



Testimony in Support of House Bill 2007
House Committee on Human Services and Housing

Speaker of the House Tina Kotek
March 14, 2017

Thank you for the opportunity to testify this morning on House Bill 2007.

Oregon must pursue both short-term and long-term solutions in order to make progress on the housing crisis this session. We need to help stabilize tenants in the short-term while we also work on the root cause of this crisis – a shortage of both affordable and market-rate housing.

Based on 2016 data, our state economist estimates that Oregon would have needed to triple our permitting of units to keep pace with new demand. Therefore, if demand stays the same in 2017, we would need to build over 57,000 units just to keep even with the demand of new residents, and an additional 54,000 units to make up for the deficit of the last ten years. In total, we would need to build over 111,000 new units statewide in 2017 – almost six times the number of units that were built last year.

These numbers do not even get to the need for affordable housing, which has been estimated by the Oregon Housing and Community Services Department (OHCS) as a 150,000-unit shortage for families who earn 50 percent of average median income (AMI) or below. It may take more than a decade for new units to filter down and become affordable for low-income Oregonians.

While we cannot build our way out of this crisis immediately, we should take steps now to make it easier to build and help reduce the current shortage over the coming years.

At the state level, we can help get more units in the pipeline by investing in affordable housing development and by removing barriers to development at the local level. If we can identify additional revenue, I will advocate for investing \$100 million more in the state's Local Innovation and Fast Track (LIFT) Program, an affordable housing program that helps finance the construction of affordable housing for low-income households. In addition, the goal of this bill is to address some of the barriers to development in both rural and urban communities.

House Bill 2007 does four things:

1. It requires cities and counties to prioritize affordable housing projects in their permitting processes. “Affordable housing” is defined as 60 percent of median family income (MFI). State law currently requires local jurisdictions to review and make a determination on a construction application within 120 days of receipt. House Bill 2007 does not change this 120-day requirement – it simply requires that affordable housing projects get first priority in the review process.
2. It allows developers who have had a project denied for a design review element to appeal the decision to the Land Use Board of Appeals. One of the most common barriers to affordable housing development that we hear is the “not in my backyard” or NIMBY response from some community members. The bill currently exempts communities with at least 10 percent affordable housing in their existing supply. This exemption is intended to encourage local jurisdictions to increase their supply of affordable housing so they can maintain autonomy in design review.
3. It directs OHCS to work with experts to develop model housing plans for development in small communities (25,000 or less). If a developer chooses to apply using a model plan, the permit must be approved within 30 days.
4. Finally, the bill allows church-owned land to be used for affordable housing development.

I have received some preliminary feedback about the bill and will be working with stakeholders to prepare an amendment in the coming weeks.

Thank you for your work to address both the current hardships facing Oregon renters, as well as the lack of housing supply at the root of the problem.