

HOUSE COMMITTEE ON NATURAL RESOURCES ENVIRONMENT AND ENERGY SUBCOMMITTEE

April 7, 1993 Hearing Room D 1:30 p.m. Tapes 63 - 64

MEMBERS PRESENT: Rep. Bob Repine, Chair Rep. Marilyn Dell, Vice-Chair
Rep. Sam Dominy Rep. Bill Fisher Rep. Carl Hosticka Rep. Tim Josi Rep.
Dennis Luke Rep. Bill Markham Rep. Ray Baum

MEMBER EXCUSED: Rep. Nancy Peterson

STAFF PRESENT: Kathryn Van Natta, Committee Administrator Karen
McCormac, Committee Clerk

MEASURES CONSIDERED: Public Hearing and Work Session - HB 2835

Public Hearing - HB 2862 - HB 2210

Public Hearing and Work Session - HJR 7

WITNESSES: ROSALIE LEMERT, Citizen GAIL LUTHY, Citizen JO
YEAGER, Citizen NANCY MAYS, Citizen ROBERT C. MOORE, Mortgage Management
Controls Company JAN CHILDS, Planning Director, City of Eugene JOHN
STUTESMAN, City of Roseburg REP. LIZ VanLEEUEWEN TOM LINHARES, Columbia
County Assessor, Oregon State

Association of County Assessors DON SCHELLENBERG, Oregon Farm Bureau
JEWEELEE HOUSTON, Lane County Farm Bureau

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These minutes contain materials which paraphrase and/or summarize
statements made during this session. Only text enclosed in
quotation marks report a speaker's exact words. For complete contents
of the proceedings, please refer to the tapes. [--- Unable To Translate
Graphic ---]

STAN HENDY, Oregon Farm Bureau JOHN SWATZKA, Linn County Farm Bureau
JAMES HUNTSMAN, Douglas County Farm Appraiser JULIE BRANDIS, Small
Woodlands Association

TAPE 63, SIDE A

005 CHAIR REPINE: Calls meeting to order at 1:45 p.m.

OPENS PUBLIC HEARING AND POSSIBLE WORK SESSION ON HB 2835

018 KATHRYN VAN NATTA: During the public hearing for HB 2835 on
March 31, we could not accommodate everyone who signed up to testify.
Introduces

meeting materials, including a revised fiscal impact assessment (EXHIBIT
A) showing no fiscal impact, which is a change from the previous fiscal
impact which stated there was an effect of .27 FTE during the 1993-95

biennium for the Department of Land Conservation and Development (DLCD).

The revenue impact analysis (EXHIBIT B) shows there is still no revenue impact. Reads into the record a letter from Richard C. Earle (EXHIBIT

C) dated April 4, 1993 in support of HB 2835.

030 ROSALIE LEMERT, Citizen: Testifies in support of HB 2835. Describes problems in being unable to place a manufactured home on her own

property in Waldport, and argues that manufactured homes are not only more affordable, but are more energy efficient than site-built homes.

109 CHAIR REPINE: Announces that due to time constraints, individual testimony will be limited to five minutes.

120 GAIL LUTHY, Citizen: Testifies in support of HB 2835. Describes efforts to place a manufactured home in the City of Troutdale.

166 JO YEAGER, Citizen: Testifies in favor of HB 2835. Unable to afford site-built home, and concerned about alternative affordable housing for retired citizens living on fixed incomes.

199 NANCY MAYS, Citizen: Testifies in support of HB 2835. Describes impossibility of siting a manufactured home on her property in Oregon

City.

243 ROBERT C. MOORE, Mortgage Management Controls Company: Provides written testimony (EXHIBIT D) in support of HB 2835.

326 JAN CHILDS, Planning Director, City of Eugene: Testifies in opposition to HB 2835 on behalf of the Oregon City Planning Directors Association. I thought we had already resolved this problem with the passage of HB

2863 in 1989, which integrated manufactured housing on individual lots into the statewide land-use planning program.

During the interim, I did a survey of Oregon cities with populations over 2,500 to determine whether they had met the requirements of the 1989 legislation. Three-quarters of the cities (sixty cities) responded. Thirty-four of the cities which complied with the 1989

legislation permit manufactured housing infill outright in single-family or low-density residential zones. The remaining twenty-six have used the needs assessment approach, and have sited manufactured-housing infill in areas which were difficult to site. Rather than enact this legislation, we need to work through the LCDC and the League of Oregon Cities to define what a needs analysis should include, and which areas

are appropriate for the siting of manufactured homes.

The City of Eugene has enacted infill siting on all low-density lots.

TAPE 64, SIDE A

014 REP. JOSI: House Bill 2835 allows cities to have the ability to demand that manufactured homes are fully integrated in design with other homes in the neighborhood.

028 CHILDS: These performance standards are actually the same ones which were included in the 1989 legislation. The issue is not whether

manufactured housing is good or bad. Our association has traditionally opposed statewide zoning legislation because we feel it's more appropriate for the legislation to tell us what needs to be provided, rather than how we should provide for it.

044 REP. JOSI: This housing is affordable and meets stringent standards. Why should there be a needs assessment for these homes?

057 CHILDS: The existing needs assessment requirement looks at manufactured homes as a subset of single-family housing. The statewide land-use

planning program doesn't add an affordability filter.

067 REP. JOSI: Why should manufactured homes be considered a subset of single-family housing when they can be fully integrated with other

single-family homes?

076 CHILDS: That's a good question.

078 CHAIR REPINE: Doesn't the LCDC Goal 10 state that affordable housing should be commensurate to the income of Oregonians?

080 CHILDS: Yes.

087 REP. HOSTICKA: Has the City of Eugene taken a position on this bill?

089 CHILDS: No.

092 REP. FISHER: The most recent fiscal analysis shows this bill will have no impact on local government. Wouldn't it be easier to enact statewide zoning laws which will simplify this problem for the cities of Oregon?

101 CHILDS: We cannot simply change city ordinances without going through a public review process just because the legislature enacts a bill. Under the statewide land-use planning program, any amendment to a zoning

ordinance must go through a public review and a public hearing process.

Even the most minimal level of public notification and citizen involvement involves some cost to local government.

116 REP. FISHER: Could we propose an amendment which negates LCDC requirements?

146 CHILDS: I would not recommend that approach. Due to a new round of state-mandated periodic reviews of local plans, this legislation could

be required in conjunction with periodic reviews, rather than having a separate effective date and a separate review process at the local level. That would be the easiest way to streamline the process.

157 JOHN STUTESMAN, City of Roseburg: Testifies in opposition to HB 283 5. As part of the statewide periodic review process mandated by the 1989

legislature, the City of Roseburg went through a needs assessment analysis for manufactured housing. In our urban growth boundary outside the city limits, manufactured homes can be sited on individual lots.

Within the city limits, manufactured housing is limited to multiple-family zones and special overlay zones. We have a strong commitment to affordable housing, but we feel that this bill would mandate something which can better be handled at the local level. If communities are not complying with the 1989 legislation, there are enforcement procedures which should be used by LCDC.

200 REP. JOSI: Why are manufactured homes placed in a different category than site-built homes?

202 STUTESMAN: We have concerns about the integration of manufactured housing with site-built homes.

229 REP. JOSI: Could you help us develop a bill which would make it a more solid blueprint for integration?

230 STUTESMAN: I would be willing to help with that. I have not brought data today which would help make this bill more palatable.

233 REP. LUKE: How many lots are available within your urban growth boundary for manufactured homes?

237 STUTESMAN: Based on a 1990 inventory, we had approximately 1,200 manufactured homes on lots outside the city limits. Within the city,

there were approximately 300 manufactured homes, mostly with manufactured home parks. Perhaps 200 lots are available within the city

limits for manufactured housing.

292 REP. DELL: The original bill required that we set aside a certain amount of single-family land for manufactured homes. How did Roseburg

satisfy that criteria?

297 STUTESMAN: As part of the periodic review process, we inventoried manufactured homes. There was a large amount of single-family land

available within urban growth boundaries that met the requirement.

Because of this, there was no LCDC requirement that we allow manufactured homes on single-family lots.

308 REP. FISHER: How long does the periodic review take?

309 STUTESMAN: It took eighteen months for the area within the Roseburg city limits, and another twelve months for the urban growth boundary

outside the city limits.

314 REP. FISHER: When is the next periodic review?

315 STUTESMAN: In approximately three years.

385 REP. DELL: In general, would it cost more to buy a lot outside the city limits but within the urban growth boundary than inside the city limits?

393 STUTESMAN: It is less expensive outside the city limits.

TAPE 63, SIDE B

003 REP. FISHER: Does the City of Roseburg just not want manufactured housing?

007 STUTESMAN: We feel that cities already have a process in place to adequately address this issue, either through needs assessment or

outright allowance.

Addition to the record: Proposed -1 Amendments to HB 2835 (LC 1312) dated 3-22-93 (EXHIBIT E)

013 CHAIR REPINE: CLOSES PUBLIC HEARING ON HB 2835

OPENS WORK SESSION ON HB 2835

415 MOTION: REP. DOMINY moves to adopt the HB 2835 -1 AMENDMENTS, LC 1312, dated 3-22-93.

420 CHAIR REPINE: Restates motion and calls for discussion. Hearing no opposition, the motion CARRIES.

CLOSES WORK SESSION ON HB 2835

OPENS PUBLIC HEARING ON HB 2862

029 VAN NATTA: House Bill 2862 is sponsored by Rep. Van Leeuwen, and relates to taxation of land located in exclusive farm-use zones, forest zones, and farm and forest-use zones. Introduces meeting materials,

including a preliminary staff measure summary with a section analysis

(EXHIBIT F), amendments proposed by the Oregon Farm Bureau (EXHIBIT G), a hand-engrossed copy of the bill (EXHIBIT H), a revenue impact

statement which shows there is revenue impact (EXHIBIT I), a copy of ORS Chapter 308 regarding property and taxation, and a copy of the revenue

statutes which are being amended. Clarifies measure.

064 REP. MARKHAM: I thought we enacted a law a few years ago which restricted the cost of the acre on which a farm dwelling is located to

the average cost of an acre of the farmland.

073 REP. VanLEEUEWEN: Testifies in support of HB 2862.

116 REP. JOSI: Why should a retired farmer have special property tax advantages which differ from other retirees who live in urban areas?

129 REP. VanLEEUEWEN: We think this is a fair trade, because retired farmers cannot sell the acre on which their house is located separate from farm or forestland.

148 REP. DELL: In Yamhill county, one acre of farmland costs about the same as one acre within the city. Is that unique?

158 REP. VanLEEUEWEN: I'm not talking about one-acre lots. I'm talking about 350-acre farms.

181 TOM LINHARES, Columbia County Assessor, Oregon State Association of County Assessors: The intent of this bill is to require homesites to be assessed as farmland, instead of including residential value,

subdivision value, or commercial value.

215 REP. VanLEEUEWEN: The chances of being able to use homesite land for another purpose is not what we're talking about. It's part of the farm

or forest unit, not separate. We cannot sell that one acre, at least not in Linn County.

240 LINHARES: Currently, a one-acre farm homesite is valued at the per-acre value of the entire parcel, which is what it would sell for based on the market value.

277 DON SCHELLENBERG, Oregon Farm Bureau: Presents written testimony (EXHIBIT J) in support of HB 2862. Rep. Markham referred earlier to SB

15, which passed in 1987. When land-use planning began, farm-use assessment was also instituted. Farm-use zones were developed, and activities within those zones were restricted to farming activities.

Homesites were to be assessed at market value, but assessors throughout Oregon have misinterpreted the statutes, and have assessed homesites as though they were separate from the other land. Senate Bill 15 required that the market value of the farmland should be determined. House Bill 2862 has been developed because there are assessors who still don't understand this.

Currently, some assessors assess a homesite at \$20,000, assess the farmland at \$1,000 per acre, add the two together, divide by the total number of acres and apply that value to the homesite. Senate Bill 15 was supposed to require that the total number of acres be assessed as bare land with no improvements. Homesite assessments were then derived from this figure divided by the number of acres. This amended bill defines "bare land" to prevent other methods of assessment.

House Bill HB 2862 would also eliminate the ten-year tax penalty imposed when a farm dwelling is sited on farmland, which removes that land from farm use.

TAPE 64, SIDE B

016 JEWEELEE HOUSTON, Lane County Farmer: Testifies in support of HB 286 2, and claims that the Lane County Assessor's Office is not applying the

correct formula for determining their homesite value. 051 STAN HENDY, Oregon Farm Bureau, Douglas County Farmer: Provides written testimony (EXHIBIT K) in support of HB 2862.

072 JOHN SWATZKA, Linn County Farmer: Testifies in support of HB 286 2. Describes problems with farm assessment as retired farmer.

129 CHAIR REPINE: For the record, HB 2210 has been cancelled and will be rescheduled.

160 JAMES HUNTSMAN, Douglas County Farm Appraiser: Presents written testimony (EXHIBIT L) in opposition to HB 2862.

199 REP. LUKE: Testimony earlier today referred to a penalty which is incurred when a homesite is no longer used as a farm dwelling, and is

rented or the farmer retires. Do you apply that penalty in Douglas County even if the lot has not been partitioned off?

204 HUNTSMAN: Yes.

207 REP. FISHER: You mention the tax burdens of living within a city, yet you enjoy being able to purchase fresh produce at a reasonable price.

211 HUNTSMAN: That is true. Yet I have seen homesites worth between \$300,000 and \$500,000 on farmland in Douglas County on which a

relatively small amount of taxes are paid. Also, farms sometimes have three or four homesites. If the term is broadened too much to allow these homesites to be specially assessed, nobody will want to give that up. If a farmer houses relatives who may or may not help out on the farm, the farmer will enjoy the benefits of that assessment. The farmer primarily responsible for the farm should get a special assessment.

When my mother retired, she did not get a special assessment on her home.

258 JULIE BRANDIS, Small Woodlands Association: Testifies in support of HB 2862, which clarifies the intent of previous legislation.

270 LINHARES: There are three separate issues in this bill. The first is whether or not there should be a ten-year payback penalty when an acre

of farmland is converted into a farm homesite acre. This issue is currently in the Oregon Supreme Court, and if the recent tax court decision is upheld, this bill will not be needed to clarify this issue.

We currently grant a special assessment on one-acre farm homesites, and I see no reason why a retired farmer should not pay the same taxes as anyone based on the market value of that property they are enjoying.

The third issue is the -1 amendments. The bill sponsors do not want to be subject to market value considerations. My opinion is that they already get a special assessment, so why reduce it even more?

354 REP. LUKE: Did you say the tax court ruled against Douglas County?

356 LINHARES: Yes. 362 REP. HOSTICKA: Did SB 15 resolve the problem of non-farmers claiming they were farmers in order to gain special assessment?

371 LINHARES: No. If the land is zoned EFU, it is very easy to qualify for farm-use special assessment, and therefore easy to qualify for the

homesite special assessment. I'm sure there are still doctors, attorneys and college professors who enjoy the benefits of the one-acre homesite special assessment.

383 REP. HOSTICKA: Recommends clarifying language to distinguish farmers from others who might abuse the system.

390 CHAIR REPINE: CLOSING PUBLIC HEARING ON HB 2862

OPENS PUBLIC HEARING ON HJR 7

399 VAN NATTA: Introduces meeting materials, including a preliminary staff measure summary (EXHIBIT M), a revenue impact statement (EXHIBIT N)

indicating possible revenue impact, and a fiscal impact analysis (EXHIBIT O) indicating no fiscal impact. This bill was previously borrowed by the House Special Task Force on Motor Vehicle Emission Regulations (EXHIBIT P), which has had three informational hearings on the bill. It is in public hearing today with the intent of passing it to the House Committee on Revenue. It has already had a subsequent referral to Revenue assigned by the Speaker.

414 CHAIR REPINE: We have already had a request from the Chair of the House Committee on Revenue to expedite possible action on this bill.

OPENS WORK SESSION ON HJR 7

421 MOTION: REP. MARKHAM: Moves HJR 7 to the FULL COMMITTEE ON NATURAL RESOURCES with a DO PASS RECOMMENDATION.

425 REP. HOSTICKA: Could we amend that to say "without recommendation" if the purpose is simply to get it there, since we haven't yet had the

opportunity to hear its merits?

429 MOTION: REP. MARKHAM: Moves HJR 7 to the Full Committee on Natural Resources with NO RECOMMENDATION and a SUBSEQUENT REFERRAL to the

HOUSE COMMITTEE ON REVENUE.

435 CHAIR REPINE: Restates motion and calls for discussion. Hearing no objections, the motion CARRIES.

CLOSING WORK SESSION ON HJR 7

Adjourns meeting at 3:31 p.m.

Submitted by:

Reviewed by:

Karen McCormac
Administrator

Kathryn Van Natta Assistant

EXHIBIT LOG:

A - HB 2835 Fiscal Impact Assessment - Staff - 1 page B - HB
2835 Revenue Impact Analysis - Staff - 1 page C - HB 2835 Testimony
- Richard C. Earle - 1 page D - HB 2835 Testimony - Robert C. Moore
- 3 pages E - Proposed -1 Amendments to HB 2835 (LB 1312) dated
3-22-93 - Staff - 1 page F - HB 2862 Preliminary Staff Measure
Summary - Staff - 2 pages G - Proposed -2 Amendments to HB 2862 -
Staff - 1 page H - HB 2862 Hand-Engrossed with HB 2862-1 Amendments
(LC 2162) dated 3-15-93 - Staff - 4 pages I - HB 2862 Notice of
Possible Revenue Impact - Staff - 1 page J - HB 2862 Testimony -
Don Schellenberg - 4 pages K - HB 2862 Testimony - Stan Hendy - 1
page L - HB 2862 Testimony - James L. Huntsman - 2 pages M -
HJR 7 Preliminary Staff Measure Summary - Staff - 1 page N - HJR
7 Notice of Possible Revenue Impact - Staff - 1 page O - HJR 7
Fiscal Impact Assessment - Staff - 1 page P - HJR 7 Request for
Bill Review - Speaker Larry Campbell - 1 page