

March 15, 2023

Senate Committee on Housing and Development
900 Court Street NE
Salem, Oregon 97301

Re: Support for SB 847 – Housing Productions Strategies

Chair Jama, Vice Chair Anderson and Members of the Committee:

On behalf of DevNW, I would like to share our full support of SB847, and the many changes it would make to enable greater housing production in Oregon. As an affordable housing developer and community development nonprofit serving Lane, Linn, Benton, Marion, Polk, and Clackamas Counties, DevNW builds affordable homes both for rental and for ownership. Three sections, in particular, will help us build more housing, more efficiently:

Planned Communities Act Exemption for Affordable Homeownership Subdivisions

With the legislature's recent investments for LIFT Homeownership, developers like DevNW are able to build at a scale of full subdivisions of income-restricted homes for ownership. Because a legal entity must oversee and ensure the long term affordability, these are most commonly build as a Community Land Trust (CLT). As currently written, the Planned Communities Act requires an HOA to be formed for all new subdivisions, but in the case of a CLT, that creates redundancy and confusion between the two entities, plus added expense and time for homeowners. The CLT is responsible for common area maintenance, enforcing ground lease provisions, creating a voice for homeowners, and other tasks usually administered by an HOA. This provision of SB 847 would exempt CLTs and other affordable homeownership communities from the Planned Communities Act, to avoid this confusion and redundancy.

Subdividing for Development of Affordable Housing – Infrastructure Financial Assurance

Also, impacting the development of CLT subdivisions, current statute requires that developer provide the local jurisdiction with proof of sufficient funds to complete the public infrastructure under the project. This is meant to protect cities from a developer

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abandoning a project with half-finished infrastructure, which can happen with for-profit, market-rate developers who tend to raise funds as they go. Currently, statute allows for a “bond, irrevocable letter of credit, or other financial assurance.” The first two (and most traditional options) are both cost-prohibitive and legally complex for affordable developments.

This provision of 847 would require cities to accept as “other financial assurance” the public funding reservation award letter, as long as the public funding commitment is greater than the cost of the infrastructure. This change is warranted – and provides sufficient assurance - because affordable projects cannot raise funds as we go; our funding has to be 100% secured (not just for infrastructure but for the entire project) before we can close on our public funding and break ground, and our projects have oversight by many bodies, including Oregon Housing and Community Services.

Prevailing Wages for Affordable Housing Development

DevNW fully supports the primary intent of this section, which is to create a “split-determination” for affordable housing developments with commercial space on the ground floor. This is a critical change to allow childcare, medical clinics, and other needed services located within affordable housing.

We also support a minor provision in this section that would close a loophole for the conversion of commercial buildings into affordable housing. Currently, these projects are being denied the affordable housing exemption from prevailing wages, even if the project will be 100% affordable housing – simply because of the former use. We believe the intent of the statute was to base the exemption on the end-use (e.g. bare land was not formerly residential, but new construction qualifies for the exemption based on the intended outcome of construction). In a recent DevNW project to convert a church into 18 units of housing, BOLI’s denial of this exemption added \$870,000 to the project cost. Ending this loophole will be critical in a post-COVID world, for the conversion of office buildings, hotels, and other commercial buildings into needed housing.

Sincerely,

Emily Reiman, CEO

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