



April 7, 2025

Oregon Representatives Elmer, Owens, Wright
Chief Sponsors of House Bill 3939
House Committee On Housing and Homelessness

RE: City of Florence Testimony on House Bill 3939

Dear Representatives,

Earlier this year, our staff worked with you as our local representatives to identify a shovel-ready housing development in Florence facing a large funding gap around infrastructure.

Pine Crossing is a 44-unit housing subdivision for 36 attached single unit dwelling lots (duets), 8 detached single unit dwelling lots, two open space lots for a park, two stormwater detention lots, and two platted public streets on 7.61 acres of land. The City sold the land to the developer in 2022 with the expectation that 50% of the housing units would be for Workforce Housing for 80-130% of AMI of Lane County, with a target sale price under \$400,000. Public Funding for Infrastructure for housing would make it financially feasible for the developer to construct the required streets, sidewalks, under grounding power, street lights, stormwater, water, and wastewater improvements.

The developer is shovel ready for the project, with land use approvals and design review for the structures complete. Unfortunately, due to the development standards for infrastructure (Federal, State, and City), the project no longer makes financial sense in order to meet the goal of a sale price that is financially feasible for 80-130% of AMI. The infrastructure funding gap is \$53,400 per unit or \$2,350,000 for 44 units of housing. The developer is investing another \$50,000 per unit of infrastructure. Total public infrastructure cost for this project is \$5,580,000, with the developer ready to start site improvements and build if additional funding is secured. Homes could be built quickly if we receive gap funding for the public infrastructure.

Under current market conditions in Florence, without public infrastructure investments, developers are paying the full cost of improvements and additions to public infrastructure. This drives the sale price up, adding to the already high price of land, labor, and materials.

At present, the cost of new construction is approximately \$350 per square foot. On the open market, each one of these units would sell for approximately \$490,000 to \$560,000. This price point is far and above what the average working family could afford for a home, let alone a starter home!

Administration
541.997.3437

City Council
541.997.3437

Community Development
541.997.8237

Events Center
541.997.1994

Municipal Court
541.997.3123

Public Safety
541.997.3515

Public Works
541.997.4106

Between the City's participation in a reduced land price of \$225,000, plus this legislative ask for workforce housing infrastructure support, these units could be reduced to the target sale price of someone with Area Median Income (AMI) of 80-130% that could financially consider paying \$2,895 to a mortgage or rent.

AMI for Florence, Lane County:

Lane County AMI is $\$89,100 \times 130\% = \$115,830$ at 30% available for housing costs
\$34,749 annually or \$2,895 per month for a mortgage payment + taxes/fees/utilities for a house priced at around \$445,000

Public/private partnerships are just one way that the City of Florence is pursuing affordable and workforce housing for our residents.

The City of Florence has been hard at work since 2017 to prepare the way for housing development. Over the next 20 years, the City will need 1,664 new dwellings to meet housing demand, as determined by the Housing Needs Analysis we completed in 2018. This net new housing need is expected to consist of 764 owner-occupied dwellings, 597 renter-occupied dwellings, and 263 short-term rental units. The Florence City Council prioritizes Housing Efforts and Initiatives in our 2023-2025 Work Plan, and renewed that in our upcoming 2025-2027 Work Plan, <https://www.ci.florence.or.us/council/city-council-goals-work-plan>.

Besides the Housing Needs Analysis, we completed a Housing and Economic Opportunities Project, created a Multi-Unit Property Tax Exemption (MUPTE) Program, accessed Community Development Block Grant funding for a Housing Rehabilitation Program, approved Accessory Dwelling Units in Florence, initiated Housing Code Updates, and completed the Housing Implementation Plan Project. All these programs have led to some successes. Since 2022, we added 68 affordable housing apartments through Northwest Housing Alternative's Shore Pines on Munsel Creek and 24 units through Our Coastal Village's Oak Manor Apartments.

Plus, Florence was fortunate to be included in 2024's Senate Bill 1530 Section 9 Direct Appropriation for water, sewer, and wastewater infrastructure for four blocks of City-owned development property. Because of this bill, Florence was able to provide the public infrastructure to support a private developer's planned 32 units of housing by Fall 2026. That project would not have been possible without the direct appropriation from the State.

The same is true for Pine Crossing.

For the developer, the escalating cost of materials and labor have become financially burdensome for the project. We want to find solutions to the ongoing housing crisis in our area.

Thank you for the opportunity to submit testimony about our housing needs and this specific project. The City of Florence is so thankful for the housing HB 3939 could bring for our

population. Please, help us house our workforce and increase the quality of life of dozens of people by funding this bill.

The Florence City Council and City Staff support all efforts related to bringing more workforce housing to our City, and feel it is essential for our growth and prosperity. Thank you for offering assistance in creating a path forward to bring needed housing to Florence.

Sincerely,



Erin Reynolds
Florence City Manager



Rob Ward
Florence Mayor