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Via Email to Iro.exhibits@oregonlegislature.gov

Chair Nancy Nathanson
House Committee on Revenue
900 Court Street NE
Salem, Oregon 97301

Re: Testimony in Support of House Bill 2663

Dear Chair Nathanson and House Revenue Committee Members:

I am writing to express my strong support for HB 2663. Homeowners deserve an opportunity to contribute solutions to the housing crisis by providing additional middle housing options. This modest tax credit along with Building Code Division recommended changes to the building code, to allow greater opportunity for internal conversion of existing homes, will give property owners this option. As the most affordable means to increase density, continued use of our existing housing stock is a critical component to increasing the supply of middle housing. Providing regulatory and fiscal incentives is essential to helping property owner-driven internal conversions compete in the market against investor-driven scrape and rebuild development. The creation of middle housing should not solely be the responsibility of new home builders or government-sponsored efforts but individual homeowners can play and should play a role in expanding housing options. For example, 2/3rds of the 2,441 accessory dwelling units built in Portland over the past decade are on properties with an existing home that is over 50 years old. Providing greater flexibility within the building code to allow a single family home to be converted into multiple units — for example, one unit on the main, one unit in the basement, and an ADU in the attic — will not only make conversions feasible, it will allow for more affordable units than would be produced by a ground-up new duplex or triplex.

If your committee finds that a tax credit for conversions is not feasible, I urge you to move the remainder of this bill to the House Committee on Agriculture and Land Use or the House Committee on Housing, where internal conversions can be part of the middle housing discussion that is taking place in those committees. The policy ramifications of HB 2663 are too critical to die on the shelf because of budget limitations.

Removing barriers to internal conversions has been a priority for affordable housing advocates and historic preservationists for many years. Although testimony in support of the bill was submitted over the weekend and you may not have had a chance to review it, I believe that you will find testimony in support of HB 2663 has been submitted by:

- Owners of converted historic homes who have first-hand experience of the challenges and opportunities;
- Historic preservation advocacy groups such as Restore Oregon and the current Chair of the Portland Landmarks Commission;

- Housing-for-all advocacy groups such as 1000 Friends of Oregon;
- Community-oriented housing developers; and
- At least one local government facing a housing emergency;

According to data from the Portland Bureau of Planning and Sustainability, since 2008 there have been 2,123 house demolitions and 169 deconstructions in Portland. Although it is far easier for a developer to scrape and replace an existing home than restore it, protection of the existing housing stock, and/or converting to multiple units is critical because:

- Existing homes can be rented or sold, as single-family homes with or without additional dwelling units, for less than replacement new construction. If we are serious about providing an affordable housing supply, reuse of existing, safe, usable homes is mandatory.
- The greenhouse gas emissions from tearing down an existing habitable structure and replacing it with a new similarly-sized structure, even with greater density and with modern energy conservation components, will far exceed the environmental benefit of continued habitation of an existing structure.
- Property owners, particularly in more rural areas, should be given a voice in how they contribute to the diversity of their neighborhood by having the right to internally convert their homes. Giving home owners the ability to create density and diversity is a better option for community development than leaving these questions just to developers or local governments.

For these reasons, we need to incentivize internal conversions for additional density on existing home sites so that building reuse can compete with new construction. This bill makes it easier for average property owners to maximize the use of their home to aid in solving the housing crisis while also resulting in rehabilitation of existing building stock. Since 2005, 30,000 low income households have left the Portland Metro region and 40,000 have moved in. If we continue to rely on new construction to fill this housing gap, the demolition crisis will continue and the supply of existing affordable housing stock will continue to dwindle.

Again, I urge you to either prioritize HB 2663 for work session so that it can move to the House floor as drafted or that you transfer it to the Agriculture and Land Committee or Housing Committee where other housing-based policy bills are being considered so that this important internal conversion option can be more fully considered.

Thank you for your serious consideration of this request,

Carrie Richter

Cc: Representative Keny-Guyer
Senator Dembrow