Testimony on Industrial Lands bills SB 246 & 253

Business and Transportation, Room B, Monday 3/18/2013 - Patrick Story

For several years before the collapse of the Wall Street Banks in 2007, I was a licensed real estate agent in Portland. I saw many transactions involving Portland houses that are 75 or 100 years old or more.

In those years there was a thriving home renovation industry in Portland and according to the March 7th *Oregonian* the dollar value of Portland renovation projects is now going up again.

The renovations I saw were not merely interior. For example, many hundred-year-old foundations were crumbling and had to be replaced under houses up on jacks. Such excavations cost the sellers tens of thousands of dollars, which they were able to borrow, repay on sale of the property, and still make a profit—because the properties were in demand.

No one selling a residence ever expected a renovation loan to be "forgivable."

Likewise, we are being told that this year, as in the pre-Recession residential market, industrial lands are in demand and there is a shortage of them (House Land Use, 2-12-13; TED,3-8-13).

If taxpayer loans to these sellers are justifiable, there is absolutely no reason for the state to forgo repayment and transfer wealth from taxpayers to landowners just to increase their expected profits in the market. In fact, we have heard testimony that the loan "forgiveness" costs will be repaid from the future wealth of the site (3.8-13). But it's the future wealth of the site that is the justification given for the loans in the first place. This kind of planning would diminish projected future state revenue from industrial lands.

And so there is no economic justification for "forgivable" loans in the sale of industrial lands.