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March 24, 2021

Rep. Julie Fahey, Chair
Committee Members
House Committee on Housing
State Capitol
Salem, OR 97301

Re: HB 3335

Dear Chair Fahey and Committee members:

Thank you for the opportunity to provide testimony in support of HB 3335. 1000 Friends of Oregon is a nonprofit, membership organization that works with Oregonians to support livable urban and rural communities; protect family farms, forests and natural areas; and provide transportation and housing choice. Our work includes ensuring that the promise of Oregon's land use Goal 10, Housing, is implemented inside our cities and towns with policies that both encourage and require needed, diverse, and affordable housing choices for all.

1000 Friends supports HB 3335. This bill authorizes the Housing and Community Services Department to grant funds to nonprofit organizations for a pilot program to develop subsidized accessory dwelling units (ADUs) across the state. The nonprofit organization would partner with income-eligible homeowners to build the ADUs, which would be available for lease to income-eligible tenants. The nonprofit organization would identify, screen, and enter into lease agreements with eligible tenants and provide professional property management services for the ADU. The bill requires that eligible homeowners maintain the ADU as affordable to eligible tenants for at least 10 years, at which time the homeowner could use the ADU as they like.

In 2017, the legislature passed SB 1051, which required every city over 2500 in population to allow the development of at least one ADU for each single family dwelling in residentially-zoned areas, subject to reasonable local regulations relating to siting and design. Many Oregon cities already allowed ADUs to some degree, but SB 1051 provided a clear framework for ADUs, with the intent that they be relatively easy to develop. All but one of the cities covered by this provision now provides for ADUs in a complying zoning code, and ADU construction has really taken off. It represents a relatively more affordable housing unit and offers flexibility in how a homeowner uses it over time – as a long term rental, for visiting relatives, for aging parents, and more. Importantly, an ADU can provide a source of additional income for the homeowner.

However, the ability to build an ADU is limited to those who own their home in their first place and, more importantly, have the capital to undertake the constructing. Therefore, modest income homeowners, including those on fixed incomes, often do not have the capital available to take

advantage of the opportunities offered by an ADU, including as a way to build wealth through renting it.

The HB 3335 ADU pilot project bridges this gap, through an innovative tool that creates new affordable rental housing and provides asset-building to modest-income homeowners. We urge you to pass this legislation.

Thank you for consideration of our comments.

Sincerely,

A handwritten signature in black ink that reads "Mary Kyle McCurdy". The signature is written in a cursive, flowing style.

Mary Kyle McCurdy
Deputy Director