

To: Joint Committee On Ways and Means Subcommittee On Capital Construction

From: Mayor Stan Pulliam, City of Sandy

Date: February 16, 2024

Re: HB 5201 – Infrastructure for Increased Housing

Co-Chair Girod, Co-Chair Holvey and Members of the Committee,

The City of Sandy is grateful that the state has made building housing a priority. Governor Kotek, the Legislature, and local leaders throughout our state all agree that a significant number of new housing units must be constructed to increase supply, drive down costs, and help address the homelessness emergency we are experiencing in our communities. The City of Sandy is a willing partner in our state's historic drive to build more housing.

Unfortunately, Sandy's wastewater infrastructure is not yet capable of supporting any significant increases in housing. We need State assistance to help us repair our wastewater system so we can do our part to bring Oregon's housing crisis under control.

Sandy's Development Moratorium

Due to the condition of our wastewater system, Sandy is currently under a moratorium that prevents us from accepting any new housing development applications. This moratorium was required by a **consent decree Sandy recently signed with Oregon DEQ and the US EPA** – the result of our rapid growth over the past two decades and the inability of our wastewater system to keep up.

Before Sandy's moratorium can be lifted, we are required to make significant improvements to our wastewater system and demonstrate increased capacity. These system improvements are extremely expensive: our latest estimates put the total cost of Sandy Clean Waters (our wastewater system improvement project) at over \$130 million; an enormous cost for a town of only 13,000 residents.

The Risk of Unaffordability

Since 2019, **Sandy has already raised wastewater rates by over 200%. We need financial assistance from the State to lessen the impact of further rate increases** on households in our community. With a total wastewater project cost estimated at over \$130 million, **Sandy is projecting seven more years of double-digit rate increases** to fix our system. We are at risk of becoming unaffordable for the new residents we hope to welcome to our city.

Strong Potential for New Housing

Demand is strong for housing in Sandy. As an attractive small town at the foot of Mt. Hood within easy reach of the Portland metro area, Sandy is a highly desirable place to live. Our recent Housing Needs Analysis update projects that Sandy needs to build 2,424 new housing units to accommodate 6,350 new residents by 2043 (a 46% growth rate over the next 20 years). **We want to deliver on this potential for new housing in our area, but we need financial assistance from the State help to make it happen.**

Next Steps Toward Rehabilitating Sandy's Wastewater Treatment Plant

An appropriation from the Legislature would allow Sandy to construct a vital new headworks facility at our wastewater treatment plant. Reinvesting in our treatment plant is critical for two reasons: (1) it will expand the capacity of our system, allowing us to build new housing in our community, and (2) it will ensure we can continue to produce high quality treated effluent and protect the Clackamas River watershed. **Financial assistance from the state would allow us to fund this critical work without further impact to our already overburdened ratepayers.**

Thank you for the opportunity to submit testimony.

