

Submitter: Thomas Busse

On Behalf Of:

Committee: House Committee On Housing and Homelessness

Measure: HB2980

I am not a fan of tax-increment financing, as reeks of cronyism and turns redevelopment agencies into piggy banks for entrenched special interests - and this program is a strange combination of revolving loans and tax-increment financing that seems to use grants as a way to abrogate favorable loan conditions. What often happens is cleverly-financed redevelopment projects is they replace what I call "natural affordable housing" with "program affordable housing." A case in point is "Prosper Portland's" redevelopment of downtown Portland's SRO's. The tax-increment-financing area inherited a legacy profile of flophouses - rooms rentable for \$20-\$25/night that traditionally acted as Portland's private-sector safety net against homelessness. Redevelopment took all that natural affordable housing offline and instead subsidized a "nonprofit-industrial-complex" of inefficient programs that create "lock in" - i.e. people who get into a program and then don't move even when it is optimal for their economic opportunity.

I urge the Legislature to watch the Frontline documentary "Politics, Poverty, Profit" about how the Section 8 tax credit program operates without oversight. When you combine the federal tax credits with state-level tax-increment financing, you get a potential hotbed of corruption. I spoke to an attorney whistleblower a few years ago in San Francisco about how these programs are not what they appear on the surface - and "affordable housing" corruption often intersects with organized crime.

We are told that housing is not built at affordable price points because developers cannot obtain financing. So, why not just charter a public bank to provide that financing?