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February 15, 2023

Rep. Maxine Dexter, Chair, and Members
House Committee on Housing and Homelessness
State Capitol
Salem, OR

Re: Testimony in support of HB 2001, -1

Dear Chair Dexter and Committee Members,

Thank you for the opportunity to provide supportive testimony for HB 2001 and the -1 amendment. Central Oregon LandWatch (“LandWatch”) is a conservation organization that, for more than 35 years, has been working to create well-planned cities and protect wild, open spaces across the region.

Oregon’s housing crisis spans a spectrum from homelessness to a lack of middle housing (60-120% AMI). HB 2001, -1 includes policies, programs & funding that tackle issues along this entire spectrum. This session, substantial and sustained state funding for middle housing production, development readiness and housing-related infrastructure is particularly critical to tackling Oregon’s housing crisis with urgency. In Central Oregon, a lack of infrastructure funding is one of the most significant and challenging barriers we face in building much-needed housing in our communities. *Please see attached memo for the data-driven Bend case study highlighting this.*

Currently, HB 2001, -1 includes \$3M in affordable housing predevelopment grants, which is a great start. However, as HB 2001, -1 moves forward, we encourage you to: 1) Increase the funding for affordable housing predevelopment grants; 2) Include additional provisions from HB 2981 that fund middle income housing infrastructure and middle housing construction loan guarantee funds – and, 3) Do so at funding levels that are more aligned with those outlined in HB 2981, given the significant infrastructure needs of cities throughout Oregon.

By focusing on effective, multi-pronged policies and providing state funding for housing-related infrastructure that helps cities make the most of what they have, we can significantly increase the housing quantity, choice, and affordability that families need, in Bend and every Oregon community.

Sincerely,

Corie Harlan
Cities & Towns Program Manager



WE DEFEND AND PLAN FOR CENTRAL OREGON'S LIVABLE FUTURE

Tackling the housing crisis in Bend, Oregon and beyond

Effective, near-term, consensus-based solutions for the 2023 Oregon Legislative Session

Housing options for all

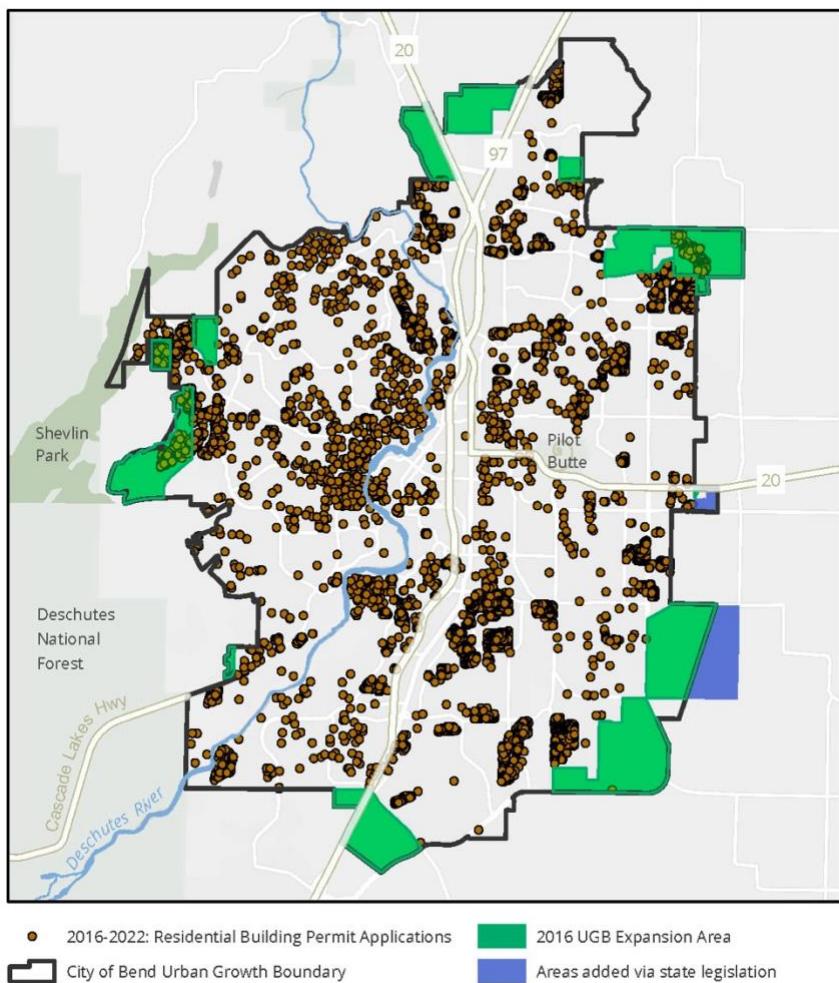
Shelter is a fundamental human need. Housing options for all are the cornerstones of safe, stable, equitable, and thriving communities. Oregon, like the rest of the nation, is in a housing crisis. **The big takeaways:** We can help deliver abundant housing options to Oregon's communities by: 1) Working together this legislative session to implement effective, *consensus-based* policies; and 2) Providing state funding for housing-related infrastructure.

City of Bend case study: Making the most of what we have

Central Oregon is the fastest-growing region statewide – and we've been planning for this growth. In 2016, Bend added 2,380 acres across ten different expansion areas to its urban growth boundary (UGB) to

accommodate a minimum of 5,370 housing units.

However, most new residential development activity has occurred within Bend's existing neighborhoods – not in expansion areas (see map). **Over the past six years, less than 10% of total possible housing units have been built in Bend's expansion areas. Why?**



2016 UGB Process: Ten Expansion Areas¹

Total Expansion Area Acres	2,380 acres
Minimum possible housing	5,370*
Total housing units built to-	509** (9%)

Housing-related infrastructure funding is key

In addition to market factors, like interest rates and building costs, infrastructure improvements are one of the most significant barriers to available land becoming shovel-ready for housing

development. Bringing new water, sewer, and transportation infrastructure to undeveloped areas is expensive, complex, and time-consuming. In Bend's expansion areas, there is a \$101 million funding gap for

¹ Sources: City of Bend Comprehensive Plan (Chapter 11), City of Bend Community Data Explorer, Bend Land Information System (BLIS)

*This number does not include middle housing opportunities afforded by HB2001. It is the minimum required for each expansion area. The number of housing units that could be built in these areas is even higher.

**Source: November 2022 City of Bend staff analysis, subject to change

transportation infrastructure alone². This doesn't include sewer, water, and other utility costs, which substantially increase this funding gap. It's the same story in 'small scale' UGB Amendments/Expansions that have been added to Bend's UGB via state legislation (2016's HB4079 Affordable Housing Pilot and 2020's HB3318 Steven's Road Tract): Infrastructure costs have been a significant barrier to much needed housing being built.

Areas Added via State Legislation			Bend's Expansion & Legislatively Added Areas	
Legislation	Acres	Possible Housing Units		
Stevens Tract (2020)	261	2,400 (800 affordable: 60-80% AMI)		
HB 4079 Pilot (2016)	35	345 (138 affordable: 80% AMI)		
TOTAL	296	2,745		
TOTAL BUILT	0	0%		

Consensus-based policies & infrastructure funding can deliver housing options for all

Like other Oregon cities, right now Bend has available land within its current UGB that can become housing if we **implement consensus-based housing policies, including providing significant state funding for housing-related infrastructure.**

The [Oregon Department of Land Conservation & Development and Oregon Housing & Community Services report to the 2023 Legislature](#) outlines policies that have broad stakeholder support and consensus because they will have the most significant impact on meeting Oregon's housing needs. To meaningfully tackle Oregon's housing crisis, it will be important to move all OHNA's consensus-based policy recommendations forward – and the recommendation to **commit substantial and sustained state resources for housing production, affordable housing production, and development readiness, including infrastructure funding, is particularly critical.** A good place to start is committing sustained investment in the production of housing that the market is unlikely to produce on its own, including investments in infrastructure and development readiness, system development charges (SDCs), and gap funding and loan guarantees for affordable and diverse housing options.

It will also be important to not get bogged down with concepts that lack consensus. As noted by OHCS and DLCD, small scale UGB amendment/expansion policy options are contentious, not fully developed, and are not one of the most impactful policies for delivering more housing, quickly.³ Nearly seven years after its passage, the affordable housing pilot created by HB4079 has not yet delivered any housing units to the communities where it has been implemented (Bend, Redmond, Pendleton). **By focusing on areas of consensus and providing state funding that helps cities make the most of what they have, we can significantly increase the housing quantity, choice, and affordability that families need, in Bend and every Oregon community.**

City of Bend housing-related infrastructure needs

The City is unable to meet all its infrastructure needs through existing funding mechanisms. For example, per

² [2020 Bend Transportation System Plan, page 121](#)

³ [Oregon Housing Needs Analysis \(OHNA\) Recommendations Report: Leading with Production](#), pg. 9; Land Conservation and Development Commission meeting, [DLCD testimony](#), November 17, 2022: 3:14:47 & 3:17:16

the City's 2020 Transportation System Plan, the estimated funding need over the next 20 years is \$942M and with a funding gap of \$463M. Contributing factors include declining federal and state funding sources, limited local funding for multiple city-wide priorities including police, fire, and housing; limited ability for Oregon cities to raise revenue through property taxes; a backlog of deferred maintenance; and increasing construction and maintenance costs. While SDCs are the largest local funding source, funding is limited to specific capital projects. New, substantial, and sustained state resources for infrastructure funding are needed to close the funding gap and tackle Bend's housing crisis.

Infrastructure investments in key areas will unlock critical housing needs and help create complete communities. Bend has areas that have been designated to accommodate more of Bend's rapid growth and deliver complete communities with more affordable housing options close to essential services. These Expansion and Opportunity areas are where transformative infrastructure investments can help address Bend's most pressing issues and deliver multiple benefits to our community. State funding for housing-related infrastructure investments in these areas would:

- Catalyze more affordable housing and mixed-use development in our communities;
- Provide more equitable housing and transportation options to marginalized and underserved community members;
- Tackle climate change by reducing greenhouse gas emissions from transportation;
- Support a vibrant, diversified economy where businesses and their employees thrive; and
- Provide more safe, accessible ways to get around town that don't always require a car.

With this lens, the following infrastructure projects are key priorities in our community. While City of Bend's infrastructure needs are far greater than this list, this provides a targeted look at what kinds of investments are needed to tackle the housing crisis in our community in ways that make Bend a more vibrant, equitable and healthy place for all. City of Bend estimates that with these investments, 3,050 housing units and 4,450 jobs would be created. Over \$60M of local funds and \$250M of private investment could be leveraged with these projects.

- **Hawthorne Overcrossing (\$10M):** A new, vital, and catalytic overcrossing to connect bike and pedestrian routes between Downtown and the Bend Central District.
- **Key Walking and Biking Routes (\$25M):** Infrastructure needed to complete Bend's twelve walking and biking routes that are the backbone of the City's low stress network.
- **Central Interceptor Project (\$12M):** This sewer project is essential for increased (re)development of the Core Area, as well as the future designation of Climate Friendly Areas.
- **Southeast Area Plan Sewer (\$16M):** Essential sewer infrastructure is needed to develop more than 400 acres of land in a UGB expansion area, which would support 1,230 dwellings, 2,800 jobs, a neighborhood park, elementary school, and multi-use paths.
- **TOTAL: \$63M**

As legislators craft solutions to Oregon's housing crisis, we urge you to explore programs and funding mechanisms that help communities like Bend close the gap on their infrastructure needs and in doing so, deliver more housing options to our communities with urgency.ⁱ

ⁱ This memo was created by Central Oregon LandWatch | www.centraloregonlandwatch.org | Corie Harlan, Cities & Towns Program Manager, corie@colw.org