

April 8, 2021

House Committee on Housing
Oregon State Capitol
900 Court St. NE
Salem, OR 97301

RE: Opposition to HB 2558

Dear Chair Fahey, Vice-Chairs Campos and Morgen and Members of the Committee:

We are writing as a coalition of local governments and transit providers to ask you to vote no on HB 2558. All of us understand and support the concept of housing density near transit, however HB 2558 is not the way to move forward.

1. Local governments already can and do work with their transit providers and communities to increase density along fixed railway corridors. When an opportunity to create permanent infrastructure for transit arises, there needs to be partnership that meets the community's needs. Working locally and together ensures the plan matches the investment.
2. This bill would mandate up-zoning in certain areas and remove the opportunity for public input. Land use policy should be changed at the local level with public engagement from people living in the area and solutions that work for the community.
3. HB 2558 has the potential to deter further transit that is included in the definition of "fixed guideway corridor." If residents in an area know that they will be forced to up-zone the areas around the stops, the community may oppose new bus rapid transit or light rail.
4. We fear that this legislation as drafted could have unintended consequences of displacing residents living in naturally occurring affordable housing along proposed and current routes. Up-zoning encourages developers to build large complexes to meet the 45 units an acre density, likely all at market rate, by buying out and demolishing current housing stock. Displacement often harms low-income and historically disadvantaged communities, forcing them away from access to new transit services. A local process without mandatory outcomes allows the local government to develop plans in consultation with impacted communities to mitigate the potential harm.
5. We do not believe this bill will result in more affordable housing near transit. The bill only provides density bonuses as an incentive to allow regulated affordable housing to be included in projects. However, these types of incentives only work in specific communities. The development community that specializes in taller buildings often cannot demonstrate a market history to banks that the project will pencil, so including more floors of affordable units is unlikely to assist in financing these projects in smaller markets. Within larger markets, these density bonuses do not currently seem to be enough to incentivize mixed rate development, which often requires additional financial assistance, such as tax breaks or public funds.
6. One size does not fit all communities: while 45 units per acre may make sense in Portland or even Eugene, it could potentially prevent affordable housing complexes that have fewer units than that. For smaller communities, going to 45 units an acre represents a significant increase and may not make sense given the market. In addition,

these unit types are rarely built for ownership opportunity. Because of complicated condo development conditions, they are more likely to be rental complexes, which are an important housing resource but do not assist with creating ownership and wealth building options.

7. Local governments are already complying with recent legislation like HB 2001 and 2003. Local governments are currently implementing HB 2001, which is requiring significant time and resources to update city and county comprehensive plans. In addition, local governments will also need to begin implementing HB 2003 in the near future by creating housing production strategies that look at non-land use incentives as well as zoning conversations to incentivize housing development. These two processes are heavy lifts for our communities, requiring several years to complete. Now is not the time to impose another costly planning requirement on local governments.
8. Currently, DLCD is undertaking a rulemaking that is focused on updating transportation and housing planning in a manner that reduces greenhouse gas emissions, increases housing choices, and creates more equitable outcomes for community members. The [Climate-Friendly and Equitable Communities Rulemaking](#) has set a broad, diverse table that is focused on a comprehensive set of rules to address the outcomes within HB 2558. Once adopted, local governments and transit agencies will have to address these new rules through a local update process.
9. Transit agencies and local governments are also handling a pandemic which has undercut revenues to provide transit and planning services. In addition, some are addressing significant impacts from wildfires and other crises. With the above-mentioned planning changes and the responses to ongoing disasters, there is limited capacity to do this work, which could force us to delay other local initiatives we think would be more impactful in our communities.
10. The transit providers and local governments, two groups the bill is intended to help, do not support the legislation. We would be open to a conversation in the interim on transit density to find solutions that would actually increase density and affordable housing along transit routes. This conversation should include how to better engage local residents most likely to be impacted by changes in density, and should take into account any new requirements that come from the DLCD rulemaking process.

Thank you for considering our input. Please do not move HB 2558 forward.

