

March 16, 2021

Chair Lively
Vice Chairs Kropf and Cate
Members of the Committee

(These were to be my oral comments yesterday. I hope that those of us signed up do get another opportunity to testify in person.)

On behalf of the City of Bend, I am here in opposition to House Bill 3040 and in particular the -1 amendment.

Bend is one of the most rapidly growing cities in the nation. Even more so since the pandemic began. We spend a tremendous amount of time working accommodate that growth. Do we go up, do we go out, and how do we ensure sufficient affordable and workforce housing both for existing and incoming residents?

The Oregon Legislature of course also spends quite a bit of time on these topics. But we have spent far less time in this building talking about how to serve that growth most effectively with critical infrastructure. And even less time on how we fund that critical infrastructure.

The reality is that growth is expensive to serve whether with new infrastructure for outward growth or upgraded infrastructure for upward growth. The City of Bend's low property tax rate puts pressure on every revenue-generating mechanism the city has. Each of which comes with its own set of constraints about what can be charged and how the revenues can be used. And when it comes to new infrastructure, SDCs are far and away the most important tool we have. So the details of what we're allowed to do matter tremendously.

As concerns affordable housing, Bend has been a leading innovator of local and state policy. For example, on middle housing. HB 2001 in 2019 was based in many ways around Bend's work with middle housing policy.

Bend was the only city that unanimously supported that legislation. So it should be clear that we're not afraid to step out and do things differently. When a statewide housing crisis calls for change, we're certainly not afraid to meet that challenge head on, even when it means foregoing a bit of local control.

But on the matter of SDCs, and as concerns HB 3040, we don't see any clear public benefits to the current proposal. And we share the core concerns of the other cities, counties, parks districts, and other special districts you're hearing from today. The -1 poses tremendous administrative challenges, offers no clear benefits to the end users, and if anything will likely force us to raising SDCs or related fees to help cover the increased costs of administration. Most likely it will only complicate the already difficult local politics around SDC rate setting.

Bend already has in place significant allowances for affordable housing waivers and discounts on SDCs. And we allow voluntary multifamily deferrals. The former are very popular. The latter are rarely utilized.

As to the -1, shifting payments to closing would be enormously complicated and problematic with no clear upside. I'd refer you to Mark Gharst's excellent testimony from yesterday's hearing. And I will

follow up with additional details of our own. We have to imagine there are gains that can be made on transparency if we're willing to work through that topic together. And specific issues like manufactured homes deserve thorough consideration of policy options that allow for them to be treated much more like the affordable units that they are. Bend actually has a specific rate for transportation SDCs for manufactured homes that's about half the standard rate.

No one would question Bend's commitment to developing and implementing affordable housing solutions. But we question the need for this bill especially when there are so many other issues that we can be, and in fact are, working on together with all of you and other key interests in this building.

We respectfully ask that you abandon the -1 amendments and work with us to better understand the challenges we face on the ground every day in communities around the state. And then we can work to overcome them together.

Thank you,
Erik Kancler