



**Walt McMonies**  
**House Revenue Testimony on SB 311A**  
**May 10, 2017**  
**1 p.m., HR A**

Chair Barnhart, Vice Chairs Bentz and Smith Warner, and members of the committee, my name is Walt McMonies, and my address is c/o Lane Powell, 601 S.W. Second Avenue, Portland 97204. I'm here today in support of SB 311A, the seismic tax abatement bill introduced at the request of the City of Portland.

My experience on this matter is fairly broad: I am the owner of three unreinforced masonry buildings in Portland, one of which has been retrofitted to a "Bolts Plus" standard; I serve on OSSPAC as the Multifamily stakeholder and on the Seismic Rehabilitation Grant Committee as OSSPAC's representative which Committee just distributed approximately \$130 million for school upgrades; and lastly, I serve on the Policy Committee of the City of Portland's URM (unreinforced masonry) Seismic Retrofit Taskforce, and I'm here today in those capacities.

I have no doubt that an M 9.0 subduction earthquake and/or a M 6.5 crustal quake on the Portland Hills Fault is likely to occur in the next 50 years. As such, I support reasonable local mandatory seismic upgrade requirements for URMs such as those requirements proposed by Portland, but only if the building owners (1) have a reasonable time to undertake the upgrades, and (2) can obtain something like 80% of the \$51 a square foot cost of an upgrade to a "modified Bolts Plus" level or of the even costlier \$68 a square foot cost of an upgrade to the higher "Life Safety" level. This financial assistance can come in the form of a State income tax credit, property tax abatement, low priced financing, grant or offset.

The risk of a major earthquake is real, as are the costs to seismically retrofit unreinforced masonry buildings. Unfortunately, the owner's equity in many of these buildings is tied up in long term mortgage loans, and constitutional restrictions limit the direct financing of private buildings.

Despite hard work over the past two years by the City of Portland's URM Taskforce and many creative minds tackling the funding issues, using a local property tax abatement, such as that in SB 311A, is one of the only tools that a local jurisdiction has to help ensure retrofits can happen.

The bill authorizes a local jurisdiction to abate the property taxes on a seismically challenged commercial apartment, retail, industrial or office building for up to 15 years when the building owner commits to apply the tax savings to retrofitting the building.

The bill is measured, in that it is a local option that requires 75% of all local taxing authorities, such as counties, cities and schools, to agree before enactment; the abatement cannot exceed the cost of the retrofit, and any other grants or public funding toward those retrofit costs will reduce the amount of the retrofit that can be offset with tax abatements.

Again, I own two unreinforced masonry (URM) apartment buildings in Northwest Portland totaling 52,340 sq. feet and am looking at a cost of over \$2.5 million (over \$50 a square foot) to upgrade them, but this cost in today's apartment market and with rent stabilization will take over 20 years to recoup from higher rents and lower insurance premiums. Of course, Portland is studying the feasibility of mandating such seismic upgrades. If my property taxes were abated on my two URM apartment buildings, it would free up at least \$110,000 a year to apply against the cost of the seismic upgrade. (My third URM is a one-story garage, which will cost much less to upgrade.)

I urge your support for SB 311A, and am happy to answer any questions.