



**House Committee on Housing
House Bill 3072 Letter of Support**

March 3, 2021

Chair Fahey and Committee Members:

We write in support of House Bill 3072, and thank you for holding a hearing on it.

HB 3072 is designed to allow a city, including a city within Metro's urban growth boundary (UGB), to partner with a property owner(s) of land that is currently designated as urban reserve by Metro or the city outside Metro to bring that land inside the UGB in an expedited fashion, so that it may be developed for workforce housing, meaning housing for families with median levels of income in the city.

The bill applies only to owners of land in urban reserve areas. An urban reserve area is an area designated by Metro or a city outside of Metro as an area for future UGB expansion. Urban reserve areas are selected based on a number of factors, including the ability of the neighboring city to provide infrastructure to the land for future development, the importance of the area to farm and forest activities in the county, and the likelihood that more land will be needed for urban development in the near future, meaning a UGB expansion may become necessary.

In other words, the traditional land use conflicts (farming v. housing, infrastructure costs etc) have already been made when an area is designated urban reserve, and Metro or a city outside Metro must obtain acknowledgment from the Oregon Land Conservation and Development Commission (LCDC) of any urban reserve designations, and must defend those designations against challenge by opponents before the Oregon appellate courts.

If the bill is approved, it will give both cities and property owners in urban reserve areas a choice – partner together to amend the UGB (either the Metro UGB or the cities own UGB) or continue to use the existing UGB process, which may or may not be successful, and is notoriously slow and difficult to navigate.

The benefit to the city and is obvious – an expedited process with a high degree of success that will result in the creation of workforce housing that the city needs. The bill requires the city and a property owner to demonstrate that all necessary services are available to the site or can be made available shortly, and that development will be limited to workforce housing or workforce commercial uses (i.e. neighborhood businesses in small buildings that serve the housing community).

The benefit to the property owner is significant, but not free from doubt. With rapid growth rates occurring in many parts of Oregon, including the Portland Metro region, Metro and the cities outside of Metro have needed to expand their UGB's frequently in order to continue to supply sufficient residential and employment land to meet the state requirement of a 20 year buildable land supply within their UGB's. For a patient property owner in an urban reserve area in a fast growing community (like the Metro region), this means that as long as growth rates continue, their land is likely to be included in the UGB much sooner than they think.

HB 3072 would expedite that process even further for the property owner in the urban reserve area, but it comes with a catch – if the property owner uses the expedited process in HB 3072, they are limited to building only workforce housing and workforce commercial uses. What this means in the real world is that the selling price for the land is going to be significantly lower than it would be if the property owner waited for the land to come inside the UGB under the current process. It's a question of timing and demand for the property owner.

The benefit to the public is clear – land that the city has identified and targeted to meet a need for housing for middle income families can be brought inside the UGB and developed quickly. As you all know, we have a housing shortage in Oregon, and it gets worse each year. HB 3072 will alleviate some of that problem.

Oregon cannot continue to rely on the existing UGB process and expect that workforce housing will be created. In Washington County, bare land zoned for residential development inside Metro's UGB currently is selling for \$600,000 - \$800,000/acre, and city required system development charges (SDC's) for infrastructure and parks average nearly \$50,000/housing unit. In Bend, the cheapest buildable lot is now over \$200,000, and SDC's are between \$30-35,000/housing unit. With land costs and SDC's at those levels, it is simply impossible to build housing at affordable ranges for families with median incomes.

By giving property owners in urban reserve areas the option to use an expedited process to bring their land inside the UGB if, and only if, they agree to limit development on the property to workforce housing, the price at which they can sell their land to a homebuilder will be considerably reduced, making it possible for the homebuilder to create workforce housing (i.e. "the project will pencil"). Without HB 3072, the process will continue, and property owners in urban reserve areas who have their land brought inside the UGB will sell to the highest bidder, as they should. As long as the region continues to grow, that means that the sale price will be too high for workforce housing to be built.

It has been pointed out to us that HB 3072 needs amendments to ensure that the bill creates a true partnership between a city and the property owner in the urban reserve area. Those amendments have been submitted, and we will get them to the cities and committee as quickly as we get them back from Legislative Counsel. We want this bill to be a tool for cities and property owners, and not an instrument where either can force the other to act against their will. Once we get the amendments back and work with city representatives to ensure that partnership, we ask that you amend the bill and move it.