



**Commissioner Nick Fish**  
City of Portland

March 21, 2011

Co-Chair Vicky Berger  
Co-Chair Phil Barnhart  
House Revenue Committee  
Legislative Revenue Office  
900 Court St. NE, Room 143  
Salem, OR 97301

Dear Co-Chairs Berger and Barnhart and Committee Members:

As the Housing Commissioner for the City of Portland, I am pleased to offer this **testimony in support of HB 2354**, extending the sunset date for property tax exemption for tax-exempt corporation low income housing to tax years beginning before July 1, 2027.

The exemption is a critical tool for the City of Portland and other jurisdictions that have a severe shortage of affordable housing and chronically underfunded programs that serve homeless individuals and families by moving them into rental housing. The Portland Housing Bureau estimates that there is a shortage of 20,000 units for the lowest income households, those whose annual income is less than \$15,000 for a single person or 30% median family income (mfi).

Over the last twenty years, the City of Portland has partnered with non-profit, mission driven community development organizations to preserve and develop a supply of more than four thousand affordable units. These units are owned, maintained and managed by the non-profits, and rented to income-eligible households.

All of the local taxing jurisdictions invest in maintaining this sustainable supply of low-rent housing through the non-profit tax exemption. The public investment is supported because the ability to rent an affordable unit assists families to move towards self-sufficiency, and prevents others from sliding into homelessness. In every case, it ensures that the family has a safe, stable place to call home.

In 2010, the exemption was used by tax-exempt organizations to provide 8,522 units of rent restricted housing, all of which served households earning less than 60% mfi, most occupied by individuals and families with extremely low incomes (0-30% mfi), many in units critical to Portland's Ending Homelessness programs.

In conducting a recent analysis of the City of Portland tax exemption programs, economists at Portland based EcoNorthwest asserted this key finding about the nonprofit exemption program:

*"In our evaluation of this program (nonprofit tax exemption), we found widespread support for its affordability goals and its administration. It is relatively inexpensive to administer and provides affordable units for a relatively low average foregone revenue per unit measure. It fills an important funding gap: Federal funds are limited and often directed to non-bricks and mortar eligible activities, (City) general funds are scarce and declining, and tax increment (urban renewal) funds are geographically restricted and declining."*

As an essential tool in Portland's affordable housing toolbox, the Non-profit affordable housing tax exemption is economical to operate, an efficient way for local government to invest in housing affordability, and is narrowly tailored to the important goal of ensuring that low income families have safe and stable homes. The City of Portland, the Portland Housing Bureau and this Commissioner strongly encourage this committee to vote HB 2354 out of committee and on to the full house with its strong endorsement.

Thank you.

Respectfully submitted,



Nick Fish  
Housing Commissioner, City of Portland