



American Planning Association
Oregon Chapter

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Making Great Communities Happen

February 1, 2016

Senate Committee on Human Services and Early Childhood
Senator Sara Gelser, Chair
900 Court Street NE
Salem, Oregon 97301

RE: SB 1533, SB 1548, and SB 1575 regarding the provision of affordable housing

Chair Gelser and Members of the Senate Committee:

The Oregon Chapter of the American Planning Association (OAPA) is an independent, statewide, not-for-profit educational organization with 850 members that provides leadership in the development of vital communities by advocating excellence in community planning, promoting education and citizen empowerment, and providing the tools and support necessary to meet the challenges of growth and change.

Thank you for the opportunity to comment on SB 1533, SB 1548, and SB 1575. While OAPA supports SB 1533, we have serious concerns regarding SB 1548 and elements of SB 1575. Before turning to our specific comments on the bills, we provide some background on Oregon's land use planning program and its elements devoted to housing.

Oregon's land use planning program is guided by 19 statewide goals that provide a framework for how cities and counties plan for their future. Goal 10, the housing goal, requires cities to conduct an inventory of land and create plans that, "encourage the availability of adequate numbers of needed housing units at price ranges and rent levels which are commensurate with the financial capabilities of Oregon households and allow for flexibility of housing location, type, and density." (Goal 10: Housing (OAR 660-015-0000(10))).

Goal 10 addresses all types of housing, from government-assisted housing to single family housing on the upper end of the market. Goal 10 requires that all jurisdictions complete a housing needs analysis for projected population growth, and provide a twenty-year supply of buildable land for each type of housing needed to meet projected demand. While comprehensive plans and zoning codes can determine where multi-family and single-family homes will go; at what densities; whether homes are located near schools, jobs, shopping, and

transit; and plan for the infrastructure to serve those homes—these regulations cannot determine how much Oregonians will pay to buy or rent these homes.

It is clear that the market is not providing the housing needed by low- (and increasingly) middle-income Oregonians. The state and local jurisdictions need to work together to create a strategy that conforms to each communities' unique circumstances. This effort should include a wide range of tools, including funding, incentives, density bonuses, regulatory remedies that reduce permit time, parking requirements, upzones and rezones, and other promising tools.

A twenty-year land supply of buildable land for housing within UGBs is more than enough to meet the needs of the foreseeable future. The private real estate market, however, determines the mix and quality of what gets built. Without changing how this market functions we will never be able to address the needs of those people who cannot afford market rate housing. Federal public housing funds are used to meet this demand, but, as experience has shown, those funds are not enough.

OAPA supports SB 1533 because it removes the ban on inclusionary zoning, and combines it with effective incentives. By effective, we mean incentives that developers will actually use to support the development of affordable housing. In addition, it is one method that ensures that affordable housing is spread throughout a jurisdiction as new development occurs. Local governments need a full arsenal of tools, and if a local government chooses to enact an inclusionary zoning policy, it will help provide additional affordable housing units.

Senate Bill 1533 provides a clear option for local governments to increase the supply of affordable housing with inclusionary zoning. Property developers will continue to obtain the benefits of a city or county's investment in infrastructure such as schools, roads, and employment opportunities, and new residents will benefit from economically mixed developments that create equitable neighborhoods.

OAPA has several concerns regarding certain elements of SB 1575. This is a significant bill that includes elements aimed at supporting the development of affordable housing. With respect to the direction to the Land Conservation and Development Commission in Section 2, we believe that the term "dedicated to affordable housing" needs to be defined, and that the section needs to be amended so that there is a clear legislative intent for a local government to consider adding land for affordable housing and why it is necessary to allow an increase in land supply beyond what is already required by Goal 10.

OAPA opposes and questions the necessity of efforts to expand urban growth boundaries with little to no analysis, even if it is for a very worthwhile reason like providing land for additional affordable housing. OAPA opposes SB 1575 because it is shortsighted in its attempt to tie inclusionary zoning to urban growth boundary expansions. In 2013, the Oregon Legislature passed HB 2254 which directed the Land Conservation and Development Commission to streamline the UGB process, which was seen as an often long and expensive process making it difficult for cities to expand their UGBs. After two years of work, LCDC adopted rules in

December 2015 that went into effect on January 1, 2016. We recommend that the Legislature allow the new streamlined process to work before tinkering with the rules again.

Even if additional land is added the UGBs, there are many reasons to believe that it may take a long time to be built that have little or nothing to do with the land use planning process. Challenges that have been cited include infrastructure funding and ability to extend services to new urban areas.

A comprehensive affordable housing effort must include a mix of inducements, incentives, and requirements that will engage the housing development industry (private and non-profit) in providing the full range of housing to address communities' need.

OAPA also encourages the committee to carefully consider requirements that local governments waive system development charges (SDCs) for "affordable housing development projects." SB 1575 currently defines an affordable housing development project with 30 or more housing units where 10 percent of the housing units will be sold as affordable. Local governments struggle to pay for needed infrastructure and this bill would waive **all** SDCs on a project of 30 units that have just three units of affordable housing. Most cities struggle to fund infrastructure improvements to support development of new housing with utility rates and funds collected through SDC's.

With respect to SB 1548, OAPA opposes this bill for the same reasons we oppose those similar elements included in SB 1575. We recommend allowing the new UGB streamlining rules to be tested before the Legislature creates a new and untested process that offers an untested opportunity to add land for affordable housing. OAPA would consider amendments to the bill to better incorporate such a process in the new streamlined UGB expansion rules so that local governments using could use this process to address a need for affordable housing.

The bottom-line is that solely identifying land use regulations as the driver of our current crisis is an overly reductionist view. The lack of coherent strategy and funding is the problem. It bears repeating that many cities in Oregon need additional personnel and financial resources to keep plans, including inventories of buildable land for housing, up to date. Until we as a state find the resources (i.e. programs and money) to adequately address this problem we will continue to face significant affordable housing crises time and time again.

Thank you for the opportunity to comment on this legislation.

Sincerely,



Jeannine Rustad, JD, President
Oregon Chapter of the American Planning Association