

Testimony of John Audley

On behalf of Craft3

Before the Oregon House Committee on Water

Regarding LC1570, Grant Award to On-Site Septic System Affordable Loan Program

January 26, 2021

My name is John Audley, and I represent Craft3, a regional nonprofit Community Development Financial Institution (CDFI) that makes loans to strengthen economic, ecological, and family resilience in Oregon and Washington. We lend to established nonprofits and growing and start-up businesses – including those that do not qualify for traditional financing. We have offices throughout the Pacific Northwest, including Oregon offices in Astoria, Portland, Bend, and Klamath Falls.

The purpose of my testimony to today is to provide you with an update on the status of Oregon's affordable loan program to help families replace failed septic systems (Program). For more details on the program, I refer you back to testimony presented to this Committee by Adam Zimmerman, Craft3 president and CEO, on September 23, 2020,¹ and November 19, 2019.²

In July, 2020, due to a lack of funding support from the State, Craft3 was forced to suspend offering the Program to Oregonians. We were aware that program funding would dry up in 2020 and tried repeatedly to secure additional funding to avoid program suspension. For example, during the 2020 session, this Committee unanimously referred a program funding bill to the Joint Committee on Ways and Means, supported by 58 legislators from both parties and houses.³

¹ <https://olis.oregonlegislature.gov/liz/201911/Downloads/CommitteeMeetingDocument/226452>

² <https://olis.oregonlegislature.gov/liz/201911/Committees/HWTR/2019-11-19-14-00/MeetingMaterials>

³ <https://olis.oregonlegislature.gov/liz/2020R1/Measures/Overview/HB4070>

The timing of the Program's suspension couldn't have been worse. The COVID-19 pandemic had begun to leave its mark on our State's economy, families were working from home and children started attending school via the internet – changes that put greater pressure on home septic systems. Low income families suddenly faced with replacing a failed septic system found it nearly impossible to find a way to affordably access the \$25,000 or so it takes to replace a septic system or hook up to new sewage lines. During the first six months of 2020, Craft3 received more applications for septic loans than in 2019, evidence that systems were failing at a higher rate than usual, and that people needed help to finance their replacement.

At Craft3, there is nothing of greater importance than to be of service to families and communities. In just a very short period of time, we provided statewide service for this Program. We have worked hard to be a good partner to the State and to the Department of Environmental Quality, using our own resources to more than double the state funds made available to finance this Program. We only use State funds for loan capital and cover our administrative overhead using other funding sources. These and other factors help to keep DEQ's administration costs low, around four percent of grant dollars by our calculations.

As low-income families slowly make their way back towards normalcy, as our wildfire victims return to their land and rebuild their homes, now more than ever this Program is needed to help keep our watershed clean and families remain in their homes to rebuild their lives.

Thank you