Testimony of Robert Liberty
In Opposition to Senate Bill 1051 as Amended
Submitted March 19, 2022

Housing prices are set by market demand not by the cost of land or construction. New housing built in UGB expansion areas is more expensive, not less expensive.

Adding land to the urban growth boundary does absolutely nothing for affordability because housing developers charge what the market will bear, not what their costs were to build the housing. Even if the land was free, the developers will charge the highest possible price. And new housing is, by square foot, more expensive than existing housing.

Governor Kotek's salary would qualify her for the "workforce" housing which is being used to justify wasteful sprawl onto farmland.

The amendment allows land to be added to an urban growth boundary based on an application by a landowner (a person or corporation) that promises to set aside 20% of the land for "workforce housing," which is defined as housing to serve the needs of households with incomes up to 120% of the area median income.

Governor Kotek's salary, set by the Legislature, is $93,600. She would qualify for "workforce housing" in Marion County where 120% of median household income is $94,920.

(120% of median household income in Benton, Deschutes, Hood River, Jackson and Lane Counties ranges from $95,000 to $115,000.)

The market in the Portland metro area is already providing housing for households earning $127,800 (120% of median.)

According to Oregon Housing and Community Services, the 2022 median household income in the Portland metro area (Clackamas, Multnomah, Washington and Yamill Counties) was $106,500. 120% of that amount is a household income of $127,800.

Assuming a household earning $127,800 in the Portland metro area spends 25% of its income on housing (less than what is defined as "cost burdened"), they could afford to rent a nice two bedroom, two bath apartment for $2,600/month or make monthly payments on a home costing $420,000.

A brief glance at real estate and apartment rental websites shows the market is already supplying housing at this income level.

Subsection 2(4)(a) will allow land speculators and cities to agree to burden moderate income taxpayers to pay for infrastructure for high-end suburban housing.

Subsection 2(4)(a) states:

> *"(4) A city's approval of the petition and urban growth boundary expansion under this section must be made contingent upon the city's: "(a) Entering into a binding agreement with the landowner and with any other necessary local government, district as defined in ORS 195.060 or combination of local government and district to ensure that a commitment exists to provide the land with all necessary urban services, as defined in ORS 195.065, in a specific location and by a specific date that is within two years after the city's approval of the petition;"*

Abundant evidence is available that developers cannot make money if they must pay for the full cost of infrastructure. So, whatever "commitment" is made will of necessity put a burden on taxpayers to pay for some large share of infrastructure costs including new water and sewer pumping facilities, road interchanges, new fire stations and *etc.* to serve land development at the edge of the urban area.

Because there is no restriction on the use of the remaining 80% of the land it can and probably will be used to build expensive suburban housing for higher income households, which generate higher profits. Lower income taxpayers will end up footing much of the bill for the new infrastructure. This is unfair.

And of course, the phrase "a commitment exists" is so vague as to be meaningless and unenforceable.

The assurance that someone, sometime in the next 30 years, will develop workforce housing is politically unenforceable and lays the groundwork for bait and switch.

The planning program has a history with approvals of land development based on future performance, such as farm and forest management plans. Douglas County championed the idea of granting permits to build houses based on the resident's promise to carry out a farm management plan. 1000 Friends of Oregon objected to this arrangement because they knew the counties' would never enforce those plans but LCDC approved the arrangment. Indeed, that is exactly what happened when 1000 Friends of Oregon tried to enforce those promises, it was Douglas County that publicly ridiculed and attacked them.

Granting development permission and making infrastructure commitments now in exchange for unenforceable future promises will deliver windfalls for politically connected land speculators and developers but do nothing to increase the supply of truly affordable housing.

Under Section 4 small cities can approve developers' applications to develop market rate housing, including large-lot luxury housing without showing need, meeting the requirements used to establish urban reserves or any other consideration normally required and without requiring the apartments or subdivision to be added to an urban growth boundary.

Section 4 allows, but does not require, cities to expand their UGBs to include the development they can approve. This makes UGBs meaningless.

The amended bill facilitates commercial sprawl at the edge of urban areas, that requires new infrastructure and guarantees and increase in per capita greenhouse gases.

These urban-edge commercial developments will displace investment and jobs from areas already planned for housing and commercial development that have services and transportation.

Conclusion: Respect evidence, taxpayers and rural economies and resources and reject this bill.

I respectfully submit that evidence from the real world of real estate and development, a complete understanding of existing land use planning and regulation in Oregon, respect for struggling taxpayers and a modest commitment to the protection of the lands and resources important for rural economies and the natural systems supporting us, necessitates that the Committee give no further consideration to this bill.

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