

HOUSE COMMITTEE ON LAND USE

February 28, 2005 Hearing Room 50

1:30 P.M. Tapes 28 - 31

MEMBERS PRESENT: Rep. Bill Garrard, Chair

Rep. Gordon Anderson, Vice-Chair

Rep. Mitch Greenlick, Vice-Chair

Rep. Robert Ackerman

Rep. Mary Nolan

Rep. Patti Smith

Rep. Mac Sumner

STAFF PRESENT: Sam Litke, Committee Administrator

Lindsay Luckey, Committee Assistant

MEASURES/ISSUES HEARD:

Measure 37 Appraisals – Informational Meeting

HB 2484 – Public Hearing

These minutes are in compliance with Senate and House Rules. Only text enclosed in quotation marks reports a speaker's exact words. For complete contents, please refer to the tapes.

TAPE/# Speaker Comments

TAPE 28, A

002 Chair Garrard Calls the meeting to order at 1:35 p.m. and opens an informational meeting on Measure 37 appraisals.

MEASURE 37 APPRAISALS – INFORMATIONAL MEETING

006 Matthew Larrabee Real Estate Services Group, Inc. Submits written testimony **(EXHIBIT A)**. Gives overview of appraisals and the role of appraisers. Specifies three approaches to appraisals of vacant land as “Cost Approach”, “Sales Comparison Approach” and “Income Approach” **(EXHIBIT A, Pages 1-2)**.

050 Larrabee Reports on who may offer an “expert opinion of value” under Oregon law and the levels of licensing **(EXHIBIT A, Pages 2-3)**.

062 Larrabee Outlines the role of the appraiser **(EXHIBIT A, Pages 3-4)**.

083 Larrabee Describes Measure 37 appraisals as “before and after” valuations and outlines considerations in this process.

102 Larrabee Discusses determining the “Highest and Best Use” and the questions involved **(EXHIBIT A, Page 5)**. Points out the importance of market characteristics. Lists sub-consultants needed for appraisal work.

130 Larrabee Describes the process and importance of “review appraisals” **(EXHIBIT A, Page 6)**.

147 Larrabee Discusses the Appraisers Coalition and contact information **(EXHIBIT A, Page 7)**.

162 Larrabee References excerpts from Oregon Administrative Rules on scope of practice and procedures for appraiser certification **(EXHIBIT A, Page 8-10)**.

168 Rep. Anderson Asks for the relationship of the MIA designation to state general certified appraisers.

172 Larrabee Responds that the “MIA” designation is awarded by the Appraisal Institute and describes requirements.

180	Rep. Anderson	Asks if any of the three licensing levels can receive the MIA designation.
181	Larrabee	Responds that only General Certified Appraiser can receive the MIA designation.
183	Rep Ackerman	Asks if Larrabee has an opinion as to whether a statement of a property owner's opinioned value of the property is sufficient to determine fair market value under Measure 37.
190	Larrabee	Responds that in most cases it is unlikely a reflection of market value especially in dealing with vacant land.
195	Chair Garrard	Asks if in the "best use" valuation it is assumed that everything would be approved on the land in question.
204	Larrabee	Responds that it is dangerous to assume too much and remarks on the practice of meeting with city experts to gather information on the subject and regulations in the area.
213	Chair Garrard	Asks if one requirement is missing, if the whole process would be effected.
218	Larrabee	References their pre-application process as one way of dealing with those issues but that some production costs would come off the value of the land.
227	Chair Garrard	Asks the minimum number of homes that constitute a subdivision.
133	Larrabee	Comments that it varies by jurisdiction. Notes that some use "Lot line adjustment minor partition" for up to four or five lots and beyond that go through the subdivision process which is more likely to hold a public hearing.
249	Chair Garrard	Closes the informational meeting on Measure 37 Appraisals and opens the public hearing on HB 2484.

HB 2484 – PUBLIC HEARING

320 Phil Decker

Tigard. Testifies in support of HB 2484. Comments that with a single majority vote, those to be annexed in practice only receive a fractional voting capability. Urges double majority voting for a full vote.

TAPE 29, A

- 014 Rep. Jerry Krummel HD 26. States, as one of the chief sponsors of HB 2484, his opposition to any amendments which would water down or eliminate the double majority. References -1 amendments (**EXHIBIT B**).
- 039 Chair Garrard Notes that the committee has not yet accepted any amendments
- 042 Rep. Dave Hunt HD 40. Speaks in support of HB 2484 and asserts its statewide relevance. Commends the legislation as written or in close form.
- 066 Jim Thompson Chairperson, Oregon Communities for a Voice in Annexations (OCVA). Submits and reads from written testimony in support of HB 2484 (**EXHIBIT C**).
- 111 Jack Hoffman Member, Lake Oswego City Council. Submits written testimony in opposition to HB 2484 (**EXHIBIT D**). References SB 122 (1993) and its intent of addressing long range planning with the urban growth boundary (UGB). Asserts that the fractional voting argument does not apply and cites representative elected officials.
- 150 Rep. Greenlick Asks if Hoffman is suggesting that people to be annexed had the ability to vote for elected officials who would represent them using fire districts as an example.
- 160 Hoffman States it raises several concerns. References the SB 122 (1993) requirement for governmental agreements and a vote.
- 170 Rep. Greenlick Asks if he's referring to ORS 268.
- 172 Hoffman Answers that he is referring to ORS 195 and ORS 215.
- 176 Rep. Greenlick Questions if in the metropolitan area they are governed by ORS 222.
- 177 Hoffman Responds that they are governed by ORS 268 and notes ambiguity in the statutes. Continues that the concept is the same within a metro

district or not. Discusses Lake Oswego's comprehensive plan and its influence outside the urban service boundary (USB).

- 197 Rep. Greenlick Asks if the input from the unincorporated residents of Lake Oswego was through elected representatives.
- 200 Hoffman Responds that is his assumption.
- 203 Rep. Greenlick Asks who their elected representatives would be.
- 205 Hoffman Responds that for those within the USB their officials would be Clackamas County for water and fire districts.
- 208 Rep. Greenlick Asks if there is a provision in ORS 195 that says the county can trump the double majority vote.
- 209 Hoffman Responds he doesn't know.
- 213 Rep. Greenlick Asserts that many in unincorporated areas do not have elected officials directly representing them in agreements between certain agencies.
- 223 Hoffman Continues describing the Lake Oswego situation and balancing the interests of citizens within and outside of city limits. Contends that HB 2484 takes away a tool and would negatively effect infrastructure and facilities.
- 292 Chair Garrard Asks what role the county is playing since they are the responsible party in unincorporated areas.
- 295 Hoffman Responds that Clackamas County is "getting out of the urban services business".
- 300 Rep. Greenlick Comments on the possibility of large service districts providing efficient services to those within and outside of cities and asks if Hoffman believes this is feasible.
- 325 Hoffman Responds that it is feasible if there are sufficient funds available and a mechanism for services to unincorporated areas. Reiterates the complexity of the issue and urges more time to deal with it.

347 Rep. Greenlick Asks if Hoffman thinks cities could have a moratorium on all annexations while they take a comprehensive look at annexation.

358 Hoffman Responds that he is not comfortable representing all the cities. Reiterates that the best solution would be thoughtful debate.

373 Rep. Anderson Asks if Hoffman thinks there is a difference in urgency between islands within city limits and those outside the UGB or USB.

379 Hoffman Responds that they are different and outlines discrepancies.

TAPE 28, B

006 Rep. Ackerman References earlier testimony that city residents would pay higher property taxes than county residents within an UGB. Asks if it is because the city residents are still paying the county real property taxes for services they no longer need.

009 Hoffman Responds he doesn't know. Adds that city and county residents pay similar taxes.

021 Rep. Ackerman Asserts that under land use planning goals the city should be the provider of urban services, but notes that many unincorporated areas are urbanized. Asks if Hoffman believes annexation is moot under these circumstances.

030 Hoffman Responds that it may be if all services are provided and in accordance with regional vision. Notes it depends on specifics of the situation.

040 Rep. Greenlick Discusses the concern that cities are subsidizing those outside the city. References a report that showed most services provided by the county were not duplicated by the city and expresses interest in hearing counties' perspective on this issue. Identifies common goal of making sure people are paying their "fair share."

042 Chair Garrard Adds that in some cases the county provides an exclusive service which both county and city residents use.

055 Rep. Nolan Points out that all properties are within counties and therefore all properties pay county property taxes while not all pay for city services.

075	Rep. Greenlick	Reiterates that many functions of counties are not duplicated within the city.
077	Rep. Nolan	Shares Rep. Greenlick's interest in hearing objective analysis of the question of "contributing to fair share of services" .
079	Linda Ludwig	League of Oregon Cities. Introduces Andy Parks.
082	Andy Parks	President/CEO, GEL Oregon. Submits and reads from written testimony in opposition to HB 2484 (EXHIBIT E).
114	Parks	Continues reading from (EXHIBIT E, Page 2) discussing Bend's annexation.
134	Rep. Greenlick	References statistic given by Parks of a 6-4 margin of vote passage and asks what percentage of the total voters were living in the city versus those to be annexed.
136	Parks	Responds that in the Redmond annexation it was 10%, in Bend it was 30% and in Bend Metro Parks and Rec Districts it was a small percentage.
143	Rep. Greenlick	Asks if he knows how the people in that area voted. References the Bull Mountain case.
146	Parks	Reports that in the Bend annexation vote, 1/3 of voters in the unincorporated area and 2/3 within the city voted for the annexation. Continues reading from written testimony (EXHIBIT E, Page 3).
200	Parks	Urges the committee not to pass HB 2484.
235	Chair Garrard	Makes a comparison between facilities used without paying, such as parks and rest-stops, and what Parks is saying.
245	Parks	Points out that the parks and rest-stops wouldn't exist without someone to pay for them and asserts that improvements in infrastructure should be a community-wide decision.
255	Chair Garrard	Continues his example pointing out that while people may not pay for the services they use directly, they pay for them in other ways.

- 260 Parks Specifies his concern about inequities between services provided between neighbors.
- 285 Chair Garrard Gives a hypothetical example of a piece of land within the UGB which when rezoned increases the land's value dramatically, asks if its fair to hold the increase to under 3% as mandated by Measure 5.
- 295 Parks Responds that he doesn't see why it wouldn't go above 3%.
- 305 Doug Riggs Central Oregon Cities Organizations. Submits written testimony for himself and on behalf of Mike Morgan commenting on annexation practices and concerns about "double majority" annexation. **(EXHIBIT F)**. Cites two points:
- In order to promote economic development within cities, cities must be allowed to annex enough land for the 20 year supply
 - Notes the level of public involvement and representation in planning in the majority of the state.

370 Rep. Greenlick Asks for comment on the balance of democracy and efficiency.

388 Riggs Makes the analogy of a state voting for governor.

TAPE 29, B

018 Rep. Greenlick Responds that a more analogous situation would if 60% of the people got to vote for governor and the other 40% did not.

021 Riggs Restates his point that everyone gets the opportunity to vote but some are unhappy with the results. Also notes the role of the elected County commissioner.

032 Burton Weast Special Districts Association of Oregon. Discusses the creation of his association as a response to annexation. States the special districts' position that those in an area to be annexed should have some form of say but wants to raise concerns about HB 2484.

073 Weast Describes bill approved last session on behalf of Tualatin Valley Fire and Rescue and the situation surrounding it. Urges committee to think through the issue of a double vote requirement and to consider that the annexation being discussed is atypical. Asserts that the double majority vote does not solve fairness issues and may hinder economic development.

113	Weast	Explains the origins of ORS 195 and explains its provisions. Emphasizes the special district's support of having an interim group to look comprehensively at all annexation processes.
188	Chair Garrard	States that ORS 195 and ORS 222 have no minimum parcel size with regard to consented annexation and asks if Weast would recommend one and if so, what size he would recommend.
195	Weast	Asks what type of annexation the chair is asking about.
205	Chair Garrard	Responds he's asking about "island" annexation and asks what minimum or maximum size should qualify for annexation without a vote.
210	Weast	Responds that in reference to "island" annexations there are two ways to approach the issue: <ul style="list-style-type: none"> • set a certain size to require the vote or • set up a remonstrance or petition procedure Notes reluctance to give a minimum number or acreage.
215	Chair Garrard	Remarks on Weast's reference to using the number of people rather than size of the parcel as the determining factor.
220	Weast	Continues that using the number of voters could be better in terms of a potential court appeal. Comments on the previous triple majority annexations and notes benefits of the petition or remonstrance system.
225	Chair Garrard	Asks if Weast would be happy with a single vote of the area to be annexed.
230	Weast	Responds affirmatively, notwithstanding the other opportunities.
235	Chair Garrard	Asks if people already within the city are affected through tax rates.
257	Weast	Notes the significance of the issue before Measure 50 (1997) but notes the current flat tax rate. Refers to West Linn example.
283	Rep. Nolan	Asks if it was his testimony that it would be okay for 5000 people to decide something that may be against the will of 400,000 people.

290	Weast	Responds negatively and elaborates on his example.
300	Rep. Nolan	Comments on putting the onus on a majority to create a ballot measure to assert their interest. Suggests ramifications of annexations beyond taxes.
316	Weast	States his issue is taxation without representation and discusses the role of elected officials within cities.
338	Rep. Nolan	Summarizes that Weast's testimony is that representative government, rather than direct democracy, is adequate for making certain decisions.
343	Weast	Confirms.
347	Linda Ludwig	Notes complexity of issue and requests an interim work group to look comprehensively and bring something back for next session.
360	Doug Riggs	Makes reference to Rep. Greenlick's discussion of putting a moratorium on all annexation. Comments on fast growing cities and the requirement for keeping a 20 year supply of land for development. Expresses openness to further discussions.
398	Rep. Greenlick	Responds that he and the committee do not want to slow down voluntary annexations but expresses worry with delaying to the point of inaction.

TAPE 30, A

033	Kathy Sayles	Washington County resident. Notes her residence lies within the area targeted by Tualatin Park and Recreation district for an ORS 195 single majority annexation. Discusses successive annexation attempts and urges fixing the law, not delaying the issue. Speaks to the issue of efficiency and asserts that in some cases counties provide better services than cities. Notes misinformation surrounding the annexation issue. Asks for representation from legislature and urges passage of HB 2484 as written.
173	Julie Russell	Bull Mountain resident. Disputes some previous testimony including information referencing:

- the county commission's ability to veto annexations at any time
- low voter turnout, noting that Bull Mountain had an 86% turnout
- the level of citizen involvement

Discusses opposition to single majority vote. Reports that while she does not oppose annexation, she does not agree with the methods Tigard has employed. Cites efforts of Bull Mountain in seeking alternative annexation or formation of a special district. Urges passage of HB 2484 as written.

- 293 Ken Henschel Washington County resident. States agreement with previous two speakers. Submits and reads written testimony in support of HB 2484 **(EXHIBIT G)**. Urges expedient passage of HB 2484 without amendments.
- 433 Isador W. Morgavi Bull Mountain resident. Refers to Chair Garrard's question about city taxes being effected by annexation and responds that they will in the case of bond issues voted on by the city.

TAPE 31, A

- 002 Morgavi Reports on a recent annexation symposium. Submits packet of information including written testimony and letters in support of the double majority vote, previous resolutions and newspaper articles surrounding the Bull Mountain situation. **(EXHIBIT H)**. Notes editorial change and reads from written testimony **(EXHIBIT H, Pages 1-3)**.
- 062 Charles B. Ormsby Birdshill CPO. Urges committee to pass HB 2484 unanimously to the floor. Discusses ORS 195 annexation process and his experience with it in Lake Oswego urban growth management area. Notes the lack of citizen participation.
- 091 Jim Long Washington County resident. Submits and reads written testimony in support of HB 2484 **(EXHIBIT I)**. Notes specifics of North Plains situation.
- 134 Lisa Hamilton-Treich Bull Mountain resident. Submits and summarizes written testimony on behalf of Keshmira McVey **(EXHIBIT J)** urging clarification of ORS 195 to require a double majority vote. Reports misdirection of fees collected from Bull Mountain residents.

180	Hamilton-Treich	Submits a memorandum of review of the Urban Service Agreement and the Bull Mountain annexation plan on behalf of Richard Franzke (EXHIBIT K) . Outlines problems in Bull Mountain situation. Urges expedient passage of HB 2484 as written.
291	Rep. Greenlick	Assures understanding of the problem and commitment to reaching objective but notes compromise involved in the process.
300	Chair Garrard	Closes the public hearing on HB 2484 and adjourns the meeting at 4:10 p.m.

EXHIBIT SUMMARY

- A. Measure 37 Appraisals, written testimony, Matthew Larrabee, 10 pp**
- B. HB 2484, -1 Amendments, staff, 9 pp**
- C. HB 2484, written testimony, James A Thompson, 1 p**
- D. HB 2484, written testimony, Jack D. Hoffman, 1 p**
- E. HB 2484, written testimony, Andy Parks, 4 pp**
- F. HB 2484, written testimony, Doug Riggs, 3 pp**
- G. HB 2484, written testimony, Ken Henschel, 2 pp**
- H. HB 2484, written testimony and informational packet, Isador Morgavi, 63 pp**
 - I. HB 2484, written testimony, Jim Long, 1 p**
 - J. HB 2484, written testimony of Keshmira McVey, Lisa Hamilton-Treich, 1 p**
 - K. HB 2484, written testimony of Richard A Franzke, Lisa Hamilton-Treich, 33 pp**