



# 2018 State Legislative Candidate Questionnaire

The Missoula Organization of REALTORS® advocates for REALTORS® and consumers. Our members would like to know your thoughts on priority REALTOR® issues. We thank you for being specific in your responses.

MOR has endorsed candidates in past elections and may do so in these elections. In order to be considered for an endorsement, candidates must return a completed questionnaire to MOR by the deadline.

Please return the questionnaire by no later than 8:00 AM Monday, March 26 to Sam Sill at [ssill@missoularealestate.com](mailto:ssill@missoularealestate.com).

## **BACKGROUND**

Name: Adam Hertz

Office You Are Seeking: House District 96

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## **CAMPAIGN ORGANIZATION**

Treasurer's Name, Address and Phone Number: N/A

Will you accept PAC contributions? Yes

## **ISSUES**

Home prices in Missoula County have increased rapidly since the end of the economic downturn and incomes haven't kept up. The median home sales price for 2017 was \$268,250, a price unaffordable for many Missoula families. These rapidly increasing prices are due primarily to a shortage of housing, particularly in more attainable price ranges. As a state legislator, you will evaluate policies that will impact housing and economic development in Missoula County.

- 1) State law broadly outlines the process by which local governments must review subdivisions of land. Subdivision is the primary vehicle for creating lots to be developed into homes for sale. Subdivision review policies attempt to balance communities' housing needs with protecting the environment, agriculture, wildlife habitat, public safety, and other interests. **Does state law provide a framework for a balanced,**

**efficient, and predictable review process at the local level, or are reforms needed? If reforms are needed, please specify.** *The subdivision process is not efficient or predictable for real estate developers. Lack of certainty and lengthy approval processes can be two of the biggest barriers to new development. It's encouraging to see the growing bipartisan support for streamlining subdivision review processes, particularly for urban subdivisions where we can achieve a win-win of growing our housing stock and protecting our environment. I'll continue working hard on regulatory relief that delivers measurable results.*

- 2) Regulatory reform may be one strategy for promoting housing affordability through state law. **What non-regulatory strategies should the legislature pursue? If strategies require funding, where should it come from?** *The Legislature should consider the creation of an affordable housing tax credit and an affordable housing sub-trust of the Coal Severance Tax Trust Fund that can be used to help leverage virtually untapped resources like the 4% LIHTC. However, funding will always be a challenge given current budget constraints. Additionally, the Legislature's infrastructure funding process is broken. All too often, infrastructure projects are not prioritized. The process needs to better identify and quantify the social and economic impacts of infrastructure investments and focus on projects with widespread, measurable results. I believe infrastructure funding that supports the development of housing, particularly smart investments in sewer, water & street projects, should be a priority for the Legislature.*
  
- 3) The upcoming legislature may consider changes to state law governing tax increment financing (TIF) and urban renewal districts. TIF is used within the City of Missoula's urban renewal districts to combat blight and promote economic development. However, critics of TIF say that these urban renewal districts can be in place for many years, and TIF diverts property tax revenue away from schools and county governments. Supporters respond that TIF grows the property tax base and creates jobs, and that once the urban renewal districts sunset, the taxing jurisdictions have significantly more revenue than they would have otherwise had. **Does state law governing TIF and urban renewal districts need to be reformed? If so, how?** Urban renewal district (URD) law needs a rewrite in Montana. URDs can be a good tool when properly designed and implemented. Currently, the statute specifically identifies the elimination of blight as the single purpose of URDs. On the ground, blight elimination does not appear to be the focus of most cities using URDs. Whether it's a mix of blight elimination, economic growth, tax base growth, infrastructure funding and/or housing affordability, state law first needs to identify clearly defined and quantifiable goals with respect to URDs. For instance, the current definition for blight is left open to some very creative interpretations, with Missoula twice claiming "potential blight" meets the definition. How can we meet the goal of eliminating blight if everything can be considered blight, seemingly in perpetuity and without requiring measureable results for its elimination? It's past time to have an open and honest discussion with all stakeholders about the proper role of URDs in our communities. Next, URDs need to be better limited in scope and length of time. Time limits should take into account a reasonable time frame to meet stated goals, but not necessarily lengthen the district's life and tie up all the

increment when the district takes on debt, which currently can create a 40 year district! Limiting districts in scope is likely best done by limiting increment as a percentage of tax base. While Missoula currently has six districts tying up less than 4% of the city's tax base in increment, cities like Whitefish have only one district that has reached a level where nearly 30% of the city's tax base is tied up in increment. If Missoula were to reach such an extreme level of increment as a percentage of our tax base, property taxpayers would be facing an even more extreme burden than they already are. Total tax base that can be locked up in increment needs to get capped in order to better incentivize the responsible use of URDs rather than creating them through a shotgun approach as a way to divert money from other taxing jurisdictions into quasi-slush funds or creating (or expanding) URDs to "capture" increment rather than "create" it. While I believe in local control, the State of Montana's portion of the tax base tied up in increment is approximately \$35m per year. As such, I believe state lawmakers have a responsibility to identify the appropriate goals of URDs, provide better framework for cities to follow and encourage better oversight in order to ensure compliance with state law. For other specific issues that need discussion and resolution regarding URDs, see HJ 18 that I sponsored during the 2017 Session. ☺