



Office of the Mayor

501 SW Madison Avenue

P.O. Box 1083

Corvallis, OR 97339-1083

(541) 766-6985

FAX: (541) 766-6780

e-mail: mayor@council.ci.corvallis.or.us

April 1, 2017

Representative Phil Barnhart
House Revenue Committee
Oregon State Legislature
900 Court Street NE
Salem, OR 97301

RE: City of Corvallis opposition to House Bill 2939.

Dear Chair Barnhart and members of the House Revenue Committee:

In November of 2016 the Corvallis City Council passed an ordinance implementing an Affordable Housing Construction Excise Tax (CET) on new development. That ordinance, authorized with the 2016 Legislature's passage of Senate Bill 1533, expresses the Council's clear recognition of an increasingly urgent need for affordable low income and work force housing in Corvallis. Our City has implemented the CET in good faith and reliance on the 2016 Legislature's decision to provide us with another critically-needed affordable housing tool. **For these reasons and the reasons outlined below, the City of Corvallis opposes in general any legislation that would lessen the impact of SB 1533, and opposes specifically the 2017 Legislature's House Bill 2939.**

To expand the City's efforts to encourage the development of affordable housing, our City Council convened a Housing Development Task Force in 2015. The Task Force worked through 2016 to identify new housing development-supportive policy and program concepts. This effort reflected the Council's recognition, supported through work on its behalf by consultant ECONorthwest, that Corvallis has become a regional employment center and home to roughly 30,000 jobs. Those jobs, however, are filled primarily by commuters: nearly two-thirds of the people who work in Corvallis commute to their job from another community. What I and the Council learned from ECONorthwest's work was that as many as 75% of commuters who would consider moving into Corvallis feel they cannot because the cost of housing here is too expensive.

One conclusion reached by the Housing Development Task Force was that Corvallis simply needs more housing, and especially more housing that is affordable to low income and work force home owners and renters. At the top of the Task Force's recommended list of 17 program and policy actions was the implementation of an Affordable Housing Construction Excise Tax. In developing this recommendation as it related to the CET for commercial and industrial development, the Task Force considered a range of rates beginning at a low of one percent. In recognition of the need to balance the community's critical need for housing with its understanding of the importance of business growth and economic development, the Task Force recommended setting the commercial/industrial CET rate at 1.5%. The Task Force believed that at this rate the CET will generate revenues meaningful to the City's housing assistance efforts

while having little impact on non-residential development, and that in the end this approach will help Corvallis move its jobs/housing balance more closely into line with both the State and other similarly-sized communities. The Task Force's recommended 1.5% CET on non-residential development is the standard in place today.

Like nearly every other Oregon city, Corvallis must bring as many tools with as much impact as possible to bear in order to address our community's housing challenges. **With respect, I urge you to support our City's thoughtful approach to the implementation of the Affordable Housing Construction Excise Tax, and ask that you not pass Senate Bill 2939 out of committee.**

Sincerely,

A handwritten signature in blue ink that reads "Biff Traber". The signature is written in a cursive, flowing style.

Biff Traber, Mayor