From: <u>Eli Spevak</u>
To: <u>LRO</u>

Subject: Testimony in support of HB 2663

Date: Sunday, March 3, 2019 9:02:02 PM

Chair Nathanson and Members of the House Committee on Revenue,

Please lend your support for HB 2663.

Code flexibility to internally divide older homes into 2-4 units can be pivotal in preserving these homes that might otherwise be demolished. It also provides a practical opportunity to create relatively inexpensive housing in established neighborhoods.

Even where local zoning codes allow internal conversions, builders have a hard time going beyond 2 units under today's building codes because going to 3 or more units triggers commercial code with accompanying requirements (e.g. fire wall separations, sprinkler systems) that can be prohibitively expensive. If we really want to allow small plexes to be created within the volumes of older homes (as happened innumerable times during WWII in Portland and other Oregon cities to deal with the housing crisis back then), we need more flexibility in the building code than is available today. Providing such flexibility would be a natural complement to HB2001's requirement that local communities allow 'missing middle' housing in all residential zones.

I'm also intrigued by the tax credit element of this bill. Of all the ways to to create smaller and less expensive housing options within single family neighborhoods, I think internal conversions are the most politically palatable. Given the public benefits of internal conversions (e.g. matching demographic trends towards smaller household sizes; energy-efficiency of smaller and attached units; natural visual compatibility with surrounding homes; allowing more households to live in older, more walkable neighborhoods...), it seems appropriate to provide some level of tax benefit for doing them. Without seeing a specific tax credit percentage recommendation, it's hard to state for sure whether this is something I support or not. But the concept seems sound to me.

Thank you for your consideration. I hope this bill makes it through legislative process and heads to Gov. Brown to be signed into law!

- Eli Spevak Portland, OR

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