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November 16, 2023

Sent Via Electronic Delivery to: HPAC.GOV@oregon.gov

Housing Production Advisory Council
Office of the Governor
900 Court Street, Suite 254
Salem, OR 97301

Re: HPAC Recommendation for the Creation of a Housing Finance Authority

Dear Co-Chairs Tovey and Hall and Members of the Council:

On behalf of the Oregon Bankers Association (“OBA”) and its membership of state and national banks doing business in Oregon, we appreciate the opportunity to comment on Governor Kotek’s Housing Production Advisory Council’s (“HPAC”) recommendation to create an Independent Housing Finance Agency (“Proposal”). OBA is the full-service trade association serving and representing the banking industry in the State of Oregon. Our organization represents banks of all sizes, charters and geographies and is the voice of the Oregon banking community before state and federal entities.

Comments

The banking industry is a seminal actor in providing housing finance in Oregon. As the state works to address the current housing crisis, there is a need for creative solutions to ensure all Oregonians have access to safe, affordable and accessible housing. The HPAC’s Proposal is one such idea, and we applaud HPAC for its work. We encourage further study of this concept.

It is imperative that any new (or existing) agency compliments, rather than competes with, current housing finance options offered by the private sector. The banking industry is a partner who can provide expertise on housing finance and should be actively consulted as a housing finance authority proposal is considered. In addition to the above, we offer the following comments specific to the Proposal:

- Given the magnitude Oregon’s housing crisis and the hundreds of millions of dollars that have been invested by the state, it is imperative that a quasi-independent housing authority have personnel with the requisite skills and capacity to appropriately leverage public money.
- Accountability is a key consideration. A housing finance authority could attract and retain real estate and housing finance professionals skilled in working with a broad spectrum of stakeholders, including the financial services industry. It could provide better fiduciary oversight and enhance the engagement of experts from the private sector.
- Other states’ housing finance authorities are quasi-independent. The Proposal could set Oregon on a path to realize the same benefits these states have enjoyed. Separating what Oregon Housing and

Community Services (“OHCS”) now does into two separate entities – one focusing on housing finance programs and another concentrating on anti-poverty and homeless services – would allow each entity to concentrate on its particular area of expertise. Further, increased focus and sophistication in housing finance would create a better understanding of overall risk management for the state and its partners.

OBA and OHCS have enjoyed a strong working relationship for many decades. In fact, the OBA ran a Home Purchase Assistance grant program for the state for many years, helping hundreds of low to moderate income Oregonians purchase their first home. It is critical that we continue to work together in all aspects of housing, whether single family or multi-family. That said, our member banks raised concerns earlier this year when the Local Innovation and Fast Track Homeownership program (“LIFT”) was unexpectedly subject to new rules about lien position and the state’s unwillingness to subordinate to first mortgage lenders. Those changes took place without advance consultation with the regulated lenders that are essential to deploying these public funds. We offer this example of the continuing need for partnership and collaboration between the banking industry and a housing finance authority, particularly since such partnerships leverage hundreds of millions of dollars of private sector funding in partnership with state resources.

To reiterate, the banking industry plays a critical role in housing finance in Oregon. The goal of any new housing finance authority should be to complement, rather than compete with, the banking industry in providing housing finance. This point was specifically called out in the HPAC work group recommendation:

“Two keys to deriving the benefits [of a housing finance authority] are (i) the ability to attract and retain skilled real estate finance professionals ... and (ii) the ability to nimbly work with private sources of capital in a way that leverages – rather than competes with – private investors and lenders.”

We believe this is possible and has the potential to substantially benefit Oregonians and the capacity of the state to meet its housing goals.

OBA and our member banks stand ready to work with the Governor’s office, HPAC, the Legislature and OHCS in this effort. Our request is that the banking industry be consulted in studying and implementing the Proposal so that together we can address the housing crisis in Oregon.

We appreciate the opportunity to offer comment on the above-referenced Proposal. If you have any questions, feel free to contact me or any member of the OBA team, including SVP & Government Affairs Director Kevin Christiansen at kchristiansen@oregonbankers.com.

Very best regards,



Linda W. Navarro
President & CEO
Oregon Bankers Association & Community Banks of Oregon