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March 18, 2019

Committee Members – House Committee on Human Services and Housing

Representative Alissa Keny-Guyer, Chair  
Representative Ron Noble, Vice-Chair  
Representative Tawna Sanchez, Vice-Chair  
Representative Cheri Helt  
Representative Mark Meek  
Representative Tiffany Mitchell  
Representative Sheri Schouten  
Representative Anna Williams  
Representative Jack Zika

**Delivered via Email**

**RE: PUBLIC HEARING: HB 2001-10**

Dear Representative Keny-Guyer and Committee Members,

I am writing to provide my testimony on the proposed amendments to HB 2001 being considered today at your committee's public hearing. McMinnville applauds the bill's goal of inclusive neighborhoods, which align with work underway in McMinnville, and we support many of the amendments that have been made to the bill since its introduction. However, we still have some concerns about the mechanics and process outlined in the bill – namely regarding the mandate itself irrespective of infrastructure conditions, the amount of time allocated to cities to conduct the necessary planning to support the mandate, the omission of transportation and schools as part of the necessary public facility planning, and the definition of town homes.

Specifically the following sections of the proposed amendments:

- The definition of "Townhouses" in Section 2(c)
- Compressed timeframe for enactment in Section 3
- Omission of transportation and schools from public facility planning in Section 3a(2)
- Lack of clarity on what the extension allows in Section 3a(3).

From what we understand, the overall goal of HB 2001 is to create equity and inclusion in Oregon neighborhoods, and the City of McMinnville is supportive of that goal. We are currently in the process of adopting some amendments to our Comprehensive Plan that speak to the same goals and principles. We have thirteen overall "Great Neighborhood Principles" geared towards

ensuring that everyone has an opportunity to live in a great neighborhood in McMinnville regardless of income. One principle is specific to housing types provided below:

**Housing for Diverse Incomes and Generations.**

***Great Neighborhoods provide housing opportunities for people and families with a wide range of incomes, and for people and families in all stages of life.***

***A range of housing forms and types shall be provided and integrated into neighborhoods to provide for housing choice at different income levels and for different generations.***

For nearly forty years Oregon cities have carefully designed infrastructure (roads, water, sewer, parks, transit and schools) to support planned residential density per our comprehensive plan designations and zoning. We have done so with the mindset of planning only for that type of growth in order to be fiscally responsible, i.e. not overbuild roads, sewer, water and parks where it is not necessary. All of this is conducted in a very robust and local public engagement process. This has essentially been the hallmark of Oregon urban planning. As written, this bill could potentially negatively impact all of that planning by mandating an action that would increase density by 400% in single family residential zones without the appropriate time and resources to ensure that the infrastructure systems can support that type of increased density without unintended negative public health and safety impacts. Essentially cities will need to update their Wastewater Master Plan, Stormwater Master Plan, Water Master Plan, Transportation System Plan, Parks Master Plan, and School Facility Plans. Without these necessary updates, cities may or may not have the infrastructure capacity to support this type of increased density in some areas of their communities, and cities are mandated to allow such development in areas where the infrastructure capacity does not exist, the infrastructure will fail, causing sewage overflows in homes and on streets, transportation safety issues, loss of fire flow for fire safety, etc. This type of planning is critical to support the mandate and typically will take 3 – 4 years with the appropriate amount of resources.

Additionally a compressed timeframe does not allow for the local public engagement and process that is Oregon Land Use Goal #1.

**Comments on HB 2001-10**

- Section 2(c): Definition of “Townhouses”.

This language is problematic and is much broader than a typical townhouse definition.

- Section 3(b): Timeframe for Enactment.

**Currently “December 31, 2021” - we propose “December 31, 2022.”**

The proposed amendment has added a year to the overall deadline for enactment, which we appreciate. However, we still feel that it is still too compressed and would recommend amending it to December 31, 2022, which would allow cities 3 ½ years to update all of their infrastructure plans and to implement local design and development standards that reflect local community values.

Communities need time to do the work. Due to the potential of increasing neighborhoods by four times the current density, the transportation system plan, wastewater master plan, water master plan, stormwater master plan and potentially the parks master plan all need to be updated to accommodate the increased density. Based on the existing Oregon land use system, current roads, water pipes, sewer pipes and parks are not designed to accommodate that type of density in single family residential zones, which will wreak havoc with all of the infrastructure networks and potentially create long-term public safety and public health issues. Additionally, most cities will want to implement some sort of design and development standards for each housing type to ensure that the form and function are compatible with the existing built environment. This work takes time, and this is the work that is mandated in the Oregon land use system.

Local land use regulations are the implementation element of local Comprehensive Plans, and the goals and policies embedded therein. This mandate could put cities in the position of having ordinances which are in conflict with their Comprehensive Plans, and potentially lead to a situation with findings that the local land use program is out of Compliance with the Statewide Planning Goals.

One critical issue of consistency between the Comprehensive Plan and implementation ordinances applies to infrastructure planning and capacity. Per ORS, cities plan infrastructure systems to support the proposed density of our comprehensive plan and zones – no more and no less. Presumably this helps cities to “right-size” their infrastructure from a cost perspective. The fact is that this mandate will be difficult to achieve in some cities and single family residential zones. Outside of large metropolitan areas, the infrastructure systems and amenities in single family residential zones are just not planned to support a 400% increase in density. Roads, water and sewer systems are not designed and built to support that type of density. School facility planning does not account for it either. Many cities can adapt into a new policy with the proper analysis and planning but not all will be able to do so without significant, costly and unattainable infrastructure improvements.

As described above, cities will need to update their Wastewater Master Plan, Stormwater Master Plan, Water Master Plan, Transportation System Plan, Parks Master Plan, and School Facility Plans. Without these necessary updates, cities may or may not have the infrastructure capacity to support this type of increased density in some areas of their communities, and cities are mandated to allow such development in areas where the infrastructure capacity does not exist, the infrastructure will fail, causing sewage overflows in homes and on streets, transportation safety issues, loss of fire flow for fire safety, etc. This type of planning is critical to support the mandate and typically will take 3 – 4 years with the appropriate amount of resources.

Additionally, this type of paradigm shift in neighborhood planning should be a comprehensive local community dialogue as it will be impactful to all of the residents in the community. Oregon Land Use Goal #1 is citizen involvement. We work hard to ensure that we are always honoring that goal and process. The current timeframe will not allow for the type of evaluation, analysis and public process that needs to take place to support this concept in a meaningful, intentional and successful way at the local level,

- Section 3a(2) Omission of transportation in list of infrastructure services.

**Currently, “The extension under this section only applies to specific areas where the local government has identified water, sewer or storm drainage services that are either significantly deficient or are expected to be significantly deficient before December 31, 2023, and for which the local government has established a plan to remedy the deficiency in those services” – we propose to add transportation to the list of services.**

We are not sure why transportation infrastructure was omitted from this section, however it is a critical part of our infrastructure network to serve development and manage public safety.

In McMinnville we adopted a skinny streets policy in our single family residential developments to increase land-use efficiencies within our urban growth boundary. Most of those neighborhoods are not currently served with public transit. Increasing the density in those neighborhoods will impact the transportation network and will need to be addressed. Some of those improvements may be complex and impactful.

- Section 3a(3) Lack of clarity on what the extension allows.

Is this an extension to adopt the regulations due to more time needed for the infrastructure planning or to implement the necessary infrastructure improvements?

What happens in those neighborhoods that will need significant infrastructure upgrades to accommodate the increased density? Is there a time allocation for making those improvements? Is there a reasonable fiscal test for what makes sense in terms of the investments requires to support the increased density? If the improvements are cost prohibitive does that then in and of itself work in contradiction to the goal of inclusive neighborhoods?

- Gentrification – What will prevent it? Need to add a section of Affordable Housing Tools

**We propose adding a Section that provides tools to local municipalities to help mandate affordable housing as part of this effort.**

If the goal is truly equity and inclusion, we are fearful that this bill will not achieve that. It could lead to gentrification in communities that are land constrained. Mandating missing middle housing types does not guarantee affordable housing and inclusive neighborhoods. Density does not equate to affordability. In cities like McMinnville, where we have struggled to increase our land supply for the past forty years, land is at a premium, and my fear is that a mandate such as HB 2001 will lead to gentrification in our more affordable neighborhoods. For example we currently have a developer building a new market-rate apartment project on a lot that has seven low-income units on it. They want to build a twelve unit project. The resulting market rates of the new units will be cost prohibitive to the existing tenants that will be displaced. However, due to a deficit of housing units over the past ten years there is a demand for apartment units at an inflated

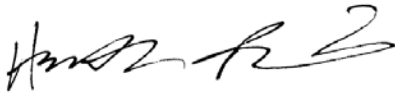
market rate and the developer is taking advantage of that demand. More density does not always equate to affordable housing, especially in a constrained land supply environment.

McMinnville worked with Representative Noble to amend the Inclusionary Zoning legislation which currently allows local municipalities to mandate that up to 20% of dwelling units in an apartment building of 20 units or more need to be affordable. The problem with the existing language is that no one builds apartment buildings of 20 units or more in a city that is not a large metropolitan area unless it is a housing authority due to the associated costs of construction with that building type. Typically we see apartment buildings of 12 units clustered together in a complex. We suggested that the definition of a qualifying housing project change from an apartment structure of 20 units to a housing project of 20 units, and then the local communities can define what that is – ie a subdivision, a cottage cluster, an apartment complex, etc, (and not restricted to multi-family development).

We need some additional tools like this to help us achieve the overall intent of the bill.

As I mentioned at the beginning of this letter, the City of McMinnville has similar goals for inclusive neighborhoods and has already started the dialogue locally. We want to be part of the solution and are excited about the dialogues underway. We appreciate the amendments that have been proposed but still feel that there is some additional refinement needed with the bill's language so that this is a successful program in communities.

Yours sincerely,



Heather Richards  
Planning Director, PCED

CC: McMinnville Affordable Housing Task Force  
Taylor Smiley Wolfe, Speaker Tina Kotek's Office  
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