Office of the Governor

900 Court Street, Suite 254

Salem, OR 97301-4047

cc: Housing Production Advisory Council

Dear Governor Kotek,

We are writing as a consortium of small cities in support of HB3569.

The Regional Rural Revitalization (R3) Consortium was established to help small cities achieve greater economic participation in Oregon’s traded sector industries and jumpstart housing in rural-frontier communities that significantly lag behind the rest of the state in home production.

**HB3569 will help us achieve these aims by establishing an alternative process by which local governments may approve housing and increase our supply of buildable lands.**

The underproduction of housing in our communities has led to many of our low-income families being rent-burdened, with rental vacancy rates below six percent. If you want to rent a home, you have to know somebody.

Our communities are also frequent fliers on the Business Oregon Distressed Counties Index due to high unemployment rates, low per capita incomes, and stagnant or declining populations. We are chronically distressed and tired of winning the race to the bottom.

While our urban growth boundaries look buildable on paper, many of these lands are constrained by floodplains, geohazard overlays, wildland-urban interfaces, and other natural features that make building difficult, if not impossible. These constraints will only increase once the new FEMA National Flood Insurance Program (NFIP) – Endangered Species Act (ESA) Integration is implemented in Oregon, which will require greater regulation over floodplain development and a higher level of stormwater management than most of our small cities can currently attain – effectively curtailing future growth in special flood hazard areas.

These physical constraints get compounded when large tracts of the buildable urban growth areas are too far away to service affordably with utilities or are owned by landowners with no desire to subdivide, develop, or build.

These factors have negatively affected our housing needs analyses and state-shared revenue formulas. Our communities are stagnant or declining in population and will remain there over the next several decades due to aging populations and our lack of investment in new infrastructure for housing. At a time when our need has never been greater, we are forecasting to lose state-shared revenue due to population decline, putting at risk our ability to fund essential public services.

**HB3569 is vital in helping rural communities recover from this downward spiral.**

This bill will create a pathway for willing landowners to work with our communities to annex into the city limits voluntarily. It minimizes the burdens of planning urban reserves, especially for our small and economically distressed local governments. It allows greater flexibility in required data sources to reduce costs and ease designation. It also considers local factors, such as infrastructure costs and availability, the likelihood of an area to develop at urban density based on tacit knowledge of the local landscape, and the willingness of landowners to consent to annexation.

**We need this flexibility.**

The aspirational aims of Oregon’s land use system include Citizen Involvement as their first goal. Goal 1 calls for “the opportunity for citizens to be involved in all phases of the planning process.” Yet we effectively shut down this two-way communication by placing policy barriers on urban planning within narrowly-defined state and federal mandates that push local needs aside and take viable options off the table that would otherwise help us achieve sustainable growth in line with the other statewide planning goals.

This broken construct has led to future population forecasts that are stagnant or declining for each of our rural communities, relegating us to the dustbin of history. We need to do better.

We encourage you to support HB3569 and make it part of your Housing Production Advisory Council’s priorities so that we may also help contribute to Oregon’s annual housing production goal of 36,000 additional housing units at all levels of affordability.

Respectfully submitted this 9th day of May 2023,

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| Judy Erwin, R3 BoardmemberCity Councilor, Burns |  | Jay Farmen,R3 BoardmemberCity Councilor, Lakeview |  | TBD,R3 BoardmemberCity Councilor, John Day |
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