

February 1, 2016

Senator Sara Gelser, Chair, [Sen.SaraGelser@state.or.us](mailto:Sen.SaraGelser@state.or.us)  
Committee on Human Services & Early Childhood  
Cheyenne Ross, Committee Administrator, [Cheyenne.ross@state.or.us](mailto:Cheyenne.ross@state.or.us)

RE: Senate Bill 1575

My name is Kathryn Jernstedt. I live at 6540 Lowry Drive in West Linn in Clackamas County and also have an interest in the family's Century Farm in Yamhill County. My perspective is from rural and suburban experience and as a board member of Friends of Yamhill County. I wish to testify in opposition to SB 1575.

Senate Bill 1575 professes the admirable goal of promoting affordable housing but I do not see how undermining Oregon's preeminent land use planning system will do that. Affordable housing is needed close in to jobs, transportation, schools, and other essential services. Developing it outside of the urban growth boundary is costly, inefficient, and counter productive. If some of the incentives in the bill really have merit they could be tried within the 20 year supply of buildable lands.

Having read the bill through a number of times I don't claim to understand all of the implications but do have questions about what I consider to be serious issues.

- Whose economic prosperity is going to be advanced through a system of transferable tax credits? It is telling that the most detailed language is in this section.
- Does Section 11 really grant a tax credit of 100% of the system development charges on projects that only have to have 10% affordable housing?
- Is a construction tax the most effective and efficient way to fund this?
- How would this fit into tax and fee calculation and limitations, or will it be reduced by existing property tax limitations?
- Is there an existing recognized methodology for the housing cost impact statement called for in Section 8?
- Why mess with the established life safety standard for emergency exits?

There are a number of references to lands "dedicated to affordable housing" over time. What rule or regulation, short of outright public ownership, can ensure future affordability and withstand legal challenge? I am familiar with the rule of thumb that a family's housing costs should not exceed 30% of their income. Using the median income of the locale for that calculation means 50% of the households will be competing for the affordable 10% of the housing. 90% of the development can take advantage of exceptions and other consideration without making any contribution to the fundamental problem of affordability.

The UGB protects farm, forest and resource lands but it also promotes efficient and cost effective infrastructure. Section 2 (3)(c)(B) calls for utilities and facility be “Served, or capable of being served within one year” but is silent on engineering and funding to create and support this capacity. Boundary decision makers are not always conversant in infrastructure feasibility. Where the developer is getting the system charges back as a tax credit there is no incentive for efficiency. System development charges and capital planning are complex disciplines in their own right and changes in either need close legal and financial review.

I would like to share what I call **The Parable of Fischers Mill**.

Built before SB 100 took effect, it is a development of 26 homes on a rural parcel between Redland and Springwater Road. It is served by a collective septic and sand filter onsite treatment system. The system is sited approximately ¼ mile from a bend in Clear Creek, a tributary of the Clackamas River.

After some years the system was no longer performing adequately. The developer was either unavailable or unwilling to take action. No municipal systems had been built in the area for them to connect to. The Clackamas County Board of Commissioners agreed to take over the system. Depending on who is telling the story they were persuaded by graft, cronyism, public relations, or concern for environmental and public health. Repair and maintenance was assigned to what was then known as the Department of Utilities within the Roads Division.

Growth and the Clean Water Act come along. The sand needs to be removed and disposed of (as contaminated material) periodically. New Special District treatment facilities were built in Milwaukie and Oregon City under the governance of CC BCC. Subsequent Commissioners have had other priorities. One board would want every rate to be based on actual cost of service. Another would be concerned that rates were equalized across all districts.

When I came to work for the county in 2000 it was Water Environment Services that ran and maintained Fischer Mill and other larger service districts. This is also when I first became aware of the operation. Among the capital planning discussions underway at the time was the need to make a significant capital investment because the original system did not meet current clean water standards. There was no way that the 26 homeowners could fund the work as they had not always been able to cover the routine costs.. This put the matter into the complex system of public finance.

Decades on the costs from this poorly planned and executed development are being underwritten by others. Developers and public officials come and go but once these things get built they do not ever go away.

As a member of the fourth generation on the family farm I treasure SB 100 and all it entails for protecting that legacy. As a retired safety professional who has worked in construction and public utilities I have come to see its contribution to cost effective infrastructure as well as the incredibly long tail on problems when it is not done well. Please do not advance this deeply flawed bill however high minded the claims.

Sincerely,

Kathryn Jernstedt  
Friends of Yamhill County

Cc: Senate President Peter Courtney, [Sen.PeterCourtney@state.or.us](mailto:Sen.PeterCourtney@state.or.us)