2019 REALTOR® Day Talking Points

Topic: Land Use
Subject: SB 2-A, Eastern Oregon Economic Development Opportunity Zones
Position: Support

Background:

Comprehensive land use plans are required for cities and counties and include statements of issues and problems to be addressed, various inventories and other technical information, the goals and policies for addressing the issues and problems and implementation of measures. Plans must be done in accordance with state standards outlined in statute, statewide planning goals and administrative rules.

SB 2 would authorize ten Eastern Oregon counties (Baker, Gilliam, Grant, Harney, Lake, Malheur, Sherman, Union, Wallowa and Wheeler) to conduct an economic opportunity analysis outside of their Urban Growth Boundaries (UGB) as part of their comprehensive plan. If passed, the bill will give each county 50 acres to divide into as many as 10 different parcels for economic development without taking an exception to the statewide land use goals and without the Land Conservation and Development Commission's approval.

Arguments in Favor:

- Oregon's land use system doesn't work in counties with declining populations. The system simply does not allow for prospective economic development opportunities
- Many rural parts of the state still have not recovered from the recession. Poverty is rampant and communities are dying Providing opportunities for rapid economic development will bring new jobs and income to struggling communities
- New development will help increase property taxes in struggling Eastern Oregon Cities

Arguments in Opposition:

- SB 2 is contrary to Oregon's statewide land use system

Status of Legislation:

Senate President Courtney is one of the Chief Sponsors of SB 2. It was developed over the interim with input from multiple stakeholders.

On February 5th a public hearing was held in the Senate Environment and Natural Resources Committee with a subsequent work session on the 12th. The bill passed the Senate with no opposition on February 21st. The bill has been referred by the Speaker to the House Agriculture and Land Use Committee.

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Topic: Housing
Subject: HB 2001- Missing Middle Housing
Position: Support – With Amendments

Background:
Today, Oregon is short more than 155,000 homes, mostly for middle and lower-income Oregonians. The Oregon Office of Economic Analysis calculates that Oregon needs to build 30,000 new housing units per year, over the next 20 years, to meet the state's housing needs. The crisis will get worse unless we take immediate action.

Every city in Oregon is facing challenges to provide affordable housing options for families. Housing needs are changing as family sizes get smaller. The senior and younger family populations are growing, and the cost of housing is outpacing incomes. Oregon needs more housing options at every level.

Arguments in Favor:
- Supply / Demand Gap is 155,000 units short of current need
- We must grow up AND out
- The bill will encourage more development in existing neighborhoods as well as ensure accurate information is used to determine future UGB expansions

Arguments in Opposition:
- Potential for negative impacts on neighborhood characteristics
- Reduces local control over development patterns

Status of Legislation:
The legislation is actively developing and will need to go through the Joint Committee on Ways & Means. Amendments are currently being drafted to address concerns raised by OAR. The Government Affairs Key Committee will guide our position on the legislation as it develops. Positions will be consistent with the legislative polices as adopted by the OAR Board of Directors.

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Topic: Housing
Subject: SB 88, Accessory Dwelling Units for Rural Residential Zones
Position: Support

Background:

In 2017, the legislature passed SB 1051, which legalized Accessory Dwelling Units (ADU) in cities with a population greater than 2,500. However, rural areas of the state were not provided the same opportunity. During the 2018-19 interim, Senator Dembrow lead a workgroup to develop a legislative concept that would allow Oregon Counties to permit, if they choose to, accessory dwelling units in lands zoned as rural residential.

The bill would authorize a county to allow an owner of a lot or parcel in an area zoned for rural residential use to construct one accessory dwelling unit (ADU) under specified conditions including factors related to location, lot size, ADU square footage, water supply and fire risk.

Arguments in Favor:

- Provides housing without public resources
- Increases the supply of multigenerational and rental housing
- Increases the affordability of housing by allowing property owners to purchase or maintain a home with rental income from the ADU
- Will legalize some existing, unpermitted second dwelling units
- Optional for counties to implement

Arguments in Opposition:

- Allowing ADUs in rural residential zones will make urbanization more difficult if the neighborhoods come into the UGB in the future
- Potential negative impacts on septic systems and well water tables

Status of Legislation:

On January 31st OAR's lobbying team testified in favor of the legislation in the Senate Committee on Environment and Natural Resources. A work session was held on March 19th to discuss the "-2" (dash-two) amendments that incorporate a process for mapping increased fire-risk areas and providing additional building standards for fire mitigation. The mapping would be provided in coordination with the Oregon Building Codes Division and Oregon State University.

The additional mapping process has added a cost for implementing the legislation. The bill has not moved from the Senate Committee. The bill must have a work session held by April 9th in order to be moved to Ways and Means for funding consideration in the 2019-20 budget.

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Topic: Housing
Subject: HB 2055/2056 – Workforce Housing Accelerator
Position: Support

Background:
The Workforce Housing Initiative, led by the Governor's Regional Solutions Cabinet, selected 5 pilots out of 31 applications, designed to form partnerships between local communities, the business sector, and private developers to address the housing shortage for working families in Oregon. HB 2055 and HB 2056 will expand on the successes in the pilot program.

HB 2055 will provide $15 million to support the acquisition, construction, or redevelopment of workforce housing, or the acquisition of land and infrastructure to support workforce housing. HB 2055 will support the connection of employers, developers, property owners and landlords with local communities and housing providers.

HB 2056 will update a current loan guarantee program that exists within Oregon Housing and Community Services (OHCS) to be more effective and work in partnership with HB 2055. HB 2056 directs that interest earnings stay within the program, increases income eligibility to 120% of area median income while maintaining half of the funds serve people earning very low incomes (50% or less of the area median income) and updates the program to include home ownership and land acquisition.

Together, these two bills will create an effective Greater Oregon Housing Accelerator program to help spur needed housing development, build creative partnerships between employers, governments, housing developers and address a critical need our communities are facing.

Arguments in Favor:
- Focuses on communities that are ready to work on housing supply issues
- Approximately 36 communities could benefit
- Flexibility to meet local needs
- Difficulty of schools, health care and hospitality industries in recruiting/retaining employees with no affordable places to live

Arguments in Opposition:
- Oregon land use planning system is complex and the legislature should be working on solutions

Status of Legislation:
A public hearing on both bills was held on February 4th in the House Human Services and Housing Committee. OAR's lobbying team testified in favor of the legislation. A work session was held on March 18th. The bills are currently in Ways and Means to be considered as part of the 2019-20 budget.

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Topic: Taxes, Housing

Subject: SB 790/HB 3133 – Individual Development Accounts

Position: Support

Background:

Individual Development Accounts (IDA) are matched savings accounts that change the financial futures of qualifying Oregonians with lower incomes [80% Area Median Income (AMI) or lower]. Participants build financial skills such as budgeting and saving while they save towards a defined goal. For every dollar a qualifying participant saves, the Initiative typically matches three dollars.

Savings are invested in purchasing a home, fulfilling educational goals, developing a small business or pursuing another approved asset.

With more investments at the state level, more Oregonians will have access to the successful program. In 2019 we are seeking two primary changes to the state-program.

1. Increase tax credit authority from $7.5 to $15 million and adjust the value of the credit to compensate for federal tax changes.

2. Participants are capped at $3,000 of savings a year for housing down payments. The bill would allow accrual of up to $3,000 in savings match per six-month period.

Arguments in Favor:

- A proven track record that saves the state administrative costs
- A public-private partnership that saves the state on administrative costs
- More than 13,000 Oregon residents have saved in IDAs
- Collectively, IDA participants have saved more than $23 million
- All participants are provided financial education and support to build their financial capability and successfully reach their goals
- $37 million in matching funds have been distributed to approximately 7,000 savers for asset investments

Arguments in Opposition:

- Tax credits utilize money from the General Fund that could otherwise be invested in education, public safety or social safety net programs

Status of Legislation:

SB 790 and HB 3133 have had hearings in the Senate Committee on Human Services and the House Revenue Committee, respectively. Both bills must be passed on to the Joint Committee on Tax Credits to be considered part of the tax expenditures portion of the 2019-20 state budget.

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Topic: Taxes
Subject: HB 3349, Phase-out and Means Test for Mortgage Interest Deduction
Position: Oppose

Background:

Since its inception, over a century ago, the U.S. income tax system has recognized the positive effects of homeownership for families and communities by incentivizing home buyers with tax benefits. The societal benefits of homeownership are well documented. Reducing or eliminating the ability of Oregonians to deduct the interest for their homes is simply a bad idea at the worst possible time.

In many communities across the state, the median home price is in excess of $400,000. The income levels necessary to purchase a home in Oregon have exponentially increased over the last couple of decades as well.

Over 565,000 Oregonians utilized the mortgage interest deduction in the last taxable year and more than 70% of homeowners will utilize the mortgage interest deduction at some point in the ownership of their home.

The Oregon Association of REALTORS® actively worked on increasing funding for housing in 2018 including a $60 million increase in affordable housing programs though an increase in the document recording fee. The bill impacts primary residences (income tested) and second homes.

Arguments in opposition:

- This bill unfairly targets Oregonian homeowners with artificial income limitations when they have relied on the availability of a critical tax incentive in calculating their monthly expenses on their primary residence
- Eliminating the mortgage interest deduction will be a disincentive to current homeowners from moving up to more expensive housing and opening existing housing stock to Oregonians with lower incomes
- Despite the intended priorities listed in the bill, the money will all go to Oregon's General Fund

Arguments in Favor:

- The mortgage interest deduction rewards higher income individuals when state resources should be spent on the most in need

Status of Legislation:

HB 3349 had a public hearing in the House Committee on Human Services and House March 11th and work session on March 25th. The bill was amended and voted out of committee on a 5-3-1 vote and now heads to the House Committee on Revenue for further consideration.

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