

## Testimony in Support for HB 3275B

June 8, 2021

Chair Burdick, Vice Chair Boquist, and members of the committee,

My name is Khanh Pham, Representative for House District 46. I am honored to testify as chief sponsor for HB 3275B.

Across Oregon, families currently living in rental housing are ready to take the next step but they can't move out of their rental units, because there just aren't affordable homes on the market for low and moderate income families.

For years, we have been seeing **home prices have been rising** all over the state. In Bend, the median home price is \$515,000. Portland's average home prices are more than half a million dollars, locking out many families from first time homeownership opportunities. This is a **statewide problem that requires innovative statewide solutions**, including using our tax system to support families achieve their dream of homeownership.

I was excited to learn that Oregon already has effective permanently affordable homeownership models that provide opportunities for working families. The Community Land Trust model is the primary way that homes are kept permanently affordable in the State of Oregon, and this model is used by Proud Ground and Habitat for Humanity affiliates across the state.

In the Community land trust model, a non-profit organization owns the land under homes and the homebuyer owns the house. The non-profit sells the home on top of the land they own to a low-income buyer for a reduced sale price. This opens the door to first time homeownership for homebuyers otherwise priced out of the housing market.

In exchange for the great low price, the homeowner agrees to sell the home to another low to moderate income homebuyer at an affordable price but still with the opportunity to sell at a profit. Using that modest profit, families can then choose to move into market rate housing. This model serves as a **stepping stone for families to achieve stability** and to take advantage of economic and wealth building opportunities that homeownership provides.

**The problem which this bill is trying to address**, is that currently owners of community land trust homes have to pay for property tax on the assessed value of both the house and the land, even though they do not own the land and are restricted on what they can sell their home for.

HB 3275B would institute **fair taxation of these permanently affordable homes** by ensuring that homeowners of community land trust homes get partial exemption on their property taxes, to reflect that while they need to pay taxes on the homes that they own, they shouldn't also have to pay taxes on the land which they don't own.

We have engaged with a broad group of stakeholders to strengthen this bill including DOR, county assessors, county commissioners, AOC, and homeowners. In particular, we are grateful

for the productive conversations with county assessors to ensure smooth implementation of the changes proposed in this bill. Their feedback helped to clarify the process for claiming exemptions that we have incorporated in the -4 amendment.

I firmly believe that we should seek to address our housing crisis while also laying the groundwork for **homeownership**. This partial property tax exemption is an effective and necessary tool to incentivize and support more permanently affordable home ownership opportunities at a time when Oregon urgently needs them. Therefore, I urge your support for HB 3275B. Thank you.