might be interested (about a hundred people attended), pulled together a panel on the subject that included Democratic and Republican legislators and housing specialists, and invited Roberts and Frohnmayer to speak on the issue. My office did most of the conference organizing. It was held at Chemeketa Community College in Salem.

I believe the conference was the most important single political stroke of the trust fund campaign. The invitation to address the housing issue focused the minds of the two most important politicians in the state. A week before the conference Roberts announced publicly that she supported funding a housing program. I was miffed that she hadn't waited for the conference to make the announcement, but wasn't going to complain about a victory, however awkward. I never asked the Roberts camp about the timing, just assumed they wanted to beat Frohnmayer to the punch. As it turned out

Frohnmayr made a speech at the conference that recognized the housing problem, but was noncommittal as to a solution.

Roberts won the election and the stage was set for maximum executive leadership on the housing issue. She began making plans for pushing a housing program through the legislature.

2. **The Republican House** – In the same election the Republican's won the House for the first time in thirty or forty years. The Democrats were in shock, as was the Housing Lobby Coalition because Democrats are more likely than Republicans to initiate a new spending program. And we were definitely talking about a new spending program. Now we had a Republican chair of the House Housing Committee, Bob Repine. We didn't quite know how he would approach the trust fund issue, but we lucked out. Repine, in his second term, was a small town small businessman, a home builder, a past president of the Oregon Home Builders Association, an organization represented in the Housing Lobby Coalition. Bob Repine liked the idea of the state helping finance houses for low-income people and he helped lead the charge for our issue. Simply put, Republicans like to build things. You never know where your help is going to come from. Leave no stone unturned – or insulted. Also, in the lobbying process it is extremely important to have well-placed legislators championing your cause.
3. **Measure 5** - Another result of the November 1990 election was the adoption of ballot initiative Measure 5, which froze property tax levies, save a 3% inflation concession. The act placed successively greater revenue cuts on local governments and particularly on school districts over the next five years. All those familiar with state and school finance knew that the losses to schools would be covered by the state. Politically, the legislature would be unable to resist. Oregon's treasury is highly dependent on personal income taxes, there being no state sales tax and only a small corporate income tax. The possibility of enacting new taxes was virtually nil, for a number of political reasons, not the least of which was that Oregonians didn't want to pay more taxes. Therefore, housing advocates were in the position of going to the legislature in 1991 and asking for a new spending program from effectively a smaller treasury.

This was a discouraging time, with lots of people whose programs were reliant on state dollars crying that the roof was caving in for the schools, the cities, the poor, the helpless. Fortunately, help came from two sources of revenue.

4. **The Asking Price: \$80 Million for Housing** - By fall the Housing Lobby Coalition decided to ask the legislature for \$80 million with most of the dollars aimed at the Trust Fund and significant amounts for each of the other elements of the Oregon Housing Fund. We knew \$80 million of the State General Fund was unclaimed going into the 1991 session. That amount had been spent by the legislature in 1989 to reimburse the Veterans' Home Loan Fund, which had been used early in the decade to pay for programs when the General Fund was lagging. It wouldn't be needed again; it wasn't a recurring expenditure.
5. **The Lottery and Video Poker** - Oregon had adopted a state lottery in 1984 and it became an immediate hit with the gambling public. State coffers began to grow a bit as a result of that income. By 1991 its revenue was in the \$400 million area per biennium. A new program might possibly turn to the lottery if it could show that it was related to the economy, to which the expenditure of lottery dollars were limited. Everyone was sure that housing would fit.
6. **HARRP** - Early in the 1991 session, Governor Roberts decided she needed \$30 million to balance her budget and that the Homeowner and Renter Relief Program (HARRP) was the place to get it. The

program of tax rebates had been attached to the tax code in the '70s, and anyone below a certain level of income could file for a rebate of a portion of housing related property taxes. My intern, a recent grad school graduate, commented that he had always liked the rebate because he could buy with it a new pair of \$50 running shoes each year. It was that kind of information that helped to sour politicians on the program. Not a cent of the HARRP money had ever been used to build housing.

HARRP was worth \$90 million in 1991. Roberts proposed to use \$30 million for programs she wanted. At that announcement the co-chairs of the Joint Ways and Means Committee thereupon announced their own interest in using the remaining \$60 million for other purposes. At that point the Housing Lobby Coalition made it clear we wanted half of the \$60 million for housing. It was clear to the Coalition there wasn't much chance to get the hoped for \$80 million.

- 7. Lobbying** - The Housing Lobby Coalition met weekly throughout the session, lowered its sights from \$80 million to \$30 million without ever admitting that \$80 million wasn't essential, and spread out through the capital, everyone talking to assigned legislators. Assignments were based on previously existing relationships, so the representatives of the commercial lobby – bankers, realtors, home builders, etc. – talked to the necessary Republicans while the bleeding hearts – housing authorities, community action agencies, churches, etc. – talked to the Democrats.

By the time of the session we all knew what we were talking about. There was a position paper that showed the need and what it would take to meet that need. We had had the bill for the Oregon Housing Fund drafted by legislative counsel, so we had a concrete legislative program that addressed the need. We also knew we had an identified source of dollars, a matter often crucial to the success of any spending bill.

From early on it was just a matter of working the session, which is another topic, but which is well understood by every professional lobbyist. Simply put, it does not do to simply talk to each legislator once and go home expecting them to do what you asked. There are too many cards in play at the same time and too many of them are wild cards. There is a process of checking back with key legislators and combinations of legislators over and over.

By use of occasional Coalition newsletters and articles in the newsletters of our constituent organizations we also activated a steady stream of "outside" contacts with legislators throughout the capital. Contacts from constituents with legislators are worth much more in political currency than are contacts from professional lobbyists, if you can get them.

- 8. The Hearings** - Our strategy was to introduce the Oregon Housing Fund Bill on the House side where we had the Republican chair of the House Housing Committee firmly on our side. When the bill came up for hearing we brought in a long string of advocates from all the interest groups represented in the Coalition. This included everyone from advocates for the elderly and the disabled, to single mothers, to the churches, to the bankers and home builders telling the committee they had to have state money to finance low-income housing, that it couldn't be done by the private sector without help. There were a couple of glitches in the hearing, which have been described above, but nothing fatal.

After passage in the House the bill went to the Senate. The committee hearing the bill there was chaired by Jim Hill (now State Treasurer), a Democrat, the Senate still being controlled by the Ds. In March, Hill's powerful legislative assistant tried to get me, as chair of the Housing Lobby Coalition, to settle for \$16 million ("I'm not going to let my man walk off a cliff for something that can't pass"). I refused to settle, feeling it was too early in the session to take a small, sure thing, rather than keep

trying for more later on. By the time of the hearing Hill was completely on our side. The hearing, in late May, although not as dramatic as the one in the House had been, was as effective as it needed to be. A freight train was coming down the track and no one wanted to get in front of it.

In the six votes taken on the Oregon Housing Fund bill – House committee, House, Senate committee, Senate, conference committee to compose differences in bill language resulting from a minor Senate amendment, and House to concur – only one negative vote was cast.

As to the necessary appropriation to fund the bill, which always comes from a separate process, rather than from the substantive committees, the Housing Lobby Coalition laid out its case in January before a subcommittee of the Joint Ways and Means Committee. Then numerous members of the Coalition, both Rs and Ds, went back to the leadership of the subcommittee and the full committee throughout the session. Neither of our major champions, Representative Repine and Senator Hill, were on the Joint Ways and Means Committee.

- 9. The Final Result** – The Joint Ways and Means Committee’s reporting up to the full Senate and House is somewhat choreographed. Leadership coaxes the subcommittee into a position on a budget, which isn’t difficult to do since leadership decides who sits on which committees. The subcommittee sends up its report to the full Joint Committee. The Joint Committee discusses the bill, then sends it either to the House or Senate for initial action. After passage, it goes to the other house. Occasionally there is a floor fight on a budget, but not often.

The housing appropriation settled out at close to \$28 million. \$14 million went from the General Fund to the Trust Fund, \$6 million went from the Lottery Fund to the Housing Development Account, \$5 million went from the General Fund to the Emergency Housing Account, and \$2.8 million went from the General Fund to the State Homeless Assistance Program.

PROLOGUE

The Housing Lobby Coalition has never been as successful as it was in 1991 in terms of dollars appropriated to the state housing program. The program has more or less maintained its appropriation base – with the exception of the Trust Fund – and a new program – Low-Income Home Ownership – was added in 1995. After an additional \$1.5 million was added to the Trust Fund in 1993 for a total of \$15.5 million, nothing more has been added to that part of the program.

Lack of subsequent improvements in funding for housing, in the face of a worsening economic situation for low-income households, has been largely attributable, I think, to the worsening public finance situation in the state (as opposed to ineffectiveness on the part of the Housing Lobby Coalition). Not only did 1990’s Measure 5 put a stranglehold on state finances, the grip was tightened by Measure 47 in 1996 and its corrective Measure 50 in 1997. The operative Measure 50 sent property tax assessments back to 1995 levels and restricted assessment growth. The result has meant even tighter local school budgets and more pressure on the state treasury. The only thing that has allowed the state housing budget to remain somewhat constant, aside from intense Coalition lobbying every session, has been a constantly expanding economy since 1990, producing prodigious personal income tax revenues.

Low-income affordable housing, as a public program, has never enjoyed the support given to Oregon’s basic public services – public education, higher education, justice, transportation and “welfare”. Whether the program can grow, or even survive, a state budget picture narrowing under Measure 50 and the requirements of public education, remains to be seen and will be to some degree dependent upon the hard work and skill of its advocates.