



February 26, 2025

Representative Pam Marsh, Chair  
Oregon State Capitol  
900 State Street, NE  
Salem, OR 97301

**RE: Support for HB 3031-1 – With Amendments**

Dear Chair Marsh, Vice-Chairs Breese-Iverson and Andersen, and Members of the Committee:

Thank you for the opportunity to provide feedback on the -1 amendment to HB 3031. Infrastructure funding is a top priority for Hillsboro, and we share the experience of other cities across Oregon for whom infrastructure costs are the main barrier impeding housing development as we all work to increase production across the state.

We are deeply appreciative of Governor Kotek's commitment to funding infrastructure to unlock needed housing and stand ready to provide full throated support for a housing infrastructure program. Unfortunately, the -1 amendment does not address the concerns that cities have shared with the Governor's office since last session. The eligibility requirements included in the bill are too prescriptive and will prevent cities from leveraging the program for greatest impact.

It is unclear in the bill text if or how the program is intended to prioritize affordability, capacity, or diversity of housing types, and some of the requirements are potentially in conflict with these three (see specific concerns). Cities are balancing these across their comprehensive plans and different areas of town need different priorities/focus, particularly as cities affirmatively further fair housing in a variety of ways that must be reflective and responsive to their existing housing stock, demographics, and history. Not every development is prioritizing the same populations, affordability, housing type, etc. because cities are encouraging a range of developments and housing types in their Housing Production Strategies.

We suggest the bill be amended to structure the program eligibility simply around nexus to housing and the types of infrastructure. Then direct the Department to rule make and design a program that gives scoring preference for capacity, affordability and diversity. The current bill seems to prioritize affordability and capacity, but a more flexible program would better accommodate greenfield development. Cities' applications could also be tied to their most recent Housing Capacity Analysis (HCA) and Housing Production Strategy (HPS) and could demonstrate why a development would further their housing goals and demonstrated needs. This would also allow the Department to consider the range of applications and make needed adjustments and updates as the program matures. The bill should also include direction to the Department to consider geographic equity and scoring categories appropriate for various size cities and locations. For small, rural cities without an HCA or HPS, the Department should consider additional data (readily available to small cities) that demonstrates need. As with any competitive funding program, technical assistance should be available and built into program offerings (leverage RDOs and/or existing DLCD, HAPO, OHCS resources).

This approach would address some specific concerns with the -1 amendment:

1. The Metro density requirements are too high. While there are certainly developments that will meet and exceed the current requirements, the bill as written will exclude greenfield development and does not support a diversity of housing types.

For Hillsboro, 17 units an acre would enable us to use this in our centers and higher density areas (ie Amberglen, Tanasbourne, Orenco, most parts of Downtown, etc.) It is not very accommodating when we are delivering ownership housing (small lot single dwelling detached, some duplex, and other attached middle housing products). It also isn't conducive to producing some larger unit projects that seek to cater to larger family/household sizes and multigenerational households.

2. Grant funding is limited to projects that support housing affordable up to 120% AMI. While there are discrete developments that will meet this threshold, the program must also support large greenfield development that will necessarily include market rate housing and cannot be limited to income-restricted development. The Governor's Office has said that rulemaking will allow for awards to be proportionate to the percentage of housing units that are affordable. The bill needs to make that explicit to enable Business Oregon to design the program accordingly in rulemaking.
3. The bill requires that housing must be subject to an affordability covenant under ORS 456.270. Most cities do not have capacity or experience tracking and enforcing affordability covenants. While the state and Metro have existing systems to regulate and enforce affordability for publicly supported housing affordable at 60% AMI and below, we do not have state or local infrastructure to regulate moderate income housing. This seems particularly challenging for ownership housing as the developer typically exits the project at completion and may or may not sell the home to the homeowner. Or is the covenant simply meant to attach to the title to be enforced by the title insurance company before closing?
4. Furthermore, the bill includes a 30-year affordability requirement for rental housing. The state and Metro have existing systems to regulate and enforce affordability for housing affordable at 60% AMI and below, but not for moderate income housing. Will cities be expected to track and enforce affordability for 30 years? Will Business Oregon be monitoring properties for 30 years? If rents are not honored, who will enforce, the city or state?
5. Section 2(a)(A) requires that the development must be within a city. This will not work as an eligibility requirement. Many times, a city will zone, annex and fund infrastructure in the same action. It would make more sense to include a requirement that the development must be annexed to a city prior to final award but it does not work as a threshold requirement for eligibility.

Thank you again for this opportunity to provide feedback. We look forward to continuing to work with the Governor's Office and this Committee on programs and policies that increase housing production.

Sincerely,

Ariel Nelson, Government Relations Manager  
City of Hillsboro