

HB 3368 A STAFF MEASURE SUMMARY

House Committee On Housing

Action Date: 04/08/21

Action: Do pass with amendments and be referred to Ways and Means by prior reference.
(Printed A-Eng.)

Vote: 8-0-0-0

Yeas: 8 - Campos, Fahey, Marsh, Meek, Morgan, Neron, Weber, Zika

Fiscal: Fiscal impact issued

Revenue: No revenue impact

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Meeting Dates: 3/25, 4/8

WHAT THE MEASURE DOES:

Requires Housing and Community Services Department (department) to make grant funding available to three shared-equity homeownership pilot projects: one in an urban area and one in a rural area in an adjacent county, and one granted to a nonprofit corporation that has demonstrated success in supporting and increasing homeownership among communities of color. Specifies that shared-equity homeownership pilot projects are for affordable tiny homes with innovative ownership structures. Allows grant moneys to be used to purchase and develop land or housing or provide support services to residents of the housing. Requires that each project must: consist of at least 15 dwelling units; be located on land owned by a religious or public benefit nonprofit corporation; and require that housing units are subject to a long-term ground lease between the nonprofit corporation and a separate business entity. Specifies that entity membership must only be granted and made attainable to low- or very low-income tenants. Allows department to adopt grant requirements which give preference to applications that provide innovative ownership structure, cost-effective construction methods, and ensure the greatest number of long-term affordable units for individuals who are homeless or at risk of becoming homeless, including veterans and communities of color. Requires department to report to interim committee of the Legislative Assembly on pilot projects no later than September 15, 2022, and September 15, 2024. Sunsets pilot projects January 2, 2025. Appropriates, for the biennium beginning July 1, 2021, \$10 million in General Fund moneys to the department for shared equity homeownership pilot project grants. Declares emergency, effective upon passage.

ISSUES DISCUSSED:

- Value of tiny homes and cottage clusters in providing smaller, affordable housing options for first-time homeowners
- Wealth generation and family stabilization provided by shared-equity co-op model
- Definition of “innovative housing” specific to tiny homes and relationship to building codes and statutory requirements
- Concern that zoning and siting requirements will be a barrier, particularly outside the urban growth boundary
- Whether specificity of requiring one urban and one rural area in an adjacent county limits ability to spread projects throughout the state
- Pilot project time frame of four years and how success will be evaluated in required reports
- Limiting pilot projects to include only tiny homes

EFFECT OF AMENDMENT:

Specifies that shared-equity homeownership pilot projects are only for affordable tiny homes with innovative ownership structures. Provides a grant for a third pilot project to be awarded to a nonprofit corporation that has demonstrated success in supporting and increasing homeownership among communities of color. Appropriates,

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for the biennium beginning July 1, 2021, \$10 million in General Fund moneys to the department to provide and administer shared-equity homeownership pilot project grants. Provides definitions for "loft" and "tiny home."

BACKGROUND:

According to the U.S. Census Bureau's American Community Survey (ACS) five-year estimates from 2013-2017, homeownership rates are significantly lower for communities of color in Oregon than for white people. Among Oregonians of color, the homeownership rate is 32 percent for Black or African American, 45 percent for American Indian/Alaskan Native and 40.8 percent for Hispanic or Latino, compared to the white homeownership rate of 65 percent.

Community land trusts and limited-equity co-ops are the main components of a shared-equity homeownership model which aims to provide permanent affordability in owner-occupied housing. In this model, a community land trust acquires or purchases the underlying land and leases the land to a limited-equity housing co-op. The co-op offers the housing at an affordable rate with limited equity to residents, and manages the housing as well as improvements on the land. A long-term ground lease agreement binds the two entities in a partnership.

House Bill 3368 A allocates grant funding to three shared-equity homeownership pilot projects for affordable tiny homes designated for low- or very-low income tenants who are homeless or at risk of becoming homeless. It appropriates, for the biennium beginning July 1, 2021, \$10 million in General Fund moneys to the department for shared-equity homeownership pilot project grants.