



Main Office • 340 SE 6th Ave • Portland, OR 97214
Southern Oregon Office • PO Box 2442 • Grants Pass, OR 97528

February 10, 2024

To: Chair Kayse Jama and Members, Senate Committee on Housing and Development
From: 1000 Friends of Oregon

Re: SB 1537

1000 Friends of Oregon supports the majority of SB 1537, but one major component – the provision that bypasses land use law to allow large urban growth boundary (UGB) expansions – is something we can't support. We ask that you remove the urban growth expansion provision in SB 1537 and then pass the bill.

Sidestepping land use laws to expand UGBs to build primarily private-sector, higher income housing will take many years to build, will not result in many homes, and will not provide the housing Oregonians need. It puts more people farther away from the services, stores, and jobs they need, and makes affordable living even more unattainable. Not only will this provision not deliver the housing Oregonians need, it takes us in the wrong direction on housing, climate, and wildfire risk.

1000 Friends of Oregon is a statewide nonprofit organization. We have worked with Oregonians for 50 years to support livable urban and rural communities; protect family farms, forests and natural areas; and provide transportation and housing choices. One of our primary focus areas is land use planning Goal 10, Housing. Goal 10 directs that city comprehensive plans and zoning codes

“...encourage the availability of adequate numbers of needed housing units at price ranges and rent levels which are commensurate with the financial capabilities of Oregon households and allow for flexibility of housing location, type and density.”

For too long our cities have failed to meet Goal 10, the state has done little to enforce the Goal, and collectively we have failed to invest in the infrastructure necessary to meet the housing needs of all. This has contributed to Oregon's current shortage of housing and in particular, of housing affordable to those with moderate and lower incomes.

In the last decade, 1000 Friends has worked closely with partners and with legislators to change this, including through successfully advocating for adoption of bills to allow middle housing and accessory dwelling units on all single-family lots and neighborhoods, to make it easier to site affordable housing and emergency shelters, and to convert commercial lands and buildings to housing, to name just a few actions.

But this is not enough. Every Oregonian deserves a home they can afford, that meets their family needs, and is well-located in a livable neighborhood near schools, stores, parks, transportation options, and more.

SB 1537 offers much-needed infrastructure funding, focusing a \$200 million investment package on infrastructure for housing construction. That's an excellent start), as long as these limited public dollars guarantee affordable housing within our existing urban growth boundaries.

The bill also creates the Housing Accountability and Production Office to support housing production in local communities with transparency, clarity, and accountability. This is a crucial component of reducing barriers in building the affordable housing our neighborhoods need. And, SB 1537 incentivizes climate-smart housing by funding grants for new affordable housing construction to incorporate energy-efficient design. This reduces energy costs for residents with low and fixed incomes and stabilizes operational costs for owners.

However, the UGB expansion provision in SB 1537 will actually undermine our ability to deliver the housing Oregonians need, and it goes in the opposite direction of where we should be headed to decrease climate change and wildfire risk.

Oregon's cities already have tens of thousands of acres designated for residential use inside their UGBs, but the lands lack some or all infrastructure – roads, sewers, water, sidewalks. Investing in these lands is the most important step the state can take now to unlock large parcels and get them "shovel-ready" to quickly produce housing. While the infrastructure funding in SB 1537 is long-needed, we all know it is not enough. We should not be exacerbating this funding gap by adding ever more lands for which we do not have funding.

The legislature tried this in 2016, when it passed the so-called "UGB pop-out bill," allowing two cities (Bend and Redmond) to bypass land use laws and expand their UGBs by up to 50 acres. Now almost eight years later, those "pop-outs" have yet to produce any housing, because infrastructure is expensive, especially to stretch to the edge of urbanized areas. Repeating this same mistake will not produce a different result.

Oregon's housing underproduction is dramatically skewed: 95% of the current housing underproduction is impacting people with moderate and lower incomes. However, the housing allowed in the UGB expansion areas is not tied to meeting that need. These are the Oregonians for whom we should prioritize funding and policy – our nurses, teaching assistants, restaurant workers, and more. To do so, we need to build affordable housing where people already have community ties, jobs, and resources, and where people won't need a car to survive. But that is not what the UGB portion of SB 1537 does.

Rather, under the bill, 70% of the housing will be built by market rate developers. The allowed densities in the bill are low: 5, 6, or 10 dwelling units, depending on population size, outside the Metro area. That is single family, detached housing, which will not be affordable, especially given the cost of all the new infrastructure that will be required.

The bill states the remaining 30% of the housing must be "affordable," but that is defined to include housing for sale to those making 130% of area median income. We do need moderate income housing, *but this does not fall within the definition of "affordable"* even as used elsewhere in the bill. And, the housing need not be built until after 85% of the market rate housing is built. That could well be many years out. So these expansion areas may contain moderate income housing, but could well contain no "affordable" housing.

We support the requirement to include affordable and moderate rate income housing in all Oregon's neighborhoods, not just in expansion areas at the edge. And some of Oregon's cities are requiring this right now, under existing law, inside our UGBs, and with greater affordability requirements. We should be supporting more cities doing this, and not providing a less rigorous option as part of actually sidestepping existing law.

The often-repeated statement that these UGB expansion will not be onto Oregon's farm lands is simply not true. SB 1537 allows the UGB expansions onto urban reserves - these are areas around some of the state's UGBs where those cities have said they will expand their UGB, *if and when additional land is needed*, if and as they approach using up their existing 20-year land supply inside their UGBs. It is not a guarantee of urbanization and the reserves are designed to be used, if at all, in the long term. Most of the urban reserves are currently zoned for farm use and in agricultural production. SB 1537 encourages premature and unnecessary paving over of the lands supporting Oregon's #2 industry - agriculture.

We have a much greater understanding of the **accelerating nature of climate change**, and the degree to which we must take dramatic and significant steps to reduce our carbon emissions. It is going in the wrong direction to sidestep land use laws to allow urban footprints to expand, with the increased driving and impervious surfaces that will cause, and reduction in the carbon sequestration capacity of the lands paved over. **In many areas of Oregon, expanding the urban footprint means developing into the wildland urban interface.** This puts more lives, livelihoods, and homes at risk of wildfire – and it increases the likelihood that more catastrophic wildfires will occur.

Finally, the UGB expansion provision in SB 1537 conflicts with the strong Oregon Housing Needs Analysis (OHNA) program, which the legislature just passed with HB 2001 in 2023. OHNA requires that cities adopt housing production strategies that are designed to meet their housing needs, at all income levels. If a city determines that a UGB expansion is part of those strategies,

the city will have to use zoning and other tools (such as inclusionary housing, density bonuses, public subsidies, etc..) to ensure the UGB expansion contributes to meeting that housing need, including by income levels. Given that most of the housing Oregonians need is for those whose incomes are at and below 120% AMI, we do not believe the low densities and modest affordability allowed in the SB 1537 UGB expansion would qualify.

Because the UGB window under SB 1537 is so long (almost 10 years), in under two years a city could pursue *either* the OHNA UGB expansion process or the SB 1537 expansion process. We have already heard of cities and developers that are interested in possibly using the SB 1537 process in a few years because it will be less rigorous than OHNA. It seems we should not build in a path with a long time frame that undermines the excellent work this legislature did with HB 2001 in 2023.

We urge you to remove the large UGB expansion provision in SB 1537 and pass the bill. Thank you.