



Testimony by City of Wilsonville Mayor Shawn O'Neil Opposing HB 2658:

Proposed Legislation Creates Unintended Consequence that Could Harm Housing Production and Reduce Affordable Housing Options

Scheduled for public hearing on May 12, 2025, before the Senate Committee On Housing and Development

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

I am testifying on behalf of the City of Wilsonville in strong opposition to HB 2658 and the -1 amendment, which preempts cities or counties with a population of 15,000 or greater from conditioning a permit or a zone change on the development of an improvement project that has already been financed, planned, or approved. **Because competent local governments plan and approve infrastructure projects that support new housing production prior to construction, the net effect of the proposed legislation will be to force the local government to carry the costs of the infrastructure, resulting in a decrease of housing production that can advance due to local-government financing limitations.**

Wilsonville is one of Oregon's fastest-growing cities for the past 20 years, contributing an estimated 20% of all new housing to the Portland metro area during that time with the largest percentage (50%) of middle-housing and multifamily residential units.

If this bill were to pass as currently written, the City would have to stop work on the \$7.1 million Stafford Road Improvements project because the current funding plan assumes reimbursement of the local portion by the developer through an infrastructure fee applied to each building permit. Without this tool, the City does not have the funding to build the project and prepare Frog Pond East UGB expansion area for residential development. The Stafford Road Improvements project, required to advance new housing development in Frog Pond East, involves improving one mile of a rural road to urban standards that also includes adding shoulders and bike/ped facility, along with required water, sewer and stormwater infrastructure.

Consequently, it would then be the responsibility of the developer to build Stafford Road Improvements project with the first phase of development, which is a large infrastructure cost for a developer to carry up-front. Adoption of HB 2658 and the -1 amendment will literally delay Frog Pond East development as the City and developer seek to find an

alternative funding strategy by the bill's removal of using an important housing-production infrastructure-financing tool.

Additionally, by making the developer carry the costs for major infrastructure projects, the developer's margins are reduced, and thereby has a direct impact on reducing the potential amount of affordable, middle-housing options that a developer may plan.

The bill could be improved with this amendment:

- Amend SECTION 1(f)(C) of HB 2658, which is identical to line 15 of page 1 of HB 2658-1:

Strike: ~~Initiated procurement of the improvement.~~

Add: **Initiated a construction contract for the public improvement.**

The phrase “Initiate procurement of the improvement” is ambiguous – What does that really mean? How does this affect the City’s funding plan for the Stafford Road Improvement project? Is the City able to build a project and then apply the local road portion as a fee on the development? This language seems to prevent a City-initiated Local Improvement District (LID) to support residential development. If so, HB 2658/HB 2658-1 will actually stop residential development.

As currently drafted, initiated procurement could be interpreted broadly to include design services. This would impact the ability for the City to develop “shovel ready” construction projects that are just waiting on a viable funding option – which may include developer contributions. The City’s proposed amendment clarifies that the local government must have already entered into a contract with a contractor to build the infrastructure improvements, which would occur only after the local government has the funds to build the project.

The City appreciates your consideration and urges tabling or providing a “No” vote on HB 2658 and the -1 amendment. Thank you for your time and consideration.

Sincerely,



Shawn O’Neil, Mayor
City of Wilsonville