



May 25, 2017

Human Services & Housing Committee  
Joint Ways & Means Committee  
State Capital  
Salem, Oregon 97301

**Testimony re. HB 2007**

I'm Peggy Moretti, Executive Director of Restore Oregon, a statewide non-profit organization whose mission is to preserve, reuse, and pass forward the historic places that make our communities livable and sustainable. We are very concerned that HB 2007 will do far more harm than good to both Oregon's historic districts and to the overall livability of cities and neighborhoods.

Its clear HB 2007 started out with good intentions. We DO need to create a lot more affordable housing and should certainly seek to remove obstacles slowing that down. The first version of the bill appeared to tackle that.

But then it got **hi-jacked by special interests and a personal vendetta**. Homebuilders have expanded its focus to accelerate construction of ALL housing – as if market rate housing needed any assist. And 1000Friends, forgetting who its friends are, indulged a crusade by its lobbyist to attack historic districts and weaken what few protections they have in the name of increased density and “housing for all.”

Today HB 2007 has become **a Frankenstein's monster** of pieced together provisions that don't belong, are unnecessarily complicated, and will do more harm than good.

Furthermore, for a bill that overrides local zoning and comprehensive plans, there has been entirely **insufficient public engagement**. The initial public hearing appears to have been consciously conducted “under the radar” with directly affected constituents kept unaware. Now, hundreds of citizens have submitted letters of testimony to this hearing which have been rejected.

Even with the latest amendments, it is still based on a set of false assumptions and is full of potential loopholes that will keep lawyers well-employed:

- First, HB 2007 assumes that way to create more affordability is to “build baby, build.” This trickle-down theory doesn't work in economics and it doesn't work for affordable housing. I know of no examples where this has worked... just look at the San Francisco Bay Area..
- It also assumes allowing duplexes virtually everywhere will magically protect the UGB and generate affordable middle housing. In actuality, this will incentivize and accelerate the demolition of modest-priced homes and replace them with units that EACH cost more than twice what the demolished home cost.

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- The bill assumes that **design review** is a major obstacle to housing development. But according to our colleagues in city planning and in the development world, there is no evidence of this.
  - It assumes that standardized “**clear and objective standards**” can be used to arrive at high quality, compatible infill development. But broad, generalized standards are insufficient in many neighborhoods where creativity and nuanced design are called for.
  - HB 2007 assumes that **historic districts**, which make up less than 3% of residential zoning, are a big problem because historic protections *might, somehow*, restrict affordable housing or infill. So the bill sets aside protections against demolition of these rare resources if density is being increased, or the historic structure is being replaced with affordable housing...but the accepted standard for “affordable” has been reset to 120% of Median Family Income (MFI).
  - In fact, there are scores of historic districts across the state that include affordable housing. For example: The Erickson Fritz Apartments in Portland’s Skidmore Old Town, and the Merwyn Hotel project currently underway in Astoria. The developer of that project, who supported the original version of the bill, has made this statement:

*Innovative Housing, Inc. (IHI) supports the preservation of historic properties, and is opposed to demolition of these properties to increase density. Historic properties... are a limited resource, and should be preserved. Many new construction opportunities are available on property that does not require the demolition of historic structures. As a developer of affordable housing, IHI supports the creative development of affordable housing, but not at the expense of historic properties.*

-Julie E. Garver, Housing Development Director

If you really want to create affordable housing, one of the first things you would do is stop the demolition of existing affordable housing! *But this bill actually incentivizes such demolitions.*

Restore Oregon has been tracking each and every residential demolition in Portland. There were 376 in 2016. A few of these homes were derelict. But many were perfectly good, modest-priced homes and rentals. In no case we know of were they replaced with affordable housing (as these slides show). And all these demolitions did not increase density in any meaningful way. Our analysis shows that each home demo’d was replaced by less than one-and-a-half new units. The vast majority of demolitions are 1-for-1. But a lot of neighborhood character and affordability was lost... not to mention tons of material thrown into the landfill.

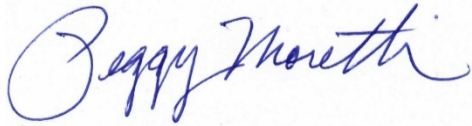
**HB 2007 needs a “Do-over”... or at least a major overhaul.** It needs to:

- Discourage demolition of existing modest-priced homes – you could allow discretionary demolition review outside of historic districts – and emphasize ADUs and internal conversions to add density – that would generate more affordable housing than new duplexes.
- Drop stipulations that prioritize maximum density over compatibility and community character. Density at all costs is bad policy; and livability matters!
- Remove all references to historic districts and attempts to circumvent what few protections exist in Oregon. Historic districts are simply NOT the problem. These are rare and irreplaceable resources. They don’t prohibit affordable housing or infill, and the recently enacted Goal 5 rules ensure ample public engagement.

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- But most of all, **this bill really should focus ONLY on lowering obstacles to truly affordable housing** – as in affordable to 60% of MFI. Market rate housing doesn't need any help. Limits on the approval timeline... clear and objective standards... we support whatever is proven to make truly affordable housing development more competitive.

As it currently stands this bill is a case study in overreach, unnecessary complexity, and bad unintended consequences.

Sincerely,



Peggy Moretti  
Executive Director