

HOUSE REVENUE COMMITTEE
FEBRUARY 17, 2003 8:30 AM STATE CAPITOL BUILDING

Members Present: Representative Lane Shetterly, Chair
Representative Wayne Scott, Vice Chair
Representative Joanne Verger, Vice Chair
Representative Phil Barnhart
Representative Vicki Berger
Representative Pat Farr
Representative Mark Hass
Representative Elaine Hopson
Representative Max Williams

Witness Present: Marge Kafoury, City of Portland
Mike Saba, City of Portland Planning Bureau
Rep. Deborah Kafoury
Gary Oxley, Oxley and Associates,
Oregon Association of Realtors
John Chandler, Legislative Advocates, on behalf of
Oregon Building Industry Association and
Home Builders Association of Metropolitan Portland
Andy Welch, Portland Development Commission
John Christianson, Staff Member for Senator Margaret Carter
John Blatt, Association of Oregon Community Development Organizations

Staff Present: Mazen Malik, Legislative Revenue Office
Kathy Tooley, Committee Assistant

TAPE 46, SIDE A

006 Chair Shetterly Calls meeting to order at 8:33 a.m.

OPENED PUBLIC HEARING ON HB 2379

010 Mazen Malik Provided history and background on HB 2379, (Exhibit 1).

016 Malik Referenced sunset provision for property tax exemption for housing in urban distressed areas, (Page 226, Exhibit 2)

025 Malik The -1 amendment addresses the sunset provision (Exhibit 3).

040 Malik HB 2379 has a revenue impact (Exhibit 4), and fiscal impact, (Exhibit 5).

054 Marge Kafoury Supports HB 2379 and HB 2380.

077 Mike Saba City of Portland views this program as essential in providing incentives for new housing development, adding condominiums

112 Questions and discussion regarding price ranges for housing.

122 Questions and discussion regarding what percentage of Portland land mass is designated distressed?

151		Questions and discussion regarding program utilization analysis for purposes of sunset review.
175	Rep Shetterly	Refers committee to page 227 of Tax Expenditure Report for program evaluation. (See House Revenue Committee Minutes February 3, 2003, Exhibit 1).
180		Questions and discussion regarding local option and taxing jurisdictions.
200	Rep. Deborah Kafoury	Supports HB 2379 and HB 2380, citing need for more affordable housing.
205	Rep. Farr	This is not just for urban renewal districts?
210	M.Kafoury	Responded no.
213	M.Kafoury	Purpose of -1 amendment to: <ul style="list-style-type: none"> • Make clear that pricing could vary, however, to meet program requirements must meet price cap. • Can accept applications that holding now for eligibility for tax year beginning July 1, 2003.
246	Gary Oxley	Supports HB 2379 and HB 2380 and -1 amendment for HB 2379, (Exhibit 7).
275	John Chandler	Supports HB 2379 and HB 2380 and -1 amendment for HB 2379
303	Chair Shetterly	Is City of Portland satisfied that the -1 amendment does what it was intended to do?
310	Andy Welch	The Portland Development Commission would like to suggest additional modifications to -1 amendment.
369	Rep. Barnhart	Stated when dealing with a sunset situation, the studies should be reviewed that describe why it worked in deference to earlier Legislature that passed the sunset.
372	John Christianson	Testified in favor of the bill on behalf of Senator Margaret Carter, (Exhibit 8).
397	Chair Shetterly	Closed public hearing on HB 2379

OPENED PUBLIC HEARING ON HB 2380

410	Chair Shetterly	For the record, during the public hearing on HB 2379, the Committee received testimony favorable to HB 2380 from Gary Oxley, John Chandler and Rep. Kafoury.
424	Malik	Provided history and background on HB 2380 (Exhibit 9), exemption information, (Page 2, Exhibit 2). Referred Committee to page 230 of Tax Expenditure Report for balance of evaluation, (See House Revenue Committee Minutes, February 3, 2003, Exhibit 1).

TAPE 46, SIDE A

012	M Kafoury	This bill modifies an existing statute and includes a new program. The intent is to provide incentives to encourage affordable existing multi-family privately-owned housing.
-----	-----------	---

028	Chair Shetterly	Like HB 2379 this is local option exemption, operating under same principal as HB 2379?
030	Saba	Answered affirmatively.
035	Saba	Provided history and support for HB 2380, which would affect affordable older multi-family housing that may be facing market pressure to increase rents.
070		Questions and discussion regarding scope and demand for program.
089		Questions and discussion regarding sunset provision for this bill.
105		Questions and discussion regarding multiple housing complexes.
117		Questions and discussion following up on demand for this program.
154	M.Kafoury	City has to balance what it believes are important social goals by providing incentives through the property tax base. Expects this would be seldom used, but the affect may be important for populations that may lose their housing through gentrification.
164	Saba	Described fiscal impact as less expensive for city than buying the building which is what the city does under Housing Preservation Program.
169	Rep. Verger	This bill, allows for urban renewal districts, and a thorough public hearings process, it would not be an easy process for anyone?
171	Saba	Answered affirmatively.
174	Chair Shetterly	Closed hearing on HB 2380.

OPENED PUBLIC HEARING ON HB 2535

185	Mazen	Provided history and background on HB 2535, (Exhibit 11). Provided revenue impact, (Exhibit 12). Scope of the bill to request sunset extension from 2004 to 2014. (Exhibit 2, Page 1).
209	Chair Shetterly	This is a local option tax exemption; any revenue impact at the local level is voluntarily encountered by the local government.
214	John Blatt	Supports HB 2535. The bill would give local government the option of exempting property taxes property for non-profits providing affordable housing statewide, affecting some 9000 units (Exhibit 13). Does require concurrence of the other taxing bodies to fully exempt the property.
270	Chair Shetterly	This is similar to the exemption with the housing authority which provides for continuous exemption without having to reapply each year?
277	Mazen	This is for non-profit organizations, which have additional requirements.
288	Blatt	They do have an annual reapplication process.
294		Discussion regarding language additions to 307.540 to 307.548, making it a part of chapter 307 by Legislative Counsel.

- 310 Barnhart Familiar with the financial impact and success of this program.
- 312 Chair Shetterly Close public hearing on HB 2535

OPENED WORK SESSION ON HB 2535

- 322 Rep. Williams **MOTION: MOVED HB 2535 TO THE HOUSE FLOOR WITH A DO PASS RECOMMENDATION**
- 328 Rep. Farr This is a very successful program in the City of Eugene.
- 330 **ROLL CALL: MOTION PASSED 9-0-0**
REPRESENTATIVES VOTING AYE: Barnhart, Berger, Farr, Hass, Hopson, Scott, Verger, Williams, Chair Shetterly.
- Rep. Farr will carry the bill.**
- 339 Chair Shetterly Closes work session and adjourns meeting at 9:23 a.m.

Tape Log Submitted by,

Kathy Tooley, Committee Assistant Reviewed by Kim Taylor James

Exhibit Summary:

1. Malik, "Staff Measure Summary HB 2379", 1 page
2. Malik, "Tax Expenditure Report" select pages 226, 229, 235
3. Malik, "HB 2379-1", 2 pages
4. Malik, "Revenue Impact HB 2379", 1 page
5. Malik, "Fiscal Impact HB 2379", 1 page
6. Saba, "Testimony HB 2379", 2 pages
7. Oxley, "Testimony HB 2379 and HB 2380", 1 page
8. Christianson, "Testimony of Margaret Carter" in support of HB 2379 and HB 2380, 1 page
9. Malik, "Staff Measure Summary HB 2380", 1 page
10. Saba, "Testimony HB 2380", 3 pages
11. Malik, "Staff Measure Summary HB 2535", 1 page
12. Malik, "Revenue Impact HB 2535", 1 page
13. Blatt, "Testimony HB 2535", 1 page