



Modernizing Oregon's Housing Cost Impact Statement

Senate Housing Committee

January 13, 2022

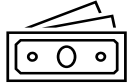
Oregon's Housing Crisis by the Numbers



According to OHCS's Regional Housing Needs Report, over the next 20 years, Oregon will need to build about **584,000 new dwelling units**, yet we are only on pace to build about 400,000.¹



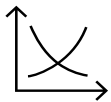
One quarter of these units are needed **now** to accommodate today's population.



One of the highest segments of **under production** is providing available workforce housing to those earning 80-150% of the median family income.



Portland is the sixth fastest **appreciating market** in the U.S., along with cities like San Francisco, San Diego, and Los Angeles.



Oregon's population has increased, but our buildable land inventory is inadequate to provide **needed workforce housing** units.



Oregon ranks top 10 for states having the greatest number of **cost-burdened families** in the country.³

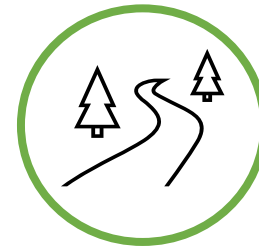


Communities of color continue to experience disproportionately **low homeownership** rates.⁴

Three Strategies to Achieve Oregon's Housing Goals



584K new units by 2040



Increase buildable land inventory

Support policies that ensure an adequate supply of shovel-ready lands to accommodate workforce and middle housing development.



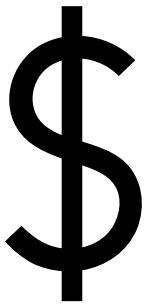
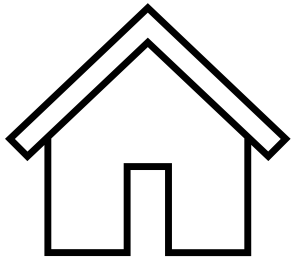
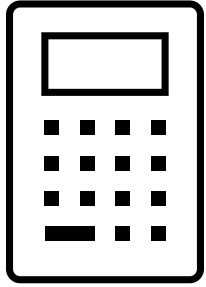
Streamline administrative processes

Support policies that reduce administrative timelines to speed up housing production.



Reduce cost burden on consumers

Support policies that reduce the amount of costs on home buyers, especially those in the 80-150 MFI range.



Oregon's Housing Cost Impact Statement

- Under current law, certain agencies must analyze the cost new rules will have on housing construction.
- The purpose of the law is to encourage state agencies to identify and hopefully mitigate any unnecessary costs that will increase the price of housing for consumers.
- Unfortunately, the law is **outdated** and does not take into consideration new forms of housing, nor does it analyze impacts to workforce housing or historically disadvantaged communities.

Current Analysis Fails to Identify Impacts to Housing Production

Redacted and modified example from an agency that frequently adopts rules impacting housing and homeownership:

“HOUSING IMPACT STATEMENT: To comply with ORS 183.534, [the agency] determined the proposed rules may have an effect on the development cost of a 6,000-square-foot parcel and construction of a 1,200- square-foot detached, single-family dwelling on that parcel. The costs of additional permits, [...] equipment, and compliance could be passed through by businesses providing products [for residential] construction. The possible impact of these proposed changes appears to be minimal. [The agency] cannot quantify the impact at this time because the available information does not indicate whether the costs would be passed on to consumers and any such estimate would be speculative.”

Other Housing Cost Impact Statements simply read:

“HOUSING IMPACT STATEMENT: No known housing impact.”



LC239 – Modernizing the Housing Cost Impact Statement

- Expands the number of agencies that must consider the impact of rulemaking.
- Includes analysis of impact on workforce housing and middle housing development.
- Requires analysis of how rule may impact historically disadvantaged communities and working families.
- Requires agencies to keep track of costs, receive comment on costs incurred, and report back to legislature.

The Goal – Increased Transparency

“The direct impact of the rules for materials and equipment necessary to construct a single-family home offered for sale in the 80 to 150% of median family income (workforce housing) would be \$1,000.”

“We do not believe the rule would impact the cost of a lot or parcel for a workforce housing because...”

“Residential builders would have to complete additional training, record keeping and additional administrative requirements under these proposed rules. We estimate the cost at \$250 per home.”

“The agency finds that these costs would impact the initial sales cost to consumers by approximately \$1,250 per home which at the median in price in Oregon would result in approximately 1,500 consumers unable to qualify for a mortgage under current lending rates.”

“To determine whether these rules would impact historically disadvantaged communities and/or impact the ability for members of a historically disadvantaged families to be able to purchase a home at 80 to 150% MFI levels, we will need to do further analysis.”

“Members of the RAC have provided testimony and data indicating that the rules may cause displacement of historically disadvantaged communities. We disagree because...”

“Despite increased costs, the rule is necessary for the protection of health and safety because...”

“The agency intends to seek additional specific input to determine how the rules impact workforce housing, whether the rules would displace historically disadvantaged families, and will seek to identifying how we can mitigate these impacts.”



“3,000 members dedicated to affordable and available housing for all Oregonians”

Questions? Please email:

Mark Long

mark@oregonhba.com

