

To: Chair Dexter; Vice-Chair Gamba; Vice-Chair Helfrich;
Members of the House Committee on Housing and Homelessness

From: Tracy Rainey, Clean Water Services (raineyt@cleanwaterservices.org)

Date: March 2, 2023

RE: Testimony in Opposition to HB 2984 (and -1 amendment)

Clean Water Services is county service district and a water resource management utility that provides wastewater, stormwater and water resource recovery services to more than 600,000 residents and businesses in urban Washington County.

We appreciate the opportunity to provide testimony in opposition of HB 2984, as introduced and with the -1 amendment. We have vetted this legislation with our staff and have carefully considered the potential impacts associated with the mandates outlined in the bill and the proposed -1 amendment.

Unfortunately, we have identified a significant concern as the bill prohibits the use of the financing tool that we rely upon to pay for necessary sanitary sewer infrastructure upgrades and additional capacity that will likely be required to accommodate these types of conversions. We urge the committee to consider amendment language to address the infrastructure and ratepayer impacts associated with the bill.

HB 2984 would require cities to allow for the conversion of a building from commercial use to residential use for the purpose of accommodating workforce housing. Section 1, subsection 7 of the bill, as introduced, prohibits local governments from charging a system development charge (SDC) until the end of the affordability restriction (which would be no less than 15 years). Page 3, lines 27-28 of the -1 amendment, prohibit SDC charges associated with these building conversions.

Converting a commercial building to residential workforce housing means there will be an increase in the number of plumbing fixtures (toilets, showers and sinks) within the building. This increase in plumbing fixtures means an additional volume of water entering the sanitary sewer collection system, and ultimately our treatment plants. The sewer lines and nearby pump stations, and ultimately the treatment plants, that serve commercial areas may or may not be sized to accommodate these increased flows. If there is increased capacity required of the sewer system, we must be able to finance the costs for those necessary upgrades. If HB 2984 were to pass, we estimate there are more than 3,000 buildings in Washington County that could be eligible for these types of conversions. While we understand many buildings would not be converted, the impact of this legislation is incredibly difficult to fully understand and plan for. It is critical that we are able to adequately plan sanitary sewer infrastructure capacity and this bill will make necessary planning incredibly difficult.

Oregon's Structural Specialty Code outlines specific requirements for commercial buildings, including minimum numbers of toilets and lavatories. For the most part, showers/bathtubs are not required for commercial buildings (with several exceptions including for medical or public safety institutions, such as prisons or nursing homes, or commercial residential buildings, such as hotels or dormitories). Some of those minimum standards are indicted in the table below.

Minimum toilet, lavatory, shower/bathtub requirements for common commercial building types include:

Type of Building:	Minimum toilet requirements:	Minimum lavatory requirements:	Minimum bathtub/shower requirements:
Business – including office buildings, banks, ambulatory care facilities, etc.	1 per 25 occupancy for the first 50 and 1 per 50 for the remainder when occupancy exceeds 50	1 per 40 for the first 80 and 1 per 80 for the remainder exceeding 80	None
Mercantile – retail stores, service stations, shops and shopping centers	1 per 500 occupancy	1 per 750 occupancy	None
Storage facilities	1 per 100 occupancy	1 per 100 occupancy	None

Many local governments, including local water and sewer utilities, need to be able to assess SDCs in order to finance the additional infrastructure capacity associated with converting commercial buildings to residential workforce housing. Assessing these charges 15 or more years down the road is not workable and shifts the burden for funding the necessary infrastructure upgrades to existing ratepayers.

Local ratepayers, especially low-income households or seniors on fixed incomes, are feeling the pressure of increasing water and sewer rates. The cost of infrastructure has increased dramatically, and the burden of financing infrastructure has largely shifted from the federal government to states and local governments. **According to a [report](#) from the National Association of Clean Water Agencies, “the federal cost-share of water utility capital investment (when adjusted for inflation) has fallen from 62.77% in 1977 to less than 10% in recent years.”** The state, local governments, developers/homebuilders, ratepayers and home buyers/renters are all feeling the pressures and impacts associated with this shift.

Growth can’t occur where infrastructure capacity does not exist. And someone has to pay the costs associated with necessary infrastructure.

For these reasons, we ask the committee to consider the concerns of local governments, including local water and wastewater utility providers, and work with us to find an amenable path forward.