Sightline Institute is an independent think tank working to advance sustainability in the Pacific Northwest. We believe it exists at the intersection of environmental health and social justice.

When people choose to live close to one another, they cut their energy use approximately in half. This is why Sightline's housing program is dedicated to giving more people the ability take this voluntary action with profound benefits for the economy and the planet.

We take no position on Senate Bill 1537. We like some elements, like disincentivizing frivolous challenges to housing and empowering the state to enforce its own laws. We dislike others, like the quick and sloppy UGB expansion.

The reason for our testimony, though, is more technical, and relates to our advocacy over the last few years for a well-functioning and productive Oregon Housing Needs Analysis program. Many people have noted that OHNA will work best if it includes carrots for cities, not just sticks. **Access to this revolving loan fund would make an effective carrot** for cities that either:

1) meet their production targets;
2) demonstrate to the state's satisfaction that they're doing everything they can to remove barriers to housing; or
3) promptly fulfill the requirements of a state-ordered housing acceleration agreement.

In other words, any city currently in a housing acceleration program as defined in ORS 197A.130 would be ineligible.

Under these terms, every city would still eventually be eligible. The only cities without access to the fund would be those few that are, at any one time, going through the housing acceleration program process. However, this would give those few cities that may be struggling to meet state standards another reason to quickly do so: eligibility for this program.

This requirement is also in the state's fiscal interest. In a city with too many regulatory barriers to housing development, money the state invests to tip projects into profitability will simply be captured by landowners in the form of higher prices. The only way to prevent this capture---and thereby make the most of this revolving loan fund---is for the state to be sure that it invests only in cities with few regulatory barriers to new housing. In a city with liberal rules for development, incumbent landowners will have less market power and be unable to capture the value invested by this bill.

Because OHNA is not yet in place, the restriction we propose would not become relevant for several years, which is when a housing acceleration program will exist for cities to be referred to. Because our proposed amendment would identify *ineligible* cities rather than *eligible* ones, it need not greatly complicate the text of SB 1537. A single line would do.

Cities smaller than 10,000, which cannot be referred to housing acceleration programs, would be unaffected.

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