



February 27, 2023

House Committee On Housing and Homelessness
900 Court St. NE,
Salem, OR Oregon
97301

Re: HB 2984 - Allows conversion of building from commercial use to workforce housing within urban growth boundary

Dear Committee Members,

TVA Architects is writing in strong support of HB 2984, which would allow the waiver of System Development Charges (SDCs) when existing buildings are converted from a commercial to a residential use.

As a firm with a nearly 40-year history in Downtown Portland, TVA has seen both how incredibly vibrant our central city can be, and the extent to which it has very rapidly changed. With a 25% commercial vacancy rate, large parts of Downtown Portland no longer have the footfall to support the number of local businesses that once defined it. As leases expire over the coming years, the vacancy rate is only likely to rise. With numerous commercial buildings going into foreclosure, the conversion to residential would seem like the ideal way to revitalize Downtown while creating badly needed housing units.

The costs of such conversions are, however, significant. Given the need to make life safety upgrades to existing structures, including but not limited to seismic improvements, such conversions may wind up being as, or more, expensive than new construction. This is compounded by historically high construction costs.

It is for these reasons that we support the proposed waiver of SDCs. These charges are levied to offset the impact of new development on transportation, park, sewer and water systems. Existing commercial buildings are, however, typically already well-served by these systems. In that these conversions would be replacing office workers with residents it is unlikely that there would be any significant increase in the number of users of these systems.

We are however concerned that the bill, as currently drafted, would only waive SDCs for buildings serving those earning 120% AMI. While we agree that there is much need for

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workforce housing, it is uncertain that the restricted rents would cover the cost of conversion. At this level it is also unlikely that the subsidies typically used for income-restricted housing would be available. We believe that this condition represents an additional barrier to the conversion of commercial space to much-needed residential uses and should thus be removed from the bill; the public benefits of revitalized downtowns and a more resilient building stock are sufficient on their own.

In summary, we support this bill with the suggested changes, and applaud its sponsors for thinking of creative ways to respond to today's challenges.

Sincerely,

A handwritten signature in black ink, appearing to read 'Iain MacKenzie', written in a cursive style.

Iain MacKenzie
Senior Associate
TVA Architects