



**Testimony in Support of HB 4043
Before the House Revenue Committee
Submitted by Sybil Hebb
February 8th, 2016**

Chair Barnhart, Vice-Chairs Bentz and Smith-Warner, and members of the Committee,

On behalf of the Oregon Law Center (OLC), thank you for the opportunity to submit testimony in support of HB 4043.

OLC's mission is to achieve justice for low-income communities of Oregon by providing a full range of the highest quality civil legal services. The vast majority of our clients have incomes at or below the federal poverty level, and struggle to provide the basic necessities for themselves and their families. Legal aid offices throughout the state have indicated that one of the most important issues in the lives of our clients is the challenge to find and maintain safe, stable, and affordable housing. Housing is about much more than a roof over one's head; it is about opportunity, stability, and health. Without stable housing, it is difficult or impossible for families to hold down a job, keep children in school, access neighborhood amenities, and stay healthy.

The evidence is clear that Oregon is in the midst of an affordable housing crisis. Across the state, we have some of the lowest rental vacancy rates in the nation. Portland recently had a vacancy rate of under 3%, but it's as bad or worse in many rural areas. The Southern Oregon Rental Owners Association November 2015 newsletter reports vacancy rates below 3 percent in Southern Oregon. The vacancy rate is still hovering around 1% in Bend, and a December 2015 Oregonian article reports vacancy rates of under 1% on the Coast. Homelessness is a real risk for families who cannot find affordable housing in our communities.

Our current housing crisis demands multi-faceted solutions. We need immediate protections, such as support for emergency shelters and protections for renters in crisis. But we must also take longer-term steps to encourage the construction and preservation of more affordable housing stock. HB 4043 is a creative and reasonable proposal designed to help increase the stock of affordable housing by creating a capital gains tax exemption for sales of market rate housing to non-profit housing developers or housing authorities.

The bill will incentivize the sale of housing to those entities designed to act in the best interests of low-income Oregonians to keep prices affordable and avoid closure or redevelopment. This exemption is modeled after one that has been in place for sales of manufactured home parks since 2005, through a bill sponsored by Rep. Jerry Krummel (R-Wilsonville). Passage of HB 4043 will not solve all of Oregon's affordable housing needs, but it would provide a new tool to help increase our affordable housing stock, and we urge your Aye vote.