



Portland Housing Bureau

Mayor Ted Wheeler • Director Shannon Callahan

April 18, 2019

Senator Riley, Chair
Senate Committee on Business and General Government
900 Court Street, NE HR B
Salem, Oregon 97301

RE: HB 2312-A

Dear Chair Riley and Members of the Committee,

The City of Portland supports House Bill 2312-A. The bill would impact residential real estate transactions located in Oregon's 3,458 sq. mi. of regulated floodplains, including those residential properties located inside the City of Portland's 11,961 acres of regulated floodplain. HB 2312-A directly supports one of the Lents Collaborative's recommended actions, to improve disclosures about flood risks during real estate purchases.

The City of Portland has been participating in the Lents Stabilization and Job Creation Collaborative (Lents Collaborative), since its designation in 2016 by Governor Brown as an Oregon Solutions project. The Lents Collaborative has focused on promoting housing affordability, economic development, and environmental restoration in East Portland neighborhoods that are at-risk of flooding from Johnson Creek. The Collaborative's recommendations were developed over a two-year process that involved staff from city, state, and federal agencies; stakeholders from the community, private-sector, and non-profits; and, elected and appointed officials.

Although floodplain status should be disclosed by sellers, many property owners were not aware of a property's flood-risk status when writing a purchase offer, nor were they aware of the cost of flood insurance. Many reported they wished they had known earlier as it may have impacted their decision-making. The failure to accurately disclose flood-risk and flood insurance costs at the start of a property transaction creates an imbalance of information between buyers and sellers.

Additionally, the Federal Emergency Management Agency (FEMA) requires floodplain properties purchased with federally-backed mortgages to carry flood insurance. In the Lents floodplain 97266 zip code, the median annual cost of FEMA flood insurance in 2016 was \$1,030. Flood insurance requirements create additional, mandatory living expenses for households, which has a disproportionate impact on low-income households who already spend higher percentages of their income on housing.

HB 2312-A improves transparency and fairness during real estate transaction of properties at-risk of flooding, ensuring that buyers and sellers have equal access to information. If adopted, the bill would help inform and educate floodplain property purchasers about flood risks.

Thank you for your consideration.

Regards,



Shannon Callahan,
Director, Portland Housing Bureau
City of Portland