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March 18, 2019

House Human Service and Housing Committee
Oregon State Capitol
900 Court Street NE
Salem, OR 97301

RE: Testimony regarding HB 2001 as amended

Chair Keny-Guyer, Vice Chair Noble, Vice Chair Sanchez, Members of the House Human Service and Housing Committee:

Sherwood is a community of just under 20,000 on the western edge of the Metro area. In 1990, we were a population of 3,000. Sherwood has grown immensely in the past 30 years, while maintaining a small town feel. We are currently working on an update to our Comprehensive Plan to ensure that, as we change and grow over the next 20 years, we are able to continue to hold onto what we value: our strong schools, safe roads, great parks, and caring and inclusive community. The City of Sherwood provided testimony on HB 2001 at your first public hearing and appreciate that changes were made in response to testimony received. That said, in reviewing the proposed amendments to the bill, I would like to offer the following additional comments/concerns:

One size does not fit all

While it is appreciated that the amendments now provide a differentiation between cities greater than 25,000 and those less than 25,000, it considers all cities, regardless of size, in a metropolitan service district the same. It is recommended that the bill be modified to exclude reference to cities within a metropolitan service district so that the requirements apply to cities of similar sizes.

Unclear what happens when population reaches 25,000

The bill is silent about what happens when a jurisdiction under 25,000 grows in size and reaches that 25,000 threshold. It does not make sense have suddenly have to change plans, assumptions, etc at a given point in the future simply because the population reached a specific level. It is recommended that the bill, if adopted, include a date which the population trigger is tied to. For example, "Except as provided in subsection (4) of this section, each city with a population greater than 25,000 as of _____ as reported in the 2020 census...."

Timeframe and continued lack of planning

Regardless of what criteria must be met (duplex or all missing middle housing types) the timeframe is very tight. The City of Sherwood is currently in the

process of updating our comprehensive plan. We estimate 24 months to complete the plan itself and then must develop specific code amendments to implement the plan. This is likely to take an additional 12 months. It is recommended that the implementation timeline be extended.

Tools not mandates

As mentioned, Sherwood is currently working on an update to the comprehensive plan which will include planning for housing, including missing middle housing. Sherwood needs tools and resources to assist us in facilitating the conversations at the community level and planning for missing middle housing that addresses the needs and concerns unique to us. A flat mandate that assumes all cities developed the same way at the same time and can therefore incorporate re-development the same way is not realistic. It is recommended the bill be modified to allow jurisdictions flexibility to plan and implement missing middle housing that reflects their unique needs, demographics and geography.

Citizen involvement and planning is still missing

Our most profound concern with the original version of this bill has not been addressed with the amendments and that is the concern that House Bill 2001 continues to circumvent the land use planning process. Statewide Planning Goal One requires citizen involvement in the planning process. This bill would take away the ability for local residents to have any input into the planning that goes into their communities, which is completely contrary to the Statewide Planning Goals that help make our State so magnificent.

While the bill does grant extensions to the requirement to implement the bill if capacity deficiencies are identified, the extension is only 6 months. This really does not provide time to evaluate the need or identify fundable solutions within a reasonable timeframe. This bill would require that cities accommodate four times the density, without any ability or requirement to consider the multitude of potentially competing issues and impacts. Through good planning, we carefully consider all impacts of specific actions, and identify necessary mitigations and needed funding.

Unfunded mandates

The costs involved in developing code amendments and taking them through the state mandated public outreach process is estimated to be a minimum of \$30,000. This estimates \$15,000 in staff time (which would be taken off of other important projects) and \$15,000 in consultant time. In addition, after these amendments were made to the code and comprehensive plan, cities would need to update their Housing Needs Analysis, Transportation System Plan, and utility plans (sanitary, storm and water) to ensure that changes are not needed based on the increased demand. Each of these plans is approximately \$100,000 to update.

The bill continues to require cities to establish a system development charge deferral program in a manner that does not fully protect city interests. By deferring payments of certain system development charges (SDCs), the risk of default will lie with the city and, therefore, with the current citizens. SDCs are intended to insure infrastructure investments are paid for by new users. If a developer defaults before a project is completed, a city will not be able to collect the fee because no certificate of occupancy will be issued. In addition, properties can be transferred prior to the certificate's

issuance and that places the lien onto the purchaser without allowing their financing for the purchase of the units to include the fee. In addition, there will be increased work for cities where not all SDCs are charged by the city. Where special districts and counties assess the SDC, cities often merely collect pursuant to the SDC established by the other local jurisdiction. The increased efforts to ensure that the deferral and encumbrances are coordinated between all the jurisdictions charging an SDC could significantly increase workloads in some areas that rely on multiple service providers. If a deferral program is to be included in this bill, we need significant safeguards to insure that cities will not be left on the hook for sunk costs, and increased flexibility in how to provide such an option to a developer.

Other impacts

In addition, school districts, including the Sherwood School District, have not planned and would have difficulty planning for the type of unpredictable growth that could occur if this bill were passed. School planning has historically been based on zoned capacity, and new schools must be considered and funded years in advance. Sherwood schools are currently significantly overcrowded and a bond was passed in 2016 to construct a new high school, which was designed to accommodate anticipated growth but will not accommodate the potential density increase that this bill would provide. The District cannot bond for additional facility improvements for approximately 12 years due to limits on the amount of bonded debt allowed. There is also a significant disconnect between how school capacity is funded and planning for increased housing density. This is especially prevalent in communities like Sherwood where the student age persons per household ratio is the highest in the state. Schools General Obligation Bonding capacity is capped at 7.95% of the real market value of all property in the district. The value of the underlying property value is not increasing at rate fast enough to account for the increased number of students and the facilities required to accommodate them.

Sincerely,



Julia Hajduk
Community Development Director

Cc:

City Council
Joseph Gall, City Manager