

Tillamook County



Board of Commissioners
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Land of Cheese, Trees and Ocean Breeze

March 18, 2019

Senate Committee: Finance and Revenue

Re: Senate Bill 595

Chair Haas, Vice-Chair Bentz, Members of the Committee:

HOUSING NEED

Thank you for allowing me to testify on behalf of Senate Bill 595. In Oregon, and nationally, we have a severe housing crisis. Each County in Oregon has a unique housing crisis and cause. In Tillamook County, our tourism industry has increased by 60% in the past four years and we are at our tourism capacity for much of the year. With this increase has come a loss of housing stock to short term-vacation rentals and second-homes. Out of a total of 18,000 houses in Tillamook County, we have 7,000 second-homes and short-term vacation rentals. This means that 40% of all homes in our county have outside ownership, and in some parts of the county, it is exceeding 65%. This trend has driven up the price of real estate in our county, leaving those earning family wages unable to purchase homes. We are currently converting our housing stock into short-term vacation rentals faster than we are building new homes.

Many of those working in the tourism industry cannot find housing and in Tillamook County, it has been almost 20 years since we built any government subsidized housing that these employees could afford. Tillamook School District estimates there are at least 200 students that lack a permanent residence and are couch-surfing. They note that this number is probably low, with the actual number being closer to 500.

Tillamook and many other rural Oregon counties lack the financial capacity to tackle our local housing issues. Far too many of our cities and counties simply don't have the capacity to apply for Oregon Housing and Community Service grants, much less implement them. We have no local sources of funds for housing and our permanent tax rate is under \$1.50 per thousand. When Oregon puts together their grant funding opportunities, we are left on the outside looking in. We also lack both the boots on the ground, and the financial capacity to apply for these grants. This bill would allow us to at least get a seat at the table. Right now we aren't even at the little kids table.

EXPLANATION OF THE BILL

This bill will enable cities and counties to allocate up to 30% of the transient lodging tax to be used for workforce housing. This bill is enabling legislation, not a though shalt do it. In Southern Oregon where the wildfires have devastated the tourism industry, they may not put anything into housing and spend it all on promotion. In

Salem, where you have a very successful tourism agency, they also may see tourism as more important than housing or may already have funds available for housing. In Tillamook County, we are at tourism capacity for most of the year and are in a total housing crisis with no way to fund any programs. We may very well spend the entire 30% allocation for housing. Our housing study noted that it would take \$10 million over the next ten years to get us back into housing equity for our citizens. This 30% would raise approximately \$1 million a year.

HISTORY OF TRANSIENT LODGING TAX

Prior to 2003, the transient lodging tax was used by cities and counties to fund general government activities. This allowed some cities, such as Manzanita, to flourish with amenities that many others look at with envy. Manzanita has become a gem on the Oregon Coast attracting visitors worldwide not by advertising, but by putting a great product on the table. In 2003, the legislature decided that a better use of the funds was to build a tourism industry with advertising and promotion. This program has achieved its purpose and we now have a very robust industry. The 70% allocation for promotions is not sacred and it is time to adjust this percentage to help solve the severe housing crisis this state is facing.

TILLAMOOK COUNTY LODGING TAX

In Tillamook County, the lodging industry has changed since the tax was enacted in 2003. Today only 18% of the transient lodging tax is collected from the "tourism industry" which historically included only motels and hotels. We now collect 17% on mostly state and county campgrounds and fully 65% of the tax is collected on short-term vacation rentals. This is substantially different than the landscape was in 2003 when this tax was almost exclusively on motels. Motels are a true business that relied on tourism dollars to survive, but now they represent only a small portion of the tax. Short-term vacation rentals are a way for individuals to purchase second-homes at the expense of the local housing needs. The short-term vacation rentals are one of the direct causes of our housing shortage. The 30% is but a portion of the tax collected on them, let this be part of the solution.

URBAN-RURAL INTERFACE

When I drafted SB 595, my view was just a rural solution to the housing crisis. As I have pitched this bill, there has been recognition that it will also benefit urban regions. It has been a pleasure to work with Multnomah County in a unique urban-rural partnership to try to move the bill forward. If we can show success on this effort, I hope it will be easier to form new partnerships to bridge the urban-rural divide. In my opinion, this type of interface between urban and rural areas also demonstrates the broad, diverse support needed for this bill to help solve the housing crisis.

CONCLUSION

When I travel out of town and pay the transient lodging tax, I feel my tax dollars should be spent on making sure my stay is pleasant and fun. If the employees who are working hard to make my stay enjoyable are worrying about where they will be living, or paying 50% of their earnings on housing, leaving them short of funds for basics, such as food or utilities, they cannot be at their best. It just makes sense to make housing a tourism-related facility.

Bill Baertlein



Tillamook County Commissioner