



April 7, 2025

Legislative Fiscal Office  
House Committee On Housing and Homelessness  
900 Court St. NE, H-178  
Salem, OR 97301

SUBJECT: House Bill 3939  
RE: 2025-27 Capital Funding Request – City of Dallas

Dear Representative Elmer and Members of the Committee:

I am providing this written testimony in support of the proposed Capital Funding Request for the City of Dallas. As this committee is aware, the cost of housing has increased exponentially in recent years, so much so, that many have been priced out of the market. Extending the infrastructure grant program for projects like what is described in Capital Funding Request 2025-27, will help provide more affordably priced housing stock from both shovel-ready projects, and future projects that can be served by the infrastructure improvements described in the request. I strongly support HB 3939 and urge the Committee to approve Capital Funding Request 2025-27 for the City of Dallas.

Ever since COVID-19 rocked the globe, the housing industry in Oregon has been unpredictable and subject to numerous economic factors that have created a volatile housing market. The global supply chain was impacted during COVID-19 when materials manufacturers shutdown/reduced production and shipping/trucking routes were impacted by labor shortages and increased border and shipping port policies. As a result of such a massive supply chain disruption, the housing industry experienced a period of hyper-inflation in order to ration what little materials were being produced and brought to market. For example, prior to COVID-19, a  $\frac{1}{2}$ " 4'x8' sheet of OSB (oriented strand board) used for exterior sheathing, cost approximately \$7.50/sheet. At the height of COVID-19, the cost rose to \$88/sheet. While these costs have stabilized since the pandemic ended, the cost of the same OSB today fluctuates between \$16 and \$22/sheet, still more than 100% higher than pre-pandemic levels.

Similar to the OSB example above, cost of petroleum-based products such as 3034 pipe used in infrastructure projects for sanitary sewer and storm drain mains, is nearly 300% higher than pre-pandemic levels. The effects of inflation are present in nearly all industries, but specifically to housing, inflation has reduced the production of housing, further exacerbating the housing shortage Oregon faces.



In addition to the volatility experienced in materials prices, the Federal Reserve, to curb the rate of inflation, took aggressive steps to raise its short-term borrowing rate. In less than a year, commercial borrowers, such as housing developers, saw their borrowing rates nearly double. When SBC Homes developed the first phase of the Oakdale Estates project in 2022, the interest rate on the infrastructure loan was 4.5%. By the end of 2023, after the Federal Reserve's rate increase campaign, the interest rate was over 9%. In this new interest rate environment, similar to what was seen in the multi-family sector, SBC Homes put its next 59-lot subdivision on hold.

Finally the end consumer has experienced a massive reduction in purchasing power since COVID-19. During the pandemic homebuyers saw mortgage rates dip below 3%, which allowed many buyers with lower incomes to buy their first home. However, mortgage rates jumped in lock step with the Federal Reserve's short-term rate increase, and as recent as the beginning of 2025, we saw mortgage rates crest over 7%. Predictably, a higher mortgage rate environment has priced many would be homebuyers out of the market and crushed their dreams of homeownership.

The volatility described above has made for a very difficult and unpredictable housing industry, resulting in fewer homes being built. More importantly, fewer homes at more affordable prices are being constructed by local builders. Infrastructure grants, as proposed in HB 3939, will go a long way in the government/private industry partnership to provide much needed housing at lower price points. SBC Homes is committed to serving the first-time buyer, and Capital Funding Request 2025-27 will help add more affordably priced homes in the City of Dallas. I support this funding request and urge the Committee to approve.

For any questions regarding this narrative, please contact the undersigned at 971-600-4019.

Respectfully,

Jed Bennett  
SBC Homes - Member