



March 17, 2015

House Interim Committee on Revenue  
Oregon State Capitol  
900 Court St. NE  
Salem, OR 97301

Re: Testimony in Support of HB 2690-1

Dear Chair Barnhart, Vice-Chair Berger and Members of the Committee:

Thank you for taking the time to carefully review HB 2690 and the draft amendments.

When people think of Habitat for Humanity they often picture a build site or a dedication ceremony where the key is handed to a very excited family. At Habitat for Humanity, we know that these moments are just the beginning of the story.

Like the NeighborWorks organizations and community land trusts at work in our state, Habitat for Humanity provides low-income families with the opportunity to break the cycle of poverty by owning a key asset: their home. Habitat homeowners pay down an average of \$50,000 in mortgage principal during the first 10 years of ownership, facilitating the very real intergenerational transfer of wealth. Our program has a demonstrated track record of helping to close Oregon's well-documented minority homeownership gap. The children of the families we serve do better in school, enjoy improved health outcomes and are far more likely to become homeowners themselves. The average median income of Habitat homebuyers statewide is 39%. That's \$22,000 in annual earnings for a family of four. We are proud to report that our mortgage default rate is less than two percent.

Habitat for Humanity's homeownership program impacts families' lives in profound ways, and our statewide impact is growing. Of the 30 Habitat for Humanity affiliates in Oregon, 22 are building and repairing homes in rural communities. Over the past three years, Habitat for Humanity has provided first-time homeownership opportunities for 256 hardworking Oregon families. The total number of Oregonians living in Habitat homes now outsizes the freshman class at the University of Oregon.

Since 2007, most Habitat affiliates in our state have had to pay taxes on land held for the future development of affordable homes. We believe that this is due to a misinterpretation of ORS 307.130, since acquiring property for future builds “contributes to the charity’s goals”.

Habitat build sites are already tax-free once the residential building permit is active. However, the pre-development work often takes between 18 months and three years. Examples include performing the environmental review, working with a pro bono architect to generate house plans, and partitioning or subdividing the lot. These activities are all directly mission related.

Passage of HB 2690 will immediately provide Oregon Habitat affiliates with over \$200,000 each year to build and repair homes—enough to provide three more homes for hardworking families. Our partners will have another \$50,000 available.

Because the homeowners we serve pay property taxes, this cost-savings to nonprofit homeownership developers will increase each county’s tax base in the long-term. The more capital we have on hand, the more quickly we can improve property values between 300% and 700%, generating much greater tax revenue in perpetuity.

Please know that we understand the importance of preserving the integrity of our counties’ tax revenue structure. We are currently discussing appropriate administrative details with county assessors and other interested parties. Our cumulative efforts will be ready for review at the committee work session.

Thank you for your dedication to improving the communities we all share.

In partnership,



Shannon M. Vilhauer, Executive Director