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February 13, 2022

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

Re: HB 4118 and the -1 amendment

Dear Chair Fahey and Committee Members:

Thank you for the opportunity to provide testimony opposing HB 4118 and the -1 amendment. 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.

HB 4118 appears to be a well-intentioned effort to increase middle income housing. The -1 amendment appears to be a sweeping attempt to significantly undermine Oregon's land use planning system and urban growth boundaries (UGBs). We provide detailed critiques of both below. But we start with the issue of how the land use program can provide more housing for more Oregonians.

1000 Friends has been at the forefront of many legislative and local efforts to ensure that every neighborhood in every city is opened to more housing, and more diverse and affordable housing. This includes accessory dwelling units (SB 1051), middle housing (HB 2001), regional housing needs analysis, incorporating affordable housing needs (HB 2003), opening up some commercial areas to regulated affordable housing (SB 8), establishing construction excise tax option for affordable housing (SB 1533), reducing unnecessary local rules that inhibit the ability to build allowed housing (HB 2001, 2003), the residual infill project, and more.

While land supply is one element of providing for more housing that should be evaluated, the almost exclusive focus on it exacerbates unaffordable and inequitable housing and it risks distracting from taking actions to increase diverse and affordable housing options where people need and want to live, inside UGBs — near work, school, shopping, and more.

Collectively we need to stop pitting two things we need more of against each other — food producing land and housing — and focus on opening up the capacity of our existing lands inside UGBs. Here are just a few of the critical steps that should be taken:

- **Fund infrastructure.** Oregon has thousands of acres inside UGBs zoned for residential use that are not being developed because they need infrastructure - roads and pipes. And when they are developed – often after many years – the infrastructure costs make the housing unaffordable to middle income Oregonians. For example, the infrastructure costs for several large UGB expansions in the Metro area ranged from \$60,000-\$100,000 per housing unit – those are the costs of a decade ago, and infrastructure has not gotten cheaper. And, those expansions were on to flat farmland. That impacts housing for every income level. Bringing more land into a UGB does not solve the need for having “shovel-ready” buildable lots with pipes and roads. The federal funds coming into Oregon and the current healthy revenue forecast provide Oregon the opportunity to fund infrastructure to residential lands already inside UGBs. This can be structured in several ways, but it is absolutely essential to providing buildable lots for housing for those of middle and lower income, in particular.
- **Focus on reducing barriers to equitable housing.** Oregon Housing & Community Services and Department of Land Conservation & Development presented a report to the legislature earlier this session titled *Meeting Oregon’s Housing Needs: Next Steps for Equitable Housing Production*. It builds on the analysis done under HB 2003, which requires cities to undertake Housing Capacity Analyses and to adopt Housing Production Strategies, and asks, what comes next? The report is a comprehensive description of Oregon’s housing need – which is primarily for those of moderate and lower incomes – and describes well the current major barriers to delivering the housing people need, where they need it:

The current system “chronically underestimates housing need, especially for lower-income households, does not identify or enforce the responsibilities of local governments to comprehensively address housing need, and perpetuates geographic patterns of racial and economic segregation, exclusion, and inequity.”¹

The Report lays out a roadmap of the next steps to be taken to reform state and local planning and funding processes with the goals of: “Increasing overall housing production, Increasing publicly funded and affordable housing production, [and] Creating more inclusive and integrated communities through increased focus on fair housing in production, and geographic housing equity.”

1000 Friends has long supported this direction. HB 2001 and HB 2003 were just the beginning. We must look at barriers to using the land capacity we have so that we serve all Oregonians, as well as look at land supply issues.

- **Open up more commercial lands, underused parking lots, and surplus publicly-owned lands to housing and affordable housing.** The pandemic has accelerated trends towards more online shopping and other changes in the ways we use retail and office

¹ https://www.oregon.gov/lcd/UP/Documents/20220201_RHNA_Interim_Framework_Report.pdf, p. 4

space. Recent studies from the UC Berkeley Turner Center for Housing Innovation² have demonstrated the potential in converting underused commercial buildings to housing and opening up most commercial zones to allow housing as part of the use mix. The Legislature started in this direction with SB 8 in the 2021 session, which allows regulated affordable housing on most commercial lands. You have another bill up this session - HB 4037- that is a pilot project for using under-utilized publicly owned parking lots for transitional housing. These are all lands that are already inside UGBs, often well-located, and served with infrastructure, and therefore better able to offer affordable housing and living to residents.

HB 4118

HB 4118 unnecessarily pits two good things against one another: housing and farmland. The bill provides that a **private** landowner may request that a city expand its urban growth boundary (UGB) into a city's urban reserve, by up to 100 acres for "workforce housing" and/or "workforce commercial" uses without going through the land use planning process. This would circumvent the public process by which urban reserves were designated; it would require cities to set up new, expensive structures to enforce "work force housing" restrictions; and it has unrealistic infrastructure provisions, among other things.

The -1 Amendment

The -1 amendment would replace HB 4118 with a new concept that has the potential to undermine the land use system dramatically, with its primary focus on land supply.

The -1 amendment establishes the "Task Force on Barriers to Housing, Industrial and Manufacturing Development," specifies the Task Force members, describes the issues the task force is to address, and requires a report to the Legislature by the end of 2022.

Here are some of the significant concerns 1000 Friends has with the -1 amendment:

- The scope is much too broad to handle any one of the listed issues in an effective way. The scattershot of issues includes housing, manufacturing, industrial land, infrastructure, natural hazards, wetlands, and more.
- It describes a multitude of possible tools to be evaluated, each of which could also merit its own task force, including "state funding and tax abatement for infrastructure

² *Residential Redevelopment of Commercially Zoned Land in California*. [https://turnercenter.berkeley.edu/research-and-policy/commercial-zoning-december-2020/?mc_cid=cd7bda2ae4&mc_eid=\[f0c9e2c2d5\]](https://turnercenter.berkeley.edu/research-and-policy/commercial-zoning-december-2020/?mc_cid=cd7bda2ae4&mc_eid=[f0c9e2c2d5]) and *Strip Malls to Homes: An Analysis of Commercial to Residential Conversions in California*, <https://turnercenter.berkeley.edu/research-and-policy/commercial-residential-conversions/>

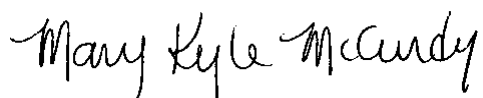
investments;” change to statutes and rules; urban growth boundaries; infrastructure for large-scale industrial uses; and more.

- The task force membership is skewed towards private landowners, developers, and local governments. It lacks seats from many perspectives, or under-includes them, including renters, community-based organizations, farming interests, natural lands advocates, climate change organizations, and transportation choice advocates, just to name a few.
- Certain task force “slots” are narrowly worded in ways that are clearly meant to be filled by specific interests, yet that is not transparent to the public. And, the phrasing indicates pre-conceived notions about what the “problem” is. For example:
 - “One member who represents a city in the Willamette Valley with a population less than 5,000 and with an acknowledged urban growth boundary with significant areas of undeveloped land consisting predominantly of hydric soils;”
 - “One member who represents a city with a population less than 3,000 and with natural hazards imposing development limitations on a significant portion of land within the acknowledged urban growth boundary;”
- The bill language indicates a bias for single-family housing zoning, an attempt to undermine middle housing and higher density housing, and a push towards expanding UGBs.
- The task force lacks the expertise that one would bring together for any one of these issues.

Conclusion

Oregonians need more diverse and affordable housing in every neighborhood. And we need food-producing lands. It is time to call a halt to saying that to have more of one we must sacrifice the other. That’s not the Oregon way – rather, we work together in good faith to find solutions. 1000 Friends stands ready to work towards comprehensive solutions that look at capacity, land supply, funding, infrastructure, and more to ensure that all Oregonians have opportunities for diverse, affordable, and well-located housing options.

Please vote no on HB 4118 and the -1 amendment. Thank you.



Deputy Director