

**Testimony by Wilsonville Mayor Tim Knapp
in Opposition to SB 1575 as Introduced:
Amendments to Proposed Legislation Could Avoid
Land-Use Pitfalls Harmful to Residents and
Other Negative Unintended Consequences**



For Public Hearing Scheduled on Feb. 8, 2016, Before the
Senate Committee on Human Services and Early Childhood

To Chair Gelser, Vice-Chair Olsen and Members of the Committee:

The City of Wilsonville opposes SB 1575 as introduced due to the potential for a number of negative unintended consequences of the proposed legislation.

One of the primary problems with the proposed legislation, Section 2, is expansion of urban growth boundaries (UGB) for the purpose of siting affordable housing. Placing affordable housing on the UGB edge is a poor public policy that harms both the intended beneficiaries of such a policy (lower income residents seeking affordable housing) and the greater community. Affordable housing needs to be located in the heart of the city along transit corridors, near social services, with ready access to groceries, health services, libraries and all manner of private and public services. Placing affordable housing on the UGB edge is generally detrimental to the self-sufficiency of economically challenged households. In essence, encouraging a policy of placing affordable housing on UGB edge is a policy favoring the creation of “suburban slums” that harm all residents of a community.

Another troublesome provision is Section 6, which seeks to preempt a local government’s ability to charge system development charges to expand infrastructure capacity to serve the demands of new development. A local government may not provide infrastructure capacity improvements for one piece of property; rather, SDCs are often used to increase capacity for system-wide water or wastewater utility services that benefit collectively broad range of growth, not just one property. Section 6 should be struck in its entirety.

Section 7 appears to be a beneficial provision that provides local governments with new, permissive authority to negotiate with developers to include some affordable housing in new, multi-unit housing developments containing 30 or more housing units. However, many communities in Oregon may find the 30-unit threshold to be too large to be of local

value. A smaller threshold, perhaps 15 units, would be more useful and would allow communities to better tailor the program appropriately for local need..

Section 8 imposes a burdensome and unfunded mandate on local governments “to prepare a housing cost impact statement when the local government considers a proposal for adoption or repeal of *any* local ordinance or rule * * *.” [Emphasis added] This appears to be a state preemption designed to prevent local control by a community over a number of issues of how a community grows, including environmental considerations. Section 8 should be removed from the bill.

Section 9’s subregional UGB expansion provision is controversial, especially in light of the new Metro-area Urban/Rural Reserves model of UGB expansions. Urban Reserves, into which cities may expand, have been established through a thorough public process. Metro is now working with local governments in the region to develop a UGB process that accommodates the new Reserves paradigm. The legislature should allow this collaborative work to proceed to conclusion, instead of inserting a legislative mandate that may not be optimal for the local situation. Section 9 should be struck.

Section 11 provides new state income-tax credit for developers of affordable housing, which appears to be another useful tool to promote affordable housing options that a city may utilize as it sees fit.

Section 19 provides for an optional, local construction excise tax with half of the proceeds benefiting local efforts to promote affordable housing as well as the State. This appears beneficial to both local governments and the State in efforts to address affordable housing options and public education efforts on housing issues.

Given the significant difficulties in this legislation, the City of Wilsonville respectfully urges a “Do Not Pass” vote on HB 1575 as introduced. Amendments addressing the City’s issues of concern above could yield a positive result. Thank you for your time and consideration.

Sincerely,



Tim Knapp, Mayor
City of Wilsonville