



Feb. 25, 2019

To: House Judiciary Committee

Dear Chair Williamson, Vice-Chair Gorsek, Vice-Chair Sprenger and Members of Committee:

My name is Shannon Vilhauer, and I am the Executive Director of Habitat for Humanity of Oregon. I am writing to share our organization's strong support for HB 2285.

Habitat for Humanity helps families achieve stability by building and selling them a key asset: their home. Habitat homeowners pay down an average of \$50,000 in mortgage principal during the first 10 years of ownership, facilitating the very real intergenerational transfer of wealth. We have a proven track record of helping to close our state's minority homeownership gap. Over 10% of the households we serve have at least one member with a permanent disability. The average median income of Habitat homebuyers statewide is 41%. That's approximately \$28,000 in annual earnings for a family of four. Thanks to Habitat's diligent homebuyer selection process and thorough financial education, our mortgage repayment rate exceeds 98%.

Today, one in four Oregon renters pay more than half of their income for rent. In communities throughout our state, skyrocketing home prices mean that qualified buyers are priced out of the opportunity to purchase their first home—adding pressure to a rental market already bursting at the seams. The need to provide meaningful options to stabilize families on the brink of displacement has never been greater.

Habitat for Humanity builds strength, stability and self-reliance through shelter. Blighted homes, left vacant and in severe disrepair, work in direct opposition to these goals. During this time of severe, statewide housing shortfall, Habitat for Humanity of Oregon strongly supports this key technical fix to Oregon's Receivership Statute.

There are a few key problems with the Receivership Program as currently written:

- Municipalities can only engage Housing Authorities, nonprofit housing providers or their own departments to perform needed improvements to homes in receivership.

[Habitat for Humanity of Oregon](http://HabitatforHumanityofOregon.org)

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- These groups “front” the money for home repairs, hoping to receive compensation for costs incurred (plus an up to 15% delivery fee) at time of public auction.
- Neither Housing Authorities nor nonprofits have as their mission improving privately held homes for public auction.
- The main beneficiary of the investment of time and resources by the nonprofit, housing authorities or local municipalities are the homeowners who have left their home in derelict condition.

Habitat for Humanity of Oregon supports improving the receivership program to create a clear pathway that will make it possible for these homes to be redeveloped into affordable housing stock. We believe that the best pathway forward will be for a City or County to have the opportunity to place a lien on a home. This lien will result only if the property owner, or interested parties, remain unresponsive to contact seeking their willing cooperation to improve the dwelling. This lien will be equal to the estimated cost of bringing the home back up to a livable standard. A property owner, or interested party, can address this lien by paying for comparable home improvements or paying the full amount. If the owner ignores the lien, then either a city or county can initiate a foreclosure.

In counties throughout Oregon, Habitat for Humanity sees a steady influx of homes (most frequently single, detached homes) into our programs through county tax foreclosure processes. On average, Habitat for Humanity of Oregon is seeing 6-12 tax foreclosure properties donated to affiliates from counties throughout the state each year. In contrast, to our knowledge no municipality has been able to navigate the Receivership Program as currently written. Former Mayor Charlie Hales convened a “Zombie Homes Task Force” that lost steam on implementing the Receivership Program after the City of Portland attorneys indicated that the program, as written, does not truly protect the city.

Similarly, after conducting a recent community-wide assessment, the City of Medford identified 60 homes eligible for the Receivership program. Of these homes, 54 property owners responded appropriately to letters they received from the City and brought their homes up to an acceptable standard. The latter portion of the Receivership Program is directed at the remaining 10% (or six in this example) of bad actors, who have--in the most extreme cases--left burnt hulls of houses deteriorating on their property. The City of Medford is appropriately concerned that the future response to Receivership letters will be much less than 90%--if it becomes widely understood that the city cannot take any meaningful action.

While not every municipality will choose to implement the Receivership Program, an increasing number of Oregon communities are conducting community-wide residential assessments as a response to our statewide housing crisis. For example, this past summer Senator Johnson

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(Scappoose) convened a group of stakeholders along the coast, including bank and nonprofit partners, to create a strategy for addressing zombie homes.

Currently, we estimate 2,909 Receivership-eligible homes in Oregon. If 90% of their owners take steps to bring their homes up to a livable standard, that still leaves 290 blighted, abandoned homes that could potentially become neighborhood-enhancing, safe and healthy homes for Oregonians who will appreciate them.

Thank you for your thoughtful consideration of HB 2285. On behalf of the Board of Directors of Habitat for Humanity of Oregon and the 27 Habitat for Humanity affiliates building and repairing homes across the state, thank you for your service.

Respectfully,

A handwritten signature in black ink that reads "Shannon M. Vilhauer". The signature is written in a cursive, flowing style.

Shannon M. Vilhauer, Executive Director