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June 12, 2019

Co-Chairs Sen. Manning and Rep. Gomberg and Members
Transportation & Economic Development Subcommittee, Joint Ways & Means Committee
State Capitol
900 Court Street NE
Salem, OR 97301

Re: HB 2001A, with -16 and -21 amendment

Dear Co-Chairs Sen. Manning and Rep. Gomberg and Committee Members:

1000 Friends of Oregon has submitted written testimony supporting HB 2001A, with the -16 and -21 amendments. This testimony is to respond to three specific issues that were brought up in the first part of this Subcommittee's hearing on this bill.

1. HB 2001A is Not an Improper Direction to Local Governments

Some testifiers claimed that the state should leave planning for residential uses to cities. Frankly, Oregon's land use planning program has given cities that opportunity and direction for 40+ years, and they have fallen short – thereby contributing to why Oregon has a housing supply and affordability challenge in almost every city, and why we are overdue for HB 2001A.

Since 1975, Oregon's land use Goal 10, Housing, has provided direction to cities to both encourage and require needed, diverse, and affordable housing choices *for all*. Specifically, Goal 10 requires that the local land use plans of every town and city:

“encourage the availability of adequate numbers of **needed housing** units at price ranges and rent levels which are commensurate with the financial capabilities of Oregon households and allow for flexibility of **housing location, type and density.**”

Goal 10 further directs Oregon's cities to plan for “needed housing,” defined by the Goal as “include[ing] (but is not limited to) attached and detached single-family housing, multiple-family housing, and manufactured homes, whether occupied by owners or renters.”

However, over the years, **Oregon's cities have fallen short of this Goal, by not updating their residential zoning to keep up with the changing needs of Oregon's families.** Family sizes are getting smaller, the populations of those over 65 and of younger families are growing, and the cost of housing is outpacing incomes. But city zoning does not reflect these changes. This is not an issue of land supply – it's making sure *all* our neighborhoods are open to *different types of housing*, for all families.

As a result, according to the Oregon Office of Economic Analysis, Oregon is short more than 155,000 homes, mostly for middle- and lower-income Oregonians.¹ The OEA calculates that Oregon needs “to build 30,000 new housing units per year” to meet the needs of all.²

What kind of housing choices do Oregonians need? As demonstrated by numerous studies, including Housing Needs Analyses prepared – but largely not implemented – by Oregon cities, by AARP,³ by the OEA, and more, Oregon’s families need smaller, more affordable housing choices.

In every community Oregon, over half the households are made up of 1 or 2 persons,⁴ a trend that is growing, and **yet most residential land, in most cities, is zoned for detached single family housing,**⁵ leading to both unaffordability and lack of choice.⁶

This did not happen overnight, but rather is the result of decades of, at best, inattention. It is past time for the state to make clear that all Oregon’s cities must comply with Goal 10, and provide housing opportunities that meet the family size and income needs of all Oregonians.

2. HB 2001A Delivers More Affordable Housing for Middle and Lower Income Oregonians; the -22 Amendment will Not Result in Affordable Housing

Allowing smaller housing options, such a duplex, triplex, or fourplex, on lots currently set aside for only one house, will provide more affordable housing options for more Oregon families in all neighborhoods of opportunity. The proposed -22 amendments, by limiting these smaller housing options to housing guaranteed affordable to those making 80% or under of area median income, will freeze middle income Oregonians out of the benefits of this bill, it will ensure that *even duplexes* are not allowed in the wealthiest neighborhoods, and it will not deliver affordable housing to lower income households.

The Oregon Office of Economic Analysis estimates that Oregon needs to build 30,000 new housing units per year to meet the state’s current housing deficit and for future population growth. However, Oregon’s cities collectively approved just over 20,000 housing permits in 2017. This was the height of permit

¹ *Housing Underproduction in Oregon*, prepared by ECONorthwest for Up for Growth, p. 4 (2018).

² Oregon Office of Economic Analysis, *Why Housing Supply Matters* (December 14, 2017)

³ “[A]dults living alone account for nearly 30 percent of U.S. households — and that’s a growing phenomenon across all ages and incomes. The housing supply, no matter the locale, has been slow to meet the demands of this burgeoning market or respond to the needs of increasingly varied living arrangements. “

AARP, *Making Room: Housing for a Changing America*, <https://www.aarp.org/content/dam/aarp/livable-communities/livable-documents/documents-2019/making-room-web-singles-010819.pdf> (2019)

⁴ 64.5% of Oregon’ households consist of 1 or 2 persons. American Community Survey, <https://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?src=CF> (2017)

⁵ E.g., in Portland, almost 90% of the residential zoning is for single dwelling, detached housing. In Medford, it is about 67%. In Sherwood, 72% of the housing stock is detached single family (Sherwood Housing Needs Analysis, draft March 2015, ECONorthwest).

⁶ Lack of sufficient housing, including diverse market-rate housing, located where people need to live, is also exacerbating homelessness. ECONorthwest, *Homelessness in Portland*, <https://econw.com/econw-in-the-news/2018/11/2/new-report-homelessness-in-the-portland-region> (October 2018) E.g., "Accelerated housing production—at all price points—would make small reductions in the likelihood of homelessness for large numbers of people. The underproduction of housing has contributed to the region’s rising rents, which—in turn—have increased the severity of the homelessness crisis. " (p. iii)

approval since the Great Recession, and the number of permit approvals dropped in 2018. Building housing affordable to those at or below 80% AMI almost always requires a public subsidy. Yet in 2018, Oregon Housing and Community Services was able to fund only 4,573 units of publicly supported affordable housing.

Oregon cannot meet the housing needs of all its residents based on publicly subsidized housing. Nor should it. Scarce public dollars should be spent to support housing for the neediest Oregonians. The private sector can deliver housing needed by middle and lower middle income Oregonians – *if the zoning allows it.*

As the Oregon Office of Economic Analysis explains:

“The problem is in many places one cannot simply build more housing due to zoning restrictions (minimum lot size requirements, setbacks, parking etc). However, **if a community were to allow for more units to be built on a given parcel of land, then better affordability can be achieved,** and future growth more efficiently accommodated. This is for at least two reasons. First, one would be dividing high land costs over a larger number of units which both lowers cost per unit and increases supply relative to existing zoning. Second, each unit will be smaller than under current zoning, which also lowers the cost per unit.”⁷

As demonstrated by the endorsers of HB 2001A, affordable housing developers, including those who specialize in providing affordable homeownership opportunities, support HB 2001A, -16, as currently written.

3. HB 2001A is About Racial Justice

Oregon’s towns and cities find themselves in this structural and affordable housing mis-match for many reasons. Some through simple neglect – many land use plans have not been updated for residential zoning since the 1980s. And some through actions. In many cities across Oregon, the single-dwelling housing zones of today were created as a form of economic exclusion and redlining, a practice used to keep people of color out of the most desirable neighborhoods. HB 2001A helps break down the economic and racial barriers institutionalized in the development patterns we see today in many of our towns and cities, allowing all Oregonians access to opportunity.

We are already way behind in meeting the housing needs of Oregon families. Some cities are taking steps in this direction, including Tigard, Madras, Bend, Milwaukie, and Talent. But it is nowhere near widespread. It’s time for the Legislature to step in again, and set a common level of expectation for cities to meet the housing needs of *all* Oregonians, in *every* neighborhood.

We urge you to pass HB 2001A , -16 and -21. Thank you for consideration of our comments.

⁷ Office of Economic Analysis, *Reconsidering Single Family Zoning* (December 12, 2018) <https://oregoneconomicanalysis.com/2018/12/12/reconsidering-single-family-zoning/>

Sincerely,

Mary Kyle McCurdy

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Deputy Director