

## ANALYSIS

### Department of Land Conservation and Development Regional Housing Needs Analysis Planning Incorporation

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**Analyst:** Zane Potter

**Request:** Acknowledge receipt of an initial report on efforts to develop a legislative proposal for incorporation of a regional housing needs analysis into future state and local planning processes by the Department of Land Conservation and Development.

**Analysis:** The budget report for HB 5006 (2021) included the following budget note to the Department of Land Conservation and Development (DLCD):

The Department of Land Conservation and Development, in consultation with Oregon Housing and Community Services, shall provide an initial legislative report no later than February 1, 2022 and a final legislative report no later than December 31, 2022 on efforts to develop a legislative proposal for incorporation of a regional housing needs analysis into future state and local planning processes.

HB 5006 (2021) included \$1,306,912 General Fund and authorized one limited duration position for DLCD to conduct studies and stakeholder outreach to support the development of the legislative proposal. The bill also included \$225,953 General Fund for the Housing and Community Services Department (HCSD) for its work with DLCD.

DLCD's report provides an update on the policy development process and guidelines by which a regional housing needs analysis could be adopted into state and local planning processes. DLCD reports that the project team is conducting a statewide engagement process that includes stakeholders from local, regional, and state government agencies and committees, equity and housing-related advocates, affordable housing developers, and community-based organizations. There is also a working group to help the project team develop the legislative proposal. This group plans to have seven total meetings.

The report also provides background information on the Regional Housing Needs Analysis developed by HCSD in 2020, gaps identified in the current housing planning system, and goals of the project team. The final report will include legislative recommendations that will detail changes to statute and direction for future state work.

**Recommendation:** The Legislative Fiscal Office recommends acknowledging receipt of the report.



# Oregon

Kate Brown, Governor

## Department of Land Conservation and Development

Administrative Services Division

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January 28<sup>th</sup>, 2022

Senator Elizabeth Steiner Hayward, Co-Chair  
Representative Dan Rayfield, Co-Chair  
Interim Joint Committee on Ways and Means  
900 Court Street NE  
H-178 State Capitol  
Salem, OR 97301

Dear Co-Chairpersons:

During the 2021 legislative session, the Oregon Legislature appropriated \$1,306,912 through House Bill 5006 to the Department of Land Conservation and Development (DLCD) to study and make legislative recommendations on the incorporation of a regional housing needs analysis into state and local planning programs. Funds were also appropriated through House Bill 5006 to Oregon Housing and Community Services (OHCS) to support and collaborate with DLCD's leadership on this study. The DLCD/OHCS project team has developed the attached initial report detailing the project parameters for our collaborative work.

### **Nature of the Request**

Therefore, the Department of Land Conservation and Development (DLCD) respectfully submits the interim report, and is requesting a time to report to the Legislature on the following budget note included in HB 5006 (2021) which says:

*BUDGET NOTE - The Department of Land Conservation and Development, in consultation with Oregon Housing and Community Services, shall provide an initial legislative report no later than February 1, 2022 and a final legislative report no later than December 31, 2022 on efforts to develop a legislative proposal for incorporation of a regional housing needs analysis into future state and local planning processes.*

### **Agency Action**

The Department of Land Conservation and Development is currently working with Oregon's Department of Housing and Community Services to prepare a report for the Legislature which describes our progress on this project.

**Action Requested**

DLCD respectfully requests that the committee acknowledges receipt of the report on this budget note.

**Legislation Affected**

HB 5006 (2021)

Sincerely,

A handwritten signature in blue ink, appearing to read "Carol Bovett", is written over the word "Sincerely,".

Carol Bovett  
Administrative Services Division Manager

Attachment: Interim Project Report

cc: Zane Potter, LFO  
Sione Filimoehala, CFO  
Kirstin Greene, Deputy Director DLCD  
Emma Land, Policy Advisor DLCD

To access a copy of this report and a supplemental framework report, please visit the following hyperlink: [https://www.oregon.gov/lcd/UP/Documents/20220201\\_RHNA\\_Interim\\_Framework\\_Report.pdf](https://www.oregon.gov/lcd/UP/Documents/20220201_RHNA_Interim_Framework_Report.pdf)

## Legislative Context

During the 2021 legislative session, the Oregon Legislature appropriated funds through House Bill 5006 to the Department of Land Conservation and Development (DLCD) to study and make legislative recommendations on the incorporation of a regional housing needs analysis into state and local planning programs. Funds were also appropriated through House Bill 5006 to Oregon Housing and Community Services (OHCS) to support and collaborate with DLCD's leadership on this study.

This work is a continuation of the Regional Housing Needs Analysis (RHNA, pronounced "ree-na") [prototype](#) developed by OHCS in 2020 as directed by House Bill 2003. The bill also directed DLCD to review the prototype methodology and provide an [assessment](#) of the implementation of such an analysis into state and local planning programs. This report concluded that **the current housing planning system chronically underestimates housing need, especially for households with lower income, does not identify or enforce the responsibilities of local governments to comprehensively address housing need, and perpetuates geographic patterns of racial and economic segregation, exclusion, and inequity.** The appropriated funds will enable DLCD to study and make legislative recommendations in advance of the 2023 Legislative Session, including resources to facilitate a statewide stakeholder engagement process and working group.

## Problem Statement

**Oregon has been dramatically under-building housing** for decades. We are already 140,000 homes behind in meeting the housing demand of a growing population and would need to double the pace of production in the next five years to dig our way out. This has resulted in rising housing costs, more unhoused people, and fewer choices for individuals and families trying to make ends meet. As prices rise, **households with lower incomes and communities of color are disproportionately impacted.** This is happening in part because our planning system is **not fully accounting for housing need** across the income

spectrum, and, as a state, **we are not holding ourselves accountable** to building enough housing in the locations where it is most needed. The lower we aim, the worse the problem becomes.

## Project Goal

DLCD and OHCS are approaching this work with the following project goal:

Prepare legislative recommendations regarding the integration of an improved methodology for calculating housing need. Doing so can only improve housing equity outcomes if other parts of our housing planning system are modernized, potentially including Goal 10 and local land use planning systems, state and local affordable and other housing funding systems, accountability mechanisms, and system capacity for implementation. In this project, DLCD and OHCS are exploring how a modernized housing planning system could:

- Advance fair housing and center housing outcomes for low-income households and federal and state protected classes;
- Implement a consistent system of measuring housing need that serves as the foundation for:
  - Local land use planning and growth management,
  - State, regional, and local affordable housing funding, including the distribution of federal funding,
  - Statewide and local housing policy,
  - Regional collaboration on housing implementation, and
  - Public facilities planning.
- Develop organizational capacity at the state to implement technical aspects of RHNA, facilitate increased housing production, and lead housing policy; and
- Create systems of shared responsibility and accountability for state, regional, and local governments to meet housing need identified in the RHNA, especially for subsidized affordable housing.

## Policy Development Process

The project team will lead a statewide **engagement** process and **working group** process with the goal to ensure legislative recommendations are implementable, productive, and responsive to the entirety of Oregon's housing need. This will include discussions on the major implementation issues identified in the previous biennium, as well as direction and feedback on the spectrum of possible policy recommendations with the following key stakeholders and partners:

- Planning, housing, equity-focused, and frontline staff and committees at local and regional government agencies
- Equity and housing-related advocates and advocacy organizations
- Market-rate and subsidized affordable housing developers and real-estate actors
- Community-based organizations that fund or provide housing-related services
- The Governor's office, including housing and racial justice committees
- State agency staff that would be charged with a role in implementation.

Additionally, the project team is facilitating a working group that encompasses a variety of geographic and professional perspectives, interests, and expertise to aid the development of well-researched and thoughtful legislative recommendations. Their role is to help the project team translate feedback from the engagement process into implementable legislative recommendations. Meetings with the working group have begun, and there will be a total of seven meetings from October 2021 to December 2022.

Finally, the project team will study and development recommendations to embed continuing engagement with local communities, especially communities of color, federal/state protected classes, and other communities disproportionately affected by historic policies, into legislative recommendations that result from this process. This will include engagement strategies to pilot or implement, including delineations for different levels of government, from state to local government agencies, that facilitate engagement in a manner that is meaningful and more responsive to community needs.

## Legislative Recommendations

Stakeholders and legislators have been clear that outcomes from legislative recommendations should go beyond measurement, to include:

- **Increasing overall housing production**
- **Increasing publicly funded and affordable housing production**
- **Creating more inclusive and integrated communities** through increased focus on fair housing in production, and geographic housing equity

While no policy recommendations are proposed as part of this interim report, the project team has established major parameters by which a regional housing needs analyses could be adopted into state and local planning processes and will be developing recommendations for action in the 2023 Legislative Session. This continuum includes pathways that range from strengthening the existing housing production strategy program with production targets to the replacement of local housing needs projections with RHNA projections and affordability thresholds to serve as the basis of land use planning. This continuum is discussed in greater detail in the [Framework Report](#).

Once the engagement and working group process conclude, the project team will develop and submit legislative recommendations that detail changes to statute and direction for future state agency work. In order for these changes to be successful in achieving better outcomes, the Legislature will also have to provide the tools to overcome real-world barriers to production. These include:

- **Accountability**, to ensure that governments are doing all they can to equitably meet growing need
- The amount and type of **state level funding**, to better support the production of publicly funded housing and affordable housing
- **Administrative capacity**, to enable comprehensive and sustained implementation efforts