



ph: 541-389-1058
fax: 541-389-1545

1051 NE 4th Street
Bend, OR 97701

www.coba.org

HOUSE COMMITTEE ON HUMAN SERVICES AND HOUSING

Statement in Opposition to Inclusionary Zoning Testimony of Andy A. High on Behalf of the Central Oregon Builders Association February 5, 2016

Madame Chair, Vice Chair, and other members of The Committee: My name is Andy High, and I am the Senior Vice President (SVP) of Governmental Affairs for the Central Oregon Builders Association (COBA). COBA is an independent association, chartered in 1972, and is based in Bend, Oregon. We represent over 600 member companies, to include: developers, builders, real estate agents, lawyers, and general service companies.

On behalf of COBA, I would like to express my strong opposition to HB 4001. If passed, this policy will lift the Inclusionary Zoning (IZ) ban in the state of Oregon. Development, specifically in the Central Oregon area, is critical to local economic prosperity. To impose a suppressive economic policy that negatively impacts our industry will be a detriment to our community and state.

IZ mandates that a designated amount of buildable units are price-controlled. Supply and demand economics dictates that added taxes will: raise the price for the buyer; decrease the bottom line the seller receives; and lead to a decrease in overall quantity supplied. Naturally, the group who will experience the heaviest impact is the median wage earner. IZ will create a steep entrance into the housing market.

Central Oregon continues to experience one of the biggest housing problems in the state. In Bend, between 1996 and 2003, \$154,500 was the median price of a single family home. Affordable and workforce houses were available in the new and resale market, and many of our members were building those homes. Between 2004 and 2006, the median family home price rose to \$380,000. Now, in Bend, the median price of a home is \$330,000.

Consider the fact that there are about 1,500 new single-family homes built each year in Central Oregon. If a 30% IZ policy were imposed at the local level, that means approximately 450 homes each year will sell at a below market-rate. Therefore, developers and builders will leave the market place, and implicitly create a higher demand for new homes.

Although the cost of construction and labor has risen, this remains a small contribution to the overall increased cost of property. The cost of land has catapulted upwards in price, and that is an item the building community cannot control. COBA believes that focus should shift to tangible impactful affordable housing efforts, such as: the reduction of

System Development Charges (SDC's); the creation of cottage codes; and the reduction of regulations townships experience in order to designate land within an Urban Growth Boundary (UGB).

In the state of Oregon, land use laws prohibit townships from acting within a reasonable timeframe to impact supply. For example, Bend has struggled for 11 years to expand its UGB. This boundary has caused an artificial constriction on Bend's ability to expand and meet the growing needs of consumers. The Department of Land Conservation and Development (Director) denied the proposal to expand the UGB of Bend as the opinion states that the anticipated growth of the township does not require the requested amount of acreage.

Until the lift of the IZ ban is amended out of HB 4001, as an association based on the success of the general development and building industry, under no circumstances will COBA consider supporting the legislation. IZ is an unsound, baseless, and failed policy that will neither assist nor solve Oregon's affordable housing crisis.

If there are questions, please call me directly at (541)-389-1058.

Regards,



Andy A. High
SVP of Government Affairs
Central Oregon Builders Association