



May 9, 2023

House Committee on Rules: Public Hearing for HB 3414

Re: Support for HB 3414 -5 amendments and opposition for -6 amendments

Dear Honorable Chair Fahey and Members of the Committee:

On behalf of the City of Lake Oswego and the City Council, I am testifying in support of HB 3414 -5 amendments as presented by Representative Gamba and oppose -6 amendments.

Housing production is a top concern for all communities throughout Oregon, including Lake Oswego. We share your desire for increasing supply and building housing that is affordable for a range of incomes, however, HB 3414 as presented in its current form ignores years of thoughtful community planning and adds new layers of bureaucracy. It forces local governments to approve variances without any requirement for builders to demonstrate that such variances will actually increase housing production or affordability. In many communities, including Lake Oswego, HB 3414 would simply lead to the construction of larger, more expensive homes, thereby undermining efforts to provide housing at a broader range of incomes. While we agree with the good intention of the bill, the City of Lake Oswego opposes the base concepts of HB 3414 as a mechanism to increase housing production and affordability.

The City of Lake Oswego's main concerns of HB 3414 are:

**Local governments do not need State mandated variances.** This highly regulatory approach loses sight of local context and forces a one size fits all policy. Like many cities throughout the state, the City of Lake Oswego already has adopted City Code that allows for several types of variances. Our review and process for variances are clear, predictable, and processed in a timely manner without creating onerous amounts of work for our applicants. In the last 5 years, the City of Lake Oswego has received 69 applications for variances to construct residential development, all of which were approved. We pride ourselves on working with developers to achieve their goals while upholding the intent of the Code and community standards.

Lake Oswego has successfully increased our housing supply in the last five years by approximately 836 units (650 of which were multi-family units) and issued final occupancies for approximately 215 single-family dwelling replacements in the same period. While we are largely built out, we have focused on higher-density and mixed-use infill development to encourage housing variety and affordability (for more details, see Attachment 1). We have successfully increased our housing stock while preserving the character of our neighborhoods, maintaining community livability, balancing growth with environmental stewardship, supporting the vitality of our business

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community, and investing in vital infrastructure to support this housing. We urge the Committee to focus on giving us the tools we need to facilitate housing production and affordability, not introducing new regulatory burdens or more bureaucracy.

**HB 3414 -4 and -6 amendments contradict adopted state housing production priorities and provide developers a bypass to ignore shared priorities.** Local governments will not be able to enforce housing production strategies, protection of natural resources, transportation infrastructure standards, climate-friendly regulations, or new urban growth area development and it will prevent cities from meeting recent state mandates including:

- Middle housing code (HB 2001, 2019),
- Housing Production Strategies (HB 2003, 2019) and the Oregon Housing Needs Analysis (OHNA) (HB 2001, 2023)
- Climate Friendly and Equitable Communities (CFEC) Rules

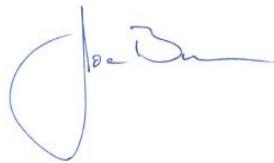
**City staff should not bear the burden of providing substantial evidence in the record for the variance request.** This means staff time and capacity will divert from timely approval of land use applications for housing and associated construction permits, which loses sight of the end goal of housing production. Bill language should be clear that the applicant is responsible for providing evidence that the requested variance will increase housing production or affordability as the goal of this bill, and the bill should not apply to single-family housing. Lastly, the broad variance language in HB 3414 and the -4 and -6 amendments create an increasingly ambiguous and discretionary review process for housing projects, which undermines the importance of clear and objective standards (a clear path for developers). This will shift the focus of City staff, slow the development review process, and make it difficult for cities to hit housing production targets.

**The City of Lake Oswego respectfully urges the committee to support -5 amendments and provide more time for thoughtful coordination with local governments to refine HB 3414.**

We believe the Committee should focus on localized solutions to achieve our shared goals of housing production, we support the -5 amendments as presented by Representative Gamba and oppose -6 amendments. The -5 amendments are workable improvements to HB 3414 that are tied to housing production or affordability and protect community standards, but the bill needs more refinement on how this can be achieved by cities. We look forward to working together to move policies forward that support the production of needed housing.

Thank you for the opportunity to provide comment.

Sincerely,



Mayor Joe Buck

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Chair Dexter, Vice-Chairs Gamba and Helfrich, and Members of the Committee:

On behalf of the City of Lake Oswego and the City Council, I am writing to express our concern about the possible cumulative effects on communities in Oregon regarding the numerous housing bills under consideration in the 2023 Legislative Session.

Housing production is a top concern for all communities throughout Oregon, including Lake Oswego. As elected officials, we are collectively working to make our communities places people can call home and a sufficient supply of housing affordable at all income levels is a vital part of our work. However, it takes more than housing to make communities great. We are working hard to address climate change, foster economic prosperity, invest in transportation options, provide equitable and affordable public services, and provide access to nature and recreation. Oregon's revolutionary land use system is an important tool in our work because it protects farms and forests while encouraging efficient urbanization of the areas inside our urban growth boundary.

While Oregon is dealing with an unprecedented housing crisis, we are concerned that the cumulative effect of the housing bills under consideration will disrupt our work to create a sustainable community and may inadvertently lead to highly inefficient urban sprawl that will not protect Oregon's agriculture, open space, and natural areas. These bills will also place a substantial new regulatory burden on local governments, without giving us the tools we need to facilitate housing construction.

We share your desire to build housing. Housing production has already accelerated in our community. We urge the committee to partner with local governments to reinforce the positive trends that are already happening rather than pursue the highly regulatory approach that is contemplated by many of the bills proposed in this session.

We are aware of the misconception that Lake Oswego is not committed to producing its fair share of our housing. However, our track record as a community illustrates that we are successfully increasing housing supply.

Lake Oswego has increased our housing supply in the last five years by approximately 836 units (650 of which were multi-family units) and issued final occupancies for approximately 215 single-family dwelling replacements in the same period. While we are largely built out, we have focused on higher-density and mixed-use infill development to encourage housing variety and affordability. We have successfully increased our housing stock while preserving the character of our neighborhoods, maintaining community livability, balancing growth with environmental stewardship, supporting the vitality of our business community, and investing in vital infrastructure to support this housing.

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Successful project examples since 2018:

*Affordable Housing*

- Sold a City-owned property on Boones Ferry Road for the development of approximately 50 affordable housing units for those earning <30% - 80% AMI.
- Allocated \$800,000 in City ARPA funds for public infrastructure in support of a Habitat for Humanity development comprised of 23 affordable for-sale townhomes.
- Approved 100 units of affordable multi-family housing for residents earning 60% of AMI or less at the Marylhurst University Campus site, which necessitated a code amendment to allow multi-family housing as a permitted use in the Campus Institutional zone. These homes are currently under construction.
- Rezoning of public and privately-owned properties to allow multifamily development with affordable housing under a voluntary inclusionary housing policy.
- Inclusion of 8 affordable housing units of the 67 units in the North Anchor Redevelopment project in our downtown.

*Market Rate Housing*

- The Windward: 200 apartments were constructed in a mixed-use development in downtown Lake Oswego in 2018.
- The Springs: 105 independent senior living apartments were constructed in Lake Grove in 2019.
- Mercato Grove: 206 apartments were constructed in a mixed-use development in Lake Grove in 2020.
- The Francis: a 16-unit condominium building is currently under construction in downtown Lake Oswego.
- 4<sup>th</sup> Street Condos: a 15-unit condominium building is currently under construction in downtown Lake Oswego.
- Quarry Commons: 10-unit apartment building, including four live/work units, are currently under construction in Lake Grove.
- A 158-unit apartment building is currently under construction in the Kruse Way commercial area on Meadows Road.
- Kruse Way Commons: an additional 36 apartments are currently under construction in this existing apartment complex in the Kruse Way commercial area.

Lake Oswego has 293 residential units under construction that include 235 multi-family units, 55 single-family homes, and 3 ADUs. An additional 99 units are currently in our permitting process. This is in addition to the other 1,051 housing units constructed in Lake Oswego between 2018 and 2022 as listed above.

To encourage this development, the City has taken several actions toward expanding housing options since the adoption of the City's Housing Needs Analysis in 2013, including:

- Adoption of Clear and Objective Housing Standards;
- Streamlined development standards and permit process for accessory dwelling units (ADUs) (Ordinance 2784);

- Waiver of systems development charges (SDCs) for ADUs and affordable housing developments;
- Waiver of all City land use application fees for developments where the proposed dwelling units are affordable to those earning 80% or less of Area Median Income and spending not more than 30% of household income on housing;
- Adoption of code amendments to permit middle housing in all zones that allow the development of detached single-family dwellings in compliance with HB 2001 (Ordinance 2982).

These were policies and codes we, as a City Council, enacted to respond to the changing needs of our Lake Oswego community. We have successfully demonstrated viable local approaches and solutions that are increasing housing production.

We respectfully request your leadership in forming statewide tools and solutions together to address our shared housing production goals. This could include:

- Direct State funding to infrastructure projects related to housing production;
- Develop grant programs and funding for local governments to successfully implement their housing production strategies, as required by House Bill 2003 and the new statewide Oregon Housing Needs Analysis program;
- Invest in career pathways to trade and apprentice roles that support housing development, including Building Inspectors;
- Provide model codes, technical assistance, and state resources in partnership with DLCD and LUBA to help remove barriers with local development code audits; and/or
- Support local government efforts to create walkable neighborhoods and commercial centers, which are both climate-friendly and attractive for middle housing development. This can be through support for urban renewal, funding to assist communities to comply with the state's Climate Friendly and Equitable Communities rules, technical assistance, and support for TGM and other local government grants.

I strongly urge the committee to work with local governments to find solutions together rather than create a multitude of unintended consequences for Oregon's land use system and the livability of our communities that do not truly address housing production and/or affordability. We respectfully request your leadership to work together for the betterment of all Oregonians.

Thank you for your consideration.

Sincerely,



Mayor Joe Buck

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