



March 18, 2019

Chair Nancy Nathanson, House Committee on Revenue
Oregon Legislature
900 Court Street, NE
Salem, OR 97301
Routed to: lro.exhibits@oregonlegislature.gov

RE: House Bill 2130 to extend the Low Income Housing Property Tax Exemption program (ORS 307.515)

Chair Nathanson and Members of the Committee:

The City of Eugene supports House Bill 2130, extending the property tax exemption program for low-income housing. Renewal of ORS 307.515 - 307.523 would give Eugene the option of providing the tool to local affordable housing developers. Eugene first adopted the low-income rental housing property tax exemption program in 1990 and supported subsequent renewals of the state statute and local ordinance. Eugene has approved tax exemptions for 32 affordable housing developments with over 1,200 units since adoption.

Financing affordable housing is complicated, and developments utilize every potential financial tool to achieve rents affordable to households in need. The property tax exemption has allowed Eugene to provide a financial tool to incentivize affordable housing development and to directly benefit renters.

As a requirement of the program, the amount saved on taxes must apply directly to lower rent. The exemption is only provided for the units within the development that are offered at rents affordable to households earning 60% of AMIs and below for a 20 year period. If any portion of the project is market rate residential or commercial, that portion is not eligible for the exemption. The developer must show a direct decrease in the rent amount as a result of the tax exemption. Property owners annually report the rent levels achieved with the program. Developments could not achieve the same level of affordability without the property tax exemption.

The development of affordable housing is critical to meeting Eugene's need for lower rent housing. According to Strategic Economics' January 2019 report, Eugene Housing Tools and Strategies Evaluation, the median rent in multifamily rental buildings is \$1,058, which requires a minimum income of \$42,300 to be considered affordable. The median renter household in Eugene has an annual income of \$26,000. The majority of renter households in Eugene are rent-burdened with 58% paying more than 30% of their income for rent. Of the total, 36% are considered severely rent burdened and pay more than 50% of their income for rent.

With any property tax exemption, it is important to know the impact for other taxing jurisdictions and gain their support. Each jurisdiction that chooses to establish this program would need to get support

from at least 51% of their taxing jurisdictions. In Eugene, School District 4J is very supportive as they see these projects directly benefiting their students and families. 4J recently passed an updated resolution in support of the program and previously wrote a letter of support to the legislature the last time the sunset was extended (see attached documents).

The property tax exemption supports long term goals for Eugene including providing housing affordable to all income levels and supporting subsidized affordable housing developments. By renewing the state statute, Eugene may extend the local program and use this important tool to benefit low income renters in the community. Please support the extension of the state statute. Thank you!

Sincerely,

A handwritten signature in blue ink that reads "Lucy Vinis". The signature is written in a cursive, flowing style.

Lucy Vinis, Mayor