



Portland, Oregon

February 8, 2023

House Committee on Housing and Homelessness
900 Court Street NE Salem, OR 97301

Re: Comments on HB 2889

DRAFT

Dear Chair Dexter and Members of the Committee,

Common Ground OR-WA enthusiastically supports this comprehensive bill that further defines and expands upon statewide land use planning Goal 10 providing for the housing needs of all Oregonians. Given the housing crisis that faces cities throughout the state, addressing this problem at the state level is a necessary step to take.

Indeed, the current trend spreading across North America is for higher levels of government to take a more assertive role in local governance. In response to the widespread housing shortage, states and provinces are setting goals and standards for local governments to meet. For example, British Columbia's new Housing Supply Act, expected to go into effect this year, requires municipalities with serious affordability problems to create Housing Needs reports every five years. The HSA gives the provincial government the power to establish housing targets for municipalities, which are required to report progress in meeting housing targets. HB 2889 takes a similar approach to housing production targets and equitable distribution of below market rate housing units.

The bill is also a significant step towards implementing Governor Kotek's legislative agenda, and her exhortation, "We have to break down the barriers that are keeping housing from being built."

In this regard, we would like to take note of the following provisions in the bill addressing the requirements of impacted local governments and add to their meaning:

Section 10('c)A Preparing land for development to include ...redevelopment of [all] underutilized lands ...for mixed use development.

Section 21 Housing Production Strategy -

- (3)(a) reduction of financial impediments.
- (3)(f)(A) increase permitted density
- (3)(f)(C) encourage redevelopment and infill

These provisions are of special interest to Common Ground OR-WA as they intersect with the LVT study bill that we are proposing this legislative session. Evidence gathered from

experience and empirical studies suggests that a local option *land value tax* (using a lower rate on improvements and a higher rate on sites) replacing Oregon's broken property tax system will increase the availability of **all underutilized urban land for development**, especially **redevelopment and infill**. The most pervasive **financial impediment** to housing production is the low holding cost of vacant and underutilized sites, aggravated by extremely low property taxes attributable to Measure 50 and equal rates applied to land and improvements. Evidence also clearly shows that the split rate LVT gives the greatest tax advantage to **higher density** development, notably multifamily housing, which by conventional floorspace standards is more affordable.

We encourage the Housing and Homelessness Committee to unanimously support HB 2889 and send it to the Senate for final passage for signature by Governor Kotek. Thank you for your consideration and to the drafters and sponsors of this important bill.

Sincerely,

Kris Nelson, Chair



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