

Proven Partners • Thriving Communities • Lasting Value

March 22, 2011

TO: Phil Barnhart, Co-Chair, House Revenue Committee
Vicki Berger, Co-Chair, House Revenue Committee
Members of the House Revenue Committee

RE: HB 2354

Dear Chairs Barnhart, Berger and Members of the House Revenue Committee

Oregon Opportunity Network is a nonprofit coalition that represents 37 of the most active nonprofit housing developers in the State. Together we have developed over 16,000 units of affordable housing – housing that provides stability to hard working families and stability to communities. One of the local tools that has been very effective in providing greater affordability to the residents of our rental housing is ORS 307.540 to 307.548, which allows local communities to exempt affordable housing properties from paying property taxes. This in turn allows non-profit owners to charge lower rents. On March 24, you will be considering HB 2354 which will extend the statute's sunset from July 1, 2014 to July 1, 2027.

To date four jurisdictions in the State have adopted the ordinance: City of Portland, City of Wilsonville, City of Tigard, and Lincoln City. Because of their adoption of this local tool, over 9200 households (see table below) get the benefit of lower rents – monthly rent reductions that average about \$50 per unit. For a hard working family, this rent savings is then available for food, school supplies, medical expenses, etc. – essential items for a stable and healthy household. All four of these jurisdictions believe that the program has been effective and efficient in meeting their local goal of providing stable and affordable housing, and want to retain this option. They monitor the use of the exemption and require annual certification to ensure that households with incomes below 60% of the local Median Family Income are being served, and that the property tax savings are passed to the tenants in the form of rent reductions.

At least two jurisdictions who do not now offer this option would like to retain the option to consider it. Washington County has indicated that even though they have not yet adopted this local option, they may want to do so in the future. The City of Bend would also like the option to remain open.

Why request the extension now when it statute does not expire until 2014? Nonprofit housing developers are small businesses, and like other businesses they do long-range forecasting and planning. An extension of this exemption will some level of certainty to nonprofits and local communities that they can achieve their mission and goals over the long term. And as developers of affordable housing, nonprofits often spend two to five years in predevelopment on a new project. This requires locating land or a property, identifying and applying for multiple resources for development, and in the process developing revenue and expense projections that are essential for investors and funders. The Low

Income Housing Tax Credit, a federal tax credit and the largest housing program in the country, represents a 15 year investment provides essential leverage for local and state housing dollars, and the local property tax exemption has been very effective tool to assure investors that the projected rent levels are achievable because of the exemption. The extension to 2027 is compatible to potential new 15 year Low Income Housing Tax Credit Investments.

Attached are a number of one-page profiles of affordable housing projects in Wilsonville and Tigard to give you more information about the actual beneficiaries of this exemption. We ask your support of the sunset extension so that we may continue to make affordable housing available to hard working individuals and families in our communities who need the opportunity that affordable housing offers.

We urge the House Revenue Committee to vote HB 2354 out of committee and on to the House with your strong endorsement.

Thanks for your consideration.



Cathey Briggs
Executive Director

cc: Doug Riggs, NGrC
Alison McIntosh, Housing Alliance

Attachments: Property Profiles

Table of Affordable Housing Units Exempted under ORS 307.540- to 307.548 (2010)

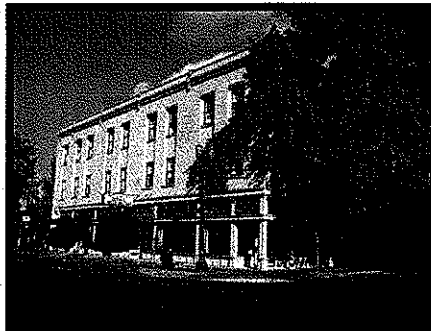
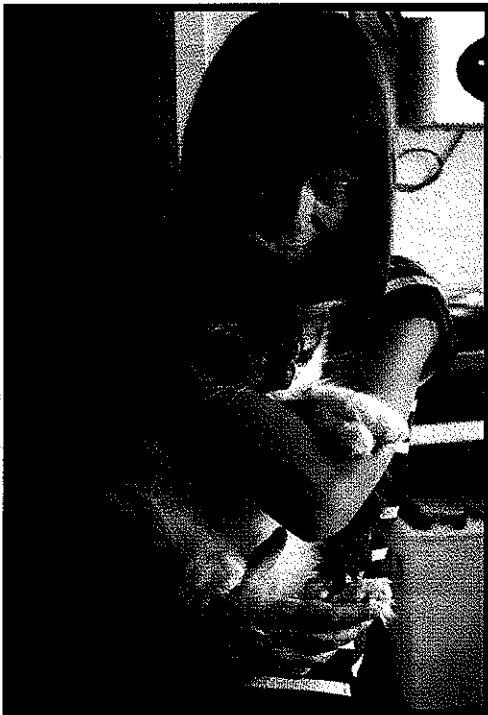
Jurisdiction	Number of Units/Households Exempted
Portland	8579
Tigard	276+48 in development
Wilsonville	300
Lincoln City	80
TOTAL	9283

Innovative Housing, Inc.

Musolf Manor Apartments

Old Town Portland

Musolf Manor is a service rich building in Old Town/Chinatown that houses 95 people who are elderly and/or disabled. In 2009 Innovative Housing completed an historic renovation of the building and made a renewed commitment to long-term affordability.



Residents = 95 elderly and/or disabled adults

Average household income = \$6,972 per year or \$581 per month; 14% of area median income

Length of residency = Over 38% of residents have lived at Musolf Manor for over 4 years.

Rent reduction due to property tax exemption = \$23 per month. For individuals living on a fixed income this savings can mean that people do not have to make the choice between food and prescription medications.

Innovative Housing, Inc.

Broadway Vantage Apartments

NE Portland

Broadway Vantage Apartments has a 60 year commitment to provide a safe, stable place to live for individuals, parents and children in Northeast Portland. In 2008, Innovative Housing's new construction of 58 family units on a vacant urban lot activated an overgrown parcel that was otherwise being used as a dumping ground and hub for drug-related activities.



Residents = 66 adults; 73 kids

Average household income = \$19,932/year or \$1,661 per month *before taxes*; 28% of area median income

Length of residency = Over 50% of residents have lived at Broadway Vantage since the project opened in 2008.

Housing Homeless Families= Over 30% of resident families were homeless before moving into Broadway Vantage.

Rent reduction due to property tax exemption = \$30 per unit per month. For families barely making ends meet, this is a critical amount and can mean the ability to afford transportation to work or pay their utility bills.

Community Partners for Affordable Housing, Inc.

Greenburg Oaks Apartments

Tigard

Community Partners for Affordable Housing purchased the Villa La Paz Apartments (84 units) in 1996, and has completed two renovations (1996 and 2006). The project is now known as the Greenburg Oak Apartments, and is a hub of activity year-round, with After School and Summer Youth Programs, a community garden, library and computer center, and recovery group meetings four nights per week in multiple languages.



Residents = 240 residents; 107 kids; 47% minority

Average household income = \$2,125 per month; 38% of area median income

Length of residency = average tenure 2.4 years

Workforce participation = 82% of households have employment income

Rent reduction due to property tax exemption = \$76 per month

Near 5 bus lines, downtown, Walkscore 89 ("very walkable")

Service Partners: Community Action, HopeSpring, Oregon Food Bank, Good Neighbor Center, Tigard Schools, Police and Library, Rotary

Community Partners for Affordable Housing, Inc

Village at Washington Square

Tigard

Community Partners for Affordable Housing built the Village at Washington Square in 2000, a dense in-fill property in a suburban setting near jobs and transit. With units from studio to 4-bedroom in size, Village houses seniors, the disabled, and working families. Community room (with library and computers), play area, and butterfly garden at rear provide space for variety of activities on-site.



Residents = 76 residents; 42 kids; 55%

minority

Average household income = \$2,649 per month; -50% of area median income

Length of residency = average tenure 2.2 years

Workforce participation = 80% of households have employment income

Rent reduction due to property tax exemption = \$90 per month

Near 3 bus lines, Walkscore 68

Service Partners: Community Action, HopeSpring,
Good Neighbor Center, Tigard Schools, Police and Library

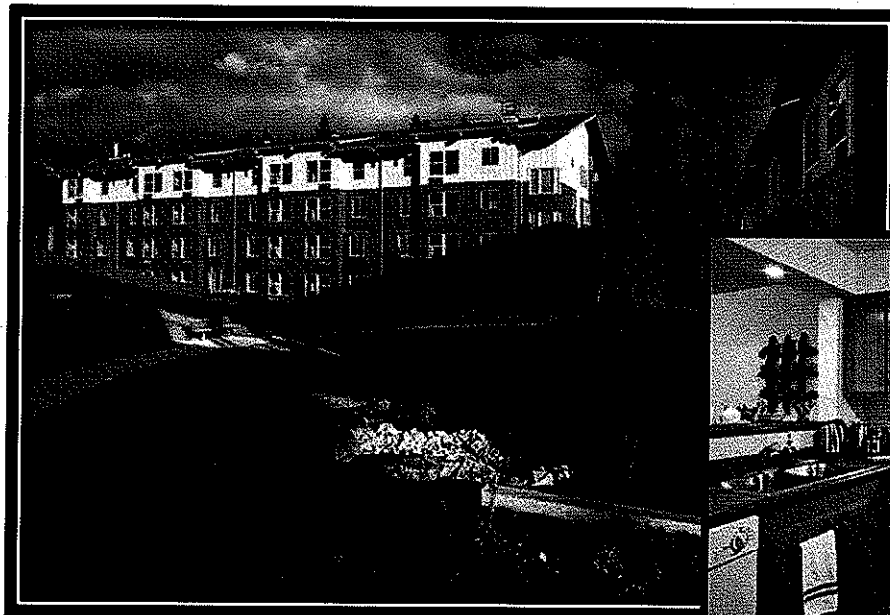
Northwest Housing Alternatives Creekside Woods

Wilsonville

Northwest Housing Alternatives just completed the development of Creekside Woods, with 84 homes for independent seniors. The property provides rent assistance for 45 units and affordable rents for the balance of the units.

Leasing began in December 2010 and should be completed in the next month or two. The average age of residents is expected to be 71 years; 85% are expected to be single women; and, the average income will be approximately \$1,100 per month.

rent



Estimated



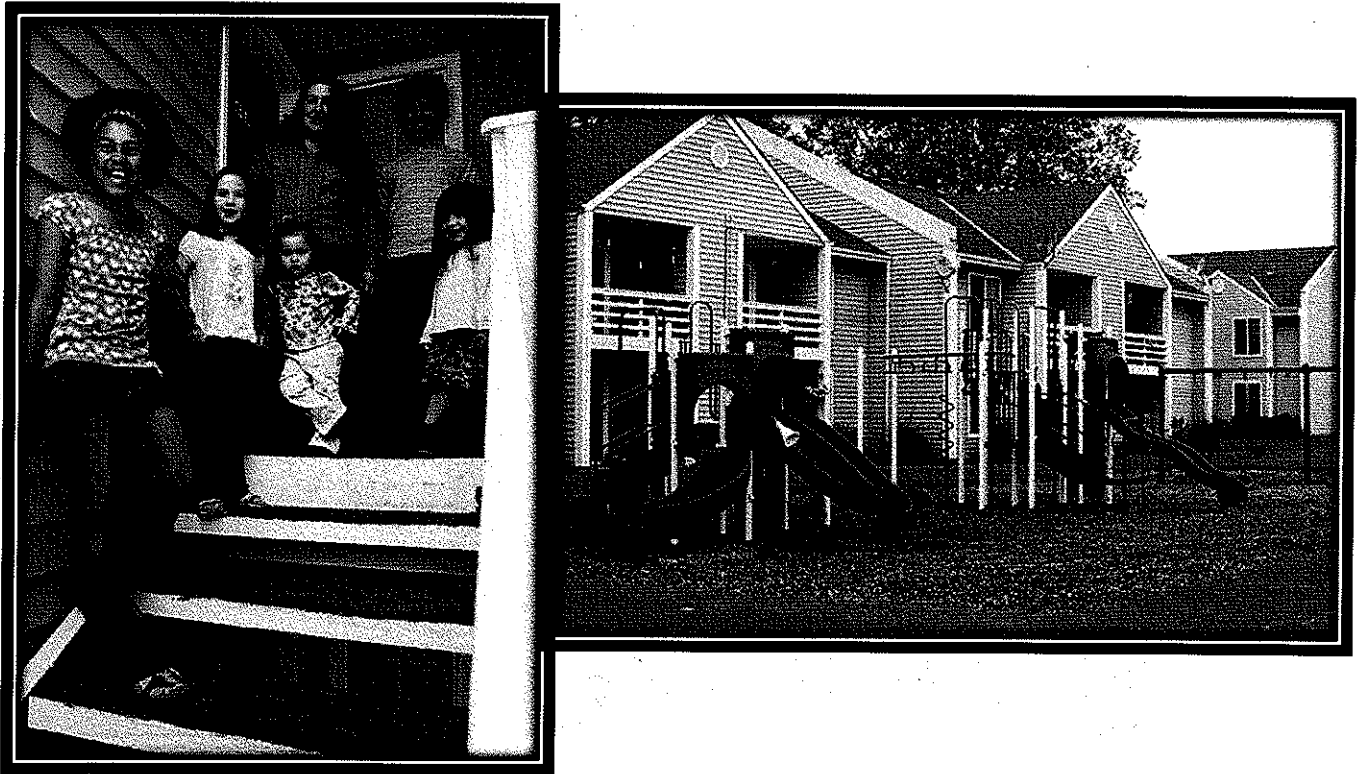
reduction due to property tax exemption = \$41 per month.

Northwest Housing Alternatives

Autumn Park Apartments

Wilsonville

Northwest Housing Alternatives originally built the Autumn Park Apartments in 1988. In 2004 the property was rehabilitated and made a renewed commitment to long term affordability. Autumn Park provides 144 units one, two and three-bedroom homes for families and individuals.



Residents = 219 adults; 178 kids

Average household income = \$2,046 per month; 38% of area median income

Length of residency = 33% of residents have lived at Autumn Park for more than 3 years

Workforce participation = 72% of households have employment income

Rent reduction due to property tax exemption = \$69 per month.