

March 17, 2019

Honorable Chair Keny-Guyer and committee members,

This #2 in a series of comments and documents that support **Rational, Evidence-Based Transit-Oriented Development**.

House Bill 2001 is neither rational nor evidence-based.

In the first of this series, I described the history of trying to get the City of Eugene to take effective action in support of TOD development, particularly along the ideal location of the West Eugene EmX Extension (WEEE) which runs on the W. 6th/7th Avenue corridor in Eugene. The evidence from Eugene's history confirms the frustration that appears to be a primary motivator for those who wish the Legislature to bring the "hammer" down on Eugene and other cities by means of HB 2001, as well as HB 2003, SB 8 and SB10.

This installment provides evidence that the proponents of HB 2001 have no idea of the scope or nature of its potential impacts, and that HB 2001's crude approach to increasing density would not provide a meaningful measure of improvement in housing affordability. From my discussions with several legislators' policy directors, it seems clear that an underlying belief by these staff (and presumably the legislators they serve) is that the State *must* take control of zoning details because the local planners and elected officials have failed. And yet, there couldn't be better evidence than HB 2001 (and SB 10) demonstrating that State-level planning would be worse.

As far as I can determine, the state's "planners" (I use quotes around "planners" because HB 2001 shows no evidence of any planning prior to its introduction) have not even produced maps showing the geographic scope of HB 2001 and the existing zoning for the ten largest cities (Portland, Salem, Eugene, Gresham, Hillsboro, Beaverton, Bend, Medford, Springfield and Corvallis). Even after voluminous testimony challenging the assumed benefits of HB 2001, there isn't even a single explanatory or supporting document listed under the "Analysis" tab on the HB 2001 web page. Seriously? And the paltry and developer-oriented "dash-10" amendments further confirm the impression that no independent, competent planner(s) have been involved.

In other words, proponents of HB 2001 are proposing a radical upzoning on a massive, statewide scale and are asking representatives to approve it without the slightest idea of its scope or impacts. *That's not wise planning or judicious legislative decision-making.*

This isn't an academic issue. Along Eugene's W. 6th/7th Aves. WEEE corridor, which runs generally east-west, there is a solid, two-block (north-south) wide extent of commercially-zoned property that allows multi-family development and/or mixed-use development *with no density maximum and buildings up to 120 feet high*. (Yes, ten to twelve story apartments of *unlimited* density!) Off-street parking requirements are between 1/2 to 3/4 of a space per apartment, and this parking does not have to be located on the same lot or development site. And yet, there has been zero, zip, nada apartment development along this corridor since WEEE became fully operational. HB 2001 won't change anything about this zoning, so the bill won't do a thing to encourage medium- or high-density, TOD development. Instead, HB 2001 will incentivize much lower density *away from transit services*.

However, HB 2001 is likely to encourage *displacement* in more-affordable, single-family neighborhoods that are near to WEEE. According to professionals knowledgeable about Eugene's commercial and apartment development conditions, there are two main causes for lack of apartment development on commercial lots adjacent to WEEE.

- First, although the existing commercial development is low-end, one-story in nature, the cost to purchase such a property and clear it for development is prohibitively high.

- Second, apartments *adjacent* to either of the 3- and 4-lane major corridors would not be attractive to high-end renters or condo owners.

Thus, the potential rental or sale return is far less than necessary to warrant the cost and risk of development. The solution to that is multi-faceted, but certainly includes making MUPTE subsidies available, as discussed in the first installment of this series.

Close behind, to the north of W. 6th Ave. and to the south of W. 7th Ave., are two of Eugene's most affordable neighborhoods: The "Westside" neighborhood (the northern half of the Jefferson Westside Neighbors organization's area) and the "Whiteaker" neighborhood. Both neighborhoods have a full range of housing types including single-family detached, ADUs, duplexes, triplexes, fourplexes, cottage clusters, courtyard low-rise apartments, and larger multi-unit apartments. In addition there are a number of "transitional" housing facilities run by social service agencies. The housing in these neighborhoods still includes many very small, basic, "post-war" homes with no yard or just a very small yard. There's no "luxury" housing at all. These are neighborhoods that underwent substantial exodus, disinvestment and decline during the 1950s and 1960s; and, at that time, a priority of the (much more competent) Eugene Planning Division was preventing these areas around the city center from degrading into slums. (More on this in the next installment of this series.)

According to local real estate investment professionals, these neighborhoods are "ripe for the picking," particularly if fourplexes or apartments are allowed on existing lots. Some of the residential lots have a single, small, poorly-maintained house, which is rented at the low-end of the market. Such properties are much lower cost than any of the commercial properties. The low-cost lots that are two or more blocks from W. 6th Ave. or W. 7th Ave. sit in attractive, though modest single-family areas. Thus, these lots are primed for "scrape-and-build" development of much higher rental apartments or higher-priced condos. Based on expert analysis and direct local experience, HB 2001 is almost certain to create significant displacement.

So, where is the state "planners" analysis of the effects that HB 2001 would have on these neighborhoods? Nowhere! "Trust us -- We know better than you."

The unsupported, even unexamined, "belief" that HB 2001 depends upon is that the radical upzoning HB 2001 dictates will produce substantial new housing; and by the "law of supply-and-demand," this will lower housing costs. In contrast to the complete absence of any supporting evidence for this "belief," there's ample, real-world evidence that this upzoning won't produce much housing and will likely *increase* costs. (I'll provide local, on-the-ground evidence in the next installment of this series.)

To start, the recently exposure of the deceptive, gross overstatement of what the Portland "RIP" upzoning would produce perfectly reflects the way developer advocates have spewed false information and wrapped themselves in the cloak of "housing affordability." Unfortunately, too many well-intentioned folks, including some legislators, have bought the story without responsibly examining the real evidence.

Also consider the recent report on the experience of Portland area city, Vancouver, Washington: <https://www.columbian.com/news/2018/nov/19/vancouver-reviews-status-of-affordable-housing/> "But as the council pointed out, the city can't build its way out of the affordable housing crisis.' Councilor Bart Hansen said when the city first began really taking a look at affordable housing a few years ago, the party line was if you build more units, prices will go down. Essentially, Hansen said, supply and demand would fix the problem. 'What we're seeing now is the availability is going up and the price is not going down,' he said.

"It turns out, at least in Vancouver, supply and demand is not enough to remedy the housing crisis.

"'People are struggling with paying their rent every day' said Peggy Sheehan, the city's community and

economic development programs manager. 'There has been some trickle down that's rumored to happen, but we aren't seeing it.'"

Housing pricing is driven by complex factors, many of which are context-sensitive; and the "product" is not like corn or toilet paper. The "product" is extremely variable and the pricing has segments and tiers. A limited supply in the high-end condo segment doesn't necessarily shift the demand for that product permanently to a lower tier or a different housing type or area. For the most part, only supply in an "affordable" tier will affect prices in that tier.

And here's recent, very reliable research that puts the lie to the "beliefs" upon which HB 2001 depends. As reported by density-lovers' favorite, CityLab, recent "gold standard" research from MIT finds: "[Yonah] Freemark reaches two startling conclusions that should at least temper our enthusiasm about the potential of zoning reform to solve the housing crisis—conclusions that, interestingly enough, he has said he did not set out to find. First, he finds no effect from zoning changes on housing supply—that is, on the construction of newly permitted units over five years. (As he acknowledges, the process of adding supply is arduous and may take longer than five years to register.) Caveats and all, this is an important finding that is very much at odds with the conventional wisdom.

"Second, instead of falling prices, as the conventional wisdom predicts, the study finds the opposite: Housing prices rose on the parcels and in projects that were upzoned, notably those where building sizes increased."

<https://www.citylab.com/life/2019/01/zoning-reform-house-costs-urban-development-gentrification/581677/>

Freemark cautions that his study doesn't necessarily "invalidate the basic laws of supply and demand." But he also emphasizes that "[w]e need to approach neighborhood rezoning carefully." Unfortunately, that's exactly what HB 2001 *does not* do!

Other solid research documents the substantial risk that blanket upzoning poses. In "Neighborhood Upzoning and Racial Displacement: A Potential Target for Disparate Impact Litigation?," published last year in *Journal of Law and Social Change*, researcher Bradley Pough not only raised substantial legal exposure that might arise from the overly-broad reach of HB 2001, his research also found:

"In this way, upzoning changes are taking part in the same underlying activity as exclusionary zoning tactics: maximizing the value of land in the hopes of attracting or retaining mobile capital. The perhaps not so obvious corollary to this activity is that, by maximizing the value of land, residents and elected officials are gradually pricing out consumers who can no longer afford this product. In the case of exclusionary zoning, these consumers are the low-income minorities who, but for the cost, would move to the desirable suburb. In the case of upzoning, these consumers are often the low-income minority renters already living in the neighborhood who are gradually pushed out (i.e. displaced) due to higher rents and pricier surrounding amenities.

* * *

"In each of these neighborhoods, conscious decisions by the city government and developers to upzone particular areas resulted in an increase in average rents, a reduction in affordable housing units, an increase in white residents, and a noticeable reduction in the neighborhood's minority populations."

Again, this isn't academic since the Whiteaker neighborhood, mentioned above, has a significant number of Hispanic households because it has some of Eugene's lowest-priced homes and apartments, as well as access to support services, such as Centro Latino Americano.

* * * * *

SUMMARY

There may, of course, be legitimate debate about the role of density in housing policies, and there are studies that at least partially support a positive role that higher density limits can play in addressing housing affordability.

But HB 2001 proposes a sweeping and radical transformation of neighborhoods of all sorts and uprooting the lives of residents across the entire state *without a shred of analysis of the areas and impacts that would be affected*. HB 2001 is an irredeemably simplistic bill with incalculable risks. No reasonable representative of Oregon citizens can in good conscience allow this bill to be adopted.

Please stick with this series, and read the final installment -- on-the-ground data and analysis from a decades-long experiment with a local version of density increases such as those proposed in HB 2001.

Thank you for your consideration.

Respectfully,

Paul Conte
1461 W. 10th Ave.
Eugene, OR 97402
541.344.2552
paul.t.conte@gmail.com

Accredited Earth Advantage
Sustainable Homes Professional