



Sightline Institute is an independent think tank working to advance sustainability in the Pacific Northwest. We believe it exists at the intersection of environmental health and social justice.

When people choose to live close to one another, they cut their energy use approximately in half. This is why Sightline's housing program is dedicated to giving more people the ability take this voluntary action with profound benefits for the economy and the planet.

We support House Bill 3414 with Speaker Rayfield's latest amendments, -14. This version **reduces the unknowable environmental costs of previous versions** by significantly narrowing the scope of Section 2, and just as importantly it **improves the bill's environmental benefits** by allowing limited flexibility on the height and unit count of housing developments within urbanized areas.

Section 2 would greatly improve its biggest environmental benefit – its encouragement of infill and proximity instead of sprawl – if it added one additional adjustment: **limited flexibility on FAR** to complement the current limited flexibility on height, lot size, lot coverage and unit count.

If the state does not include FAR among the adjustments, any city wishing to largely nullify those provisions of this law will simply need to impose a tight FAR cap, as other cities already have. Any such caps would be likely to remain beyond 2032, leaving Oregon with even more restrictive zoning than it has today.

We aren't persuaded by most critics of the –14 amendments.

- Some of our fellow environmental advocates raise generalized concerns about the concept of reducing regulations but do not explain specifically why the adjustments still allowed under Section 2 would do more harm than good. In our view, **the environmental benefits of infill are too great to ignore.**
- Some advocates of historic preservation argue that historic resource bodies should not face limits to their control over the size, height, and design of new buildings. This bill wouldn't reduce demolition protections for existing historic structures. It would reduce the ability of historic preservation advocates to dictate the precise nature of any new urban infill, but this should be **weighed against our deep housing shortage**, especially in high-opportunity, amenity-rich areas. Restore Oregon's executive director says she has "very rarely heard that historic review was a significant stumbling block." This is in part because very little new development is

ever proposed in historic districts, due to the chilling effect of historic resource bodies' discretionary power over new buildings.

- Some fans of middle housing argue that one-unit structures shouldn't be able to use the flexibility in the bill, seemingly out of a worry that more flexibility in land use will lead to more one-unit structures. This seems to stem from a misunderstanding of housing economics; other things equal, **additional building size will tend to incentivize higher unit counts**, because the 1,001st square foot of four small homes creates more value than the 2,501st through 2,504th square feet of a large home. One-unit structures can be, and often are, nestled more densely than duplexes. A blanket restriction on one-unit structures would greatly limit the benefits of this law.

We are more persuaded by the constructive feedback from the League of Cities. Though we don't understand their argument about the importance of preserving setbacks and setbacks for middle housing, their other technical points seem correct.

On 6(e) of Section 2, we echo the feedback from Oregon Smart Growth that not all inclusionary zoning programs include 20% affordable housing; in fact, **a program with a lower set-aside rate may well be creating more total below-market homes**. An alternative approach here might be to simply refer to projects in compliance with a local mandatory inclusionary zoning program.

As Gov. Kotek has repeatedly argued, **we can't change the status quo without changing the status quo**. We cannot predict all the possible effects of this law. But we can guarantee that without policy change in the general direction of HB 3414, Oregon's residents, economy and environment will continue to suffer the effects of our catastrophic housing shortage.

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