Housing Production – Template Message to Legislators and HPAC Members
3/10/23

Re: Housing Production

"Wetland" inside City of Sheridan, preventing 100+/- workforce homes.

Dear Sen. / Rep. _____:

Referencing the December, 2022, Oregon Housing Needs Analysis and Appendix A Housing Capacity Recommendations, I am surprised to find virtually no mention of an unresolved issue that the Division of State Lands (DSL) is asked to deal with frequently but for which their hands are tied by restrictive legislation. Please consider the following.

Many of Oregon's Willamette Valley communities suffer from lack of housing due solely to the classification of soils as "wetlands" although no ponds or aquatic habitat exists. My 12 acres of residential land in the Sheridan city limits, shown above, is a prime example. In 2016, I began the process to develop SFR workforce housing affordable to families earning $35,000 to $50,000. I was told by the DSL they would allow development but state regulations required I pay a Wetland Mitigation Fee of about <u>$705,000 months in advance</u> of development approval, a burden that made my project infeasible.

The House Committee on Agriculture and Land Use sponsored HB 2796 in the 2019 legislative session that would have made this project feasible. That bill would have reduced the wetland mitigation burden for "Needed housing" on "Degraded wetlands" inside the UGB to 25% of the fee that also applies to commercial development land. The bill passed unanimously but was referred to House Ways and Means for financial impact evaluation, never to resurface.

Governor Kotek and the 2023 Legislature have now given us a unique opportunity to create workforce housing on this and other "wet" land. <u>Here are two fully sustainable approaches that could be implemented immediately, one at NO COST and one FULLY COST RECOVERABLE to the State</u>:

1. DSL should be given the authority to collect mitigation fees concurrently with the issuance of a building permit in the same way SDC fees and charged.
2. For “workforce” or other housing targeted to a lower income level, say 80% of the median income for the area, a mitigation fee, ideally, would be reduced or waived altogether, or could be financed by means of a “wetland mitigation tax assessment” on the property tax statement that would pay the fee over a 30-year period, then sunset.

Workforce or other housing targeted to a lower income level would be made more feasible if the provisions of HB 2796 (2019) were applied and, preferably, if the mitigation fees were waived altogether.

Proposal Summary:

Allocate State funding specifically to pay the wetland mitigation fees for properties that have:

1. “Degraded” or “Junk” wetlands – “Wetlands” defined by soil type only, no “ponds or aquatic habitat”.
2. Inside a city’s UGB.
3. Zoned for housing.
4. Preference given to development of workforce, Affordable, low income or other housing affordable to those earning 80% of the median household income for the immediate area.
5. The housing development fund would be drawn upon to pay wetland mitigation fees, subject to reimbursement using a “wetland mitigation” property tax assessment that would attach to the home but sunset in 30 years, thus replenishing the housing development fund.
6. Provide legislative authority to DSL to either collect mitigation fees concurrently with the issuance of a building permit in the same way SDC fees and charged or to allow a special mitigation tax assessment with sunsetting.
7. For workforce or other housing targeted to a lower income level, consider waiving mitigation fees altogether.

These are desperate times. Please do not let this project, or others like it who have prepared their lands for needed housing, be held up while bureaucracy "ranks and rates" potential housing projects over the next 3-8 years. Please use the Sheridan example as a pilot project for successful workforce housing development consistent with Governor Kotek’s goals and the needs of the people of Oregon.

I understand the Governor’s Housing Productivity Advisory Council is to present recommendations by April 1. <u>May we discuss these ideas for inclusion in their proposals or, ideally, for action to allow their implementation</u>?

Respectfully,

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