

February 9, 2024

Senate Committee on Housing and Development
Oregon State Capitol
Salem, OR 97301

RE: SB 1537

Dear Chair Jama and Members of the Committee:

The City of Gresham would like to thank the Governor's office for continued communication during the interim on SB 1537. Some of the proposed changes within the amendment are a direct result of this collaboration.

There are many aspects of the bill, and Gresham is currently overall neutral on the bill but does oppose some sections as currently written.

Gresham has worked diligently over the past several years to update codes and policies based on state changes. These updates include updating the code for middle housing, clear and objective housing standards, completing a housing production strategy, and changes to the development code to provide allowances for affordable housing developments. Gresham has dedicated a lot of staff time and capacity to this work and is continuing to improve with an update to our development code underway. The update takes the lens of minimizing staff and developer time and cost associated with development projects. Gresham is putting in the work to increase housing production and encourage a variety of housing types.

One of Gresham's biggest challenges with housing development is the lack of funding for infrastructure. Gresham has two UGB expansion areas from the early 2000s that are languishing partially developed. The biggest hindrance to development is infrastructure. We are forced to rely on developers for incremental infrastructure, which drives up the cost of development and drastically slows development.

Financial Assistance Supporting Housing Production

Gresham appreciates the inclusion of infrastructure funding within SB 1537 but would like to provide some feedback. The inclusion of specific water infrastructure funding in the -1 amendment is very appreciated and the funding structure is supported. Those flexible funds would be very valuable to help unlock greenfield land currently in Gresham's UGB expansion areas. Water is only one piece of needed infrastructure. Gresham would advocate that the rest of the infrastructure funding within the bill fall under the same parameters as the water funding. The other infrastructure funds are limited to site-specific developments that are dense and have an affordability tie. The current restrictions on that funding will not substantially increase housing production.

Revolving Loan Fund

The revolving loan fund program proposed within the bill has some flaws. The density and affordability requirements under this program will not substantially increase attainable market-rate homeownership units. Adjusting the affordability requirements as well as density requirements would be ideal to promote the development of a variety of housing types and could provide meaningful housing development opportunities within Gresham.

The structure of the loan program relies on cities utilizing a lot of staff capacity to stand up a program that may or may not garner applicants. There's no compensation for that work unless a developer successfully receives a loan and the city then can receive 5% of the loan amount for admin. Many cities (including Gresham) do not have the in-house staff

resources to create/run this type of program and would need guaranteed/dedicated funding to do so. Gresham advocates for a different funding structure to compensate jurisdictions for creating and running a loan program.

Housing Land Use Adjustments

The City of Gresham opposes this portion of the bill as currently written. The current language is that developers just need to state in their development application that the adjustments will either enable the development of housing that is not otherwise feasible due to cost or delay resulting from unadjusted land use regulations, the adjustments will reduce the sale or rental price per unit, the adjustments will increase the number of housing units within the application, all or 20% of units in the application are subject to an affordable housing covenant, the adjustments will enable accessibility or visibility features not otherwise feasible due to cost or delay, or all units are subject to a community land trust model of ownership. Many of these provisions are subjective and cannot be verified by jurisdiction staff. We would like to see this language changed to require a developer to provide information showing that one of the situations is applicable.

The adjustments allowed within the current bill are substantial. A developer should be required to show a benefit to the ultimate homeowner or renter to qualify.

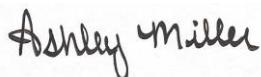
Housing Accountability and Production Office

Like other communities, Gresham doesn't see the clear need or benefit of the creation of HAPO.

Gresham is neutral or supportive of the other sections of the bill. Of note, there are issues with the UGB expansion portion of the bill, but Gresham will defer to other community feedback as Gresham would not pursue an expansion. Gresham needs resources to help unlock greenfield areas within the UGB expansion areas from the early 2000's.

Thank you very much for your time and consideration.

Sincerely,



Ashley Miller
Director of Urban Design & Planning
City of Gresham