



Testimony by City of Wilsonville Mayor Shawn O'Neil Supporting an Amended HB 3031-1:

An Enlarged Scope of Residential Infrastructure Resource Could Substantially Advance State Goal for Housing Production

Scheduled for public hearing on Feb. 26, 2025, before the House Committee On Housing and Homelessness

Chair Marsh, Vice-Chairs Anderson and Breese-Iverson, and Members of the Committee:

I am testifying on behalf of the City of Wilsonville in support of an amended version of HB 3031-1. The City of Wilsonville has been actively engaged with senior management of the Governor's Office and Department of Land Conservation and Development over the past year-plus in providing feedback on draft legislation, including hosting a tour this past summer of Wilsonville's residential development opportunities.

The City's proposed amendments to HB 3031-1 would enlarge the scope of the legislation to support substantial and significant infrastructure development off-site and for larger, new UGB greenfield areas. The City has worked for years to plan infrastructure development to serve the new Frog Pond East and South areas that are to be composed of 1,500-1,600 residential units, with approximately 50% of those units to be types of units expected to be affordable to moderate- or lower-income households. Infrastructure costs to develop the Frog Pond areas are estimated at \$45 million for water, wastewater and stormwater improvements.

The proposed legislation does not appear to aid in funding of off-site infrastructure improvements, such as Wilsonville's \$18 million Boeckman Road sewer-interceptor project to serve the Frog Pond areas. Cities cannot make developers pay for more than their proportional share of improvements to fund new infrastructure capacity without violating developers' constitutional protections under the 5th Amendment Takings Clause. Most of the time, the developer's contribution to off-site improvements is a fraction of the total cost for those off-site improvements, and cannot fully fund these vital public infrastructure improvements needed for new housing products.

Off-site improvements, such as the Boeckman Road sewer-interceptor project, are needed to unlock an entire area for development, as there is no available capacity in the downstream sewer system. A developer, however, is unlikely to agree to a deed

restriction related to affordable housing for that type of off-site public improvement project, and the City cannot mandate such a deed restriction without violating the developer's constitutional protections under the Takings Clause . This situation has not been corrected in the -1 amendment, greatly diminishing the legislation's potential effectiveness to significantly advance housing production.

While funding infrastructure for development with a ready developer partner is important, cities like Wilsonville also need funds not tied to a specific development in order to open up a larger mass of land for development. Otherwise, residential development will only be further delayed due to infrastructure needs with no specific funding source available. Once infrastructure is made available, development could occur at an accelerated pace. Moreover, developers will incur some savings not only in time, but also in a reduction of the amount, albeit limited, that they may have otherwise been required to contribute to a larger, off-site public improvement project.

A new subsection for funding off-site infrastructure improvements could be added to HB 3031-1 similar to the following:

“(X) Infrastructure funding not tied to a specific development proposal may be granted to a City, County, Service District or Tribal Government if the City, County, Service District, or Tribal Government can demonstrate all of the following:

“(a) The infrastructure will allow development of 20 or more gross acres that is otherwise development ready by having all necessary zoning and regulatory requirements in place;

“(b) Owners of property representing 75% of the acreage that would be served by the infrastructure have acknowledged in writing their interest in development in the near term.

“(c) Adopted zoning and other requirements provide for the development of housing types of which at least X percent would be expected to be affordable to moderate or low income households.

“(d) Specific requirements to qualify for funding under this subsection shall be established by rule.”

The -1 amendment appears to require all units in an eligible development to be affordable to low- to moderate-income households. While this “entire project” approach may work for smaller or in-fill projects, this model will not work for new, greenfield urban-growth

areas, which consist of hundreds of acres of potential residential development, and thousands of new residential units. In order to make development feasible in these areas, the amount of affordable units needs to be limited to a specific percentage of the overall housing units provided.

The proposed State infrastructure-funding resource of HB 3031 is critical to encourage development of mixed-income, large greenfield sites within the UGB. Facilitating these larger master-planned areas can produce a large amount of affordable units in a short timeframe — a State priority for housing production.

Based on conversations with builders, developers are not likely to develop large tracts that are 100% affordable. However, developers are open to providing 30% to 50% affordable, middle- to low-income housing of all the units constructed. Wilsonville recommends developing different standards for infill/small projects and large urban growth areas.

The City encourages the Committee to consider amending Section 2, Subsection (3):

“For developments of 50 acres or greater in gross area and planned for at least 650 residential units, at least X percent of units shall be subject to an affordable housing covenant, as defined in ORS 456.270, under which (A) of (B) must be satisfied.”

The City of Wilsonville is one of the fastest growing cities in the State and has a long track-record of producing a variety of housing integrated within every neighborhood, with half of our 27,000 residents residing in single-family homes and half living in multi-family communities.

Wilsonville has a streamlined land-use review process with clear and objective standards, which has provided an avenue for all of this housing production, and we continue to strive to improve that process wherever possible. Recently Metro regional government released building permit data that shows Wilsonville has provided 20%-25% of ALL the new housing produced in the greater Portland Metro area over a recent 10-year period.

The City appreciates your consideration of these proposed amendments to HB 3031-1.



Shawn O'Neil, Mayor
City of Wilsonville