

## HB 2889 -1 STAFF MEASURE SUMMARY

### House Committee On Housing and Homelessness

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**Prepared By:** Claire Adamsick, LPRO Analyst

**Sub-Referral To:** Joint Committee On Ways and Means

**Meeting Dates:** 2/7, 2/16

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#### WHAT THE MEASURE DOES:

Establishes Oregon Housing Needs Analysis within Housing and Community Services Department (OHCS). Directs department to adopt rules for implementing provisions of Act by January 1, 2025, and to review and amend or repeal rules once per federal decennial census. Directs Department of State Lands and Department of Administrative Services to assist OHCS in carrying out requirements of Act. Appropriates General Fund moneys to OHCS to implement components of Oregon Housing Needs Analysis.

**20-year housing need.** Requires OHCS to conduct annual statewide estimate of existing and needed housing by region, and allocate to local governments outside Metro housing need that considers: forecasted population growth; regional job growth; the needs of individuals experiencing homelessness; vacant housing units, and equitable distribution of housing across specified income levels. Specifies OHCS must conduct initial statewide estimate and housing allocation no later than July 1, 2025.

**Housing production targets and dashboard.** Directs OHCS to establish, by January 1, 2026, annual housing production targets for cities with population greater than 10,000, separated into subsidized affordable and total housing production. Requires OHCS to develop and maintain, beginning January 1, 2026, a publicly available statewide housing production dashboard, to be updated annually with data on regional progress toward housing production targets, including total units permitted and produced by cities with population greater than 10,000. Clarifies deadlines and reporting requirements for local governments in submitting annual housing production data to the Department of Land Conservation and Development (DLCD). Directs OHCS to develop, by January 1, 2026, and update a statewide equity indicator including available data on housing outcomes for identified demographic groups, accessibility, displacement risk, segregation by race and income, climate resiliency, and other factors. Expands requirements of local government's housing production strategy to align with equitable housing outcomes, and expands actions that may be contained in a housing production strategy, including but not limited to efficiency of permit approvals, density increases, or rezoning lands.

**Urbanization.** Directs Land Conservation and Development Commission (LCDC) to adopt rules and amendments related to urbanization which provide greater flexibility and certainty for local governments in amending urban growth boundaries or adopting comprehensive plan amendments or land use regulations to support their housing production strategies. Prohibits appeals to local government amendments to a land use regulation or comprehensive plan amendment if the local government has utilized the Oregon Housing Needs Analysis methodology. Specifies priorities LCDC must consider in rulemaking to accommodate local housing production strategies, including providing parameters consistent with the technical and resource capacity of varying sized jurisdictions. Appropriates \$1 million in General Fund moneys to LCDC to adopt rules related to urbanization.

**Urbanization outside Metro.** Clarifies necessary actions by cities outside Metro with a population greater than 10,000 in conducting inventory of buildable lands and determining capacity for needed housing. Requires a local government to amend its urban growth boundary or amend other land use regulations when identified needed housing exceeds current capacity. Allows cities outside Metro with population greater than 10,000 to adopt rural

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reserves as defined in statute; clarifies properties within urban and rural reserves are not subject to compensation under statute unless the designation and protection imposes a new use restriction on or reduces the fair market value of the property. Clarifies provisions of Act do not apply to urban reserves or rural reserves acknowledged prior to effective date of the Act.

**Urbanization within Metro.** Distinguishes buildable lands requirements for cities within Metro. Directs Metro to develop and adopt housing coordination strategy identifying regional strategies and impediments to producing needed housing within one year of completing a housing capacity analysis.

*FISCAL: May have fiscal impact, but no statement yet issued*

*REVENUE: May have revenue impact, but no statement yet issued*

### ISSUES DISCUSSED:

- Focus of measure on long-term framework vs. short-term housing production solutions
- Method for calculating vacant housing units as part of OHCS annual estimate
- Local government autonomy and accountability in moving development projects through approval process
- Application of Oregon Housing Needs Analysis to urban unincorporated areas and rural reserves

### EFFECT OF AMENDMENT:

-1 Replaces the measure.

Establishes Oregon Housing Needs Analysis within Housing and Community Services Department (OHCS), with stated purpose of furthering housing production and housing choice at all levels of affordability. Directs Department of Land Conservation and Development (DLCD) to adopt housing production target allocation schedule by March 1, 2024. Directs DLCD and OHCS to assist Department of Administrative Services (DAS) in carrying out requirements of Act. Appropriates unspecified General Fund moneys to OHCS and DLCD implement components of Oregon Housing Needs Analysis.

**Statewide housing analysis and housing production targets.** Directs DAS to conduct annual statewide estimate of needed housing and housing underproduction by region, and allocate, to local governments outside Metro, housing need that considers: forecasted population growth; regional job growth; the needs of individuals experiencing homelessness; vacation or second homes; and equitable distribution of housing across specified income levels. Directs DAS to conduct initial statewide estimate and housing allocation no later than July 1, 2025.

**Housing production targets.** Directs DAS to establish, by January 1, 2026, annual housing production targets for cities with population greater than 10,000, separated into total production target and targets for housing affordable to specified income levels less than 80 percent of area median income. Allows DAS to adjust allocation of needed housing to accommodate people experiencing homelessness and underproduction; directs DAS to align allocation with housing production strategy schedule developed by DLCD.

**Housing production dashboard and equity indicators.** Requires OHCS to develop and maintain, beginning January 1, 2026, a publicly available statewide housing production dashboard, to be updated annually with data on regional progress toward housing production targets by affordability level for cities with population greater than 10,000. Clarifies deadlines and reporting requirements for local governments in submitting annual housing production data to the Department of Land Conservation and Development (DLCD). Directs OHCS to develop, by January 1, 2026, and periodically update a statewide equity indicator including: available data on housing outcomes for identified demographic groups; accessibility and visitability; displacement risk; segregation by race and income; environmentally just housing outcomes; and other factors. Expands requirements of local

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government's housing production strategy to align with equitable housing outcomes, and expands actions that may be contained in a housing production strategy, including but not limited to actions that increase housing choice, reduce project cost or delay, or prepare land for development and redevelopment.

**Urbanization.** Directs Land Conservation and Development Commission (LCDC), in adopting or implementing rules related to urbanization, to follow guiding principles related to housing choice, equitable housing outcomes, and collaboration with local governments to address and eliminate local housing barriers. Directs public bodies to use authority to remove barriers and create pathways to development at rate commensurate with housing need. Directs LCDC to adopt rules and amendments related to urbanization which provide greater flexibility, options, and certainty for local governments in amending urban growth boundaries or adopting comprehensive plan amendments or land use regulations to support their housing production strategies. Specifies priorities LCDC must consider in rulemaking to accommodate local housing production strategies. Prohibits appeals to local government amendments to a land use regulation or comprehensive plan amendment if local government has utilized the Oregon Housing Needs Analysis methodology. Appropriates \$1 million in General Fund moneys to LCDC to adopt rules related to urbanization.

**Housing production accountability.** Describes DLCD responsibilities to partner with public bodies to increase housing production and to develop proportional responses to underperformance or deliberate noncompliance by a local government with regard to housing targets. Clarifies terms by which the department may refer a city to department's housing acceleration program. Describes components of housing acceleration program, including department-conducted audit of a city's housing barriers, identification of available resources, and agreement by city to adopt amended housing production strategy within six months. Directs DLCD and other state agencies to assist cities in completing actions contained in housing acceleration agreement. Allows DLCD to request enforcement order without prior approval from Land Conservation and Development Commission (LCDC). Requires Land Conservation and Development Commission to issue enforcement order to cities with a population of 10,000 or greater that: has a pattern or practice of violating statutes which cause unnecessary cost or delay to housing production; has a pattern or practice of creating adverse impacts to protected classes in equitable access to housing; or has failed to enter into or has breached terms of a housing acceleration agreement. Makes operative provisions of Act related to housing production accountability on January 1, 2025.

**Urbanization outside Metro.** Clarifies necessary actions by cities outside Metro with a population greater than 10,000 in conducting inventory of buildable lands and determining capacity for needed housing. Requires a local government to amend its urban growth boundary or amend other land use regulations when identified needed housing exceeds current capacity. Allows cities outside Metro with population greater than 10,000 to adopt rural reserves as defined in statute; clarifies properties within urban and rural reserves are not subject to compensation under statute unless the designation and protection imposes a new use restriction on or reduces the fair market value of the property. Clarifies provisions of Act do not apply to urban reserves or rural reserves acknowledged prior to effective date of the Act.

**Urbanization within Metro.** Distinguishes buildable lands requirements for cities within Metro. Directs Metro to develop and adopt housing coordination strategy identifying regional strategies and impediments to producing needed housing within one year of completing a housing capacity analysis.

Declares emergency, effective on passage.

### BACKGROUND:

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According to the Department of Land Conservation and Development (DLCD), Oregon needs to develop more than 550,000 new housing units across income levels to accommodate 20 years of population growth and to account for current underproduction and the lack of units for people experiencing homelessness. DLCD estimates that approximately 49 percent of this housing will require public subsidy. The department reported in its February 2021 Regional Housing Needs Analysis report that underproduction can be attributed to high land and construction costs, inadequate infrastructure, and limited local government capacity, among other factors. The Oregon Office of Economic Analysis has reported on the longer-term impacts of housing production, including slowing economic growth and potential increased displacement of Oregonians who cannot afford to rent or buy a home.

Oregon's land use planning system is based on a set of 19, statewide land use goals that express the state's land use policies. Goal 10, "Housing," specifies that each local government must plan in advance to accommodate housing needs in alignment with the community's projected population growth. It requires each local government to inventory its buildable residential lands, anticipate its future needs for such lands projected 20 years into the future, and plan and zone enough buildable lands to expand capacity for needed housing development. Goal 10 requires local governments to apply clear and objective standards and practices in regulating the development of needed housing, and prohibits local regulation from "discouraging needed housing through unreasonable cost or delay."

In 2019, the Legislative Assembly enacted House Bill 2003, which required each city with a population greater than 10,000 to conduct a housing needs analysis, and to develop and adopt a housing production strategy to address unmet housing needs. The measure also allocated funding to the Department of Land Conservation and Development (DLCD) to create a new methodology, known as the Regional Housing Needs Analysis, for a statewide approach to address housing need across income levels, while reducing geographic disparities in access to housing.

Subsequent legislation in 2021 and 2022 directed DLCD to study and make legislative recommendations on the incorporation of a regional housing needs analysis into state and local planning programs, and to convene local government, development, and community-based and culturally-specific stakeholders to make recommendations to address housing needs and land supply issues throughout the state. The result of this work is the Oregon Housing Needs Analysis policy recommendations, which DLCD submitted to the legislature in December 2022. Many of the policy recommendations are the basis for House Bill 2889.

House Bill 2889 establishes the Oregon Housing Needs Analysis (OHNA) within Oregon Housing and Community Services, and directs the agency to adopt rules for implementation by January 1, 2025. It directs OHCS to conduct an annual statewide estimate of existing and needed housing by region, taking into consideration forecasted population growth; regional job growth; the needs of individuals experiencing homelessness; vacant housing units; and equitable distribution of housing across specified income levels. The measure also directs OHCS to establish annual housing production targets for cities with population greater than 10,000, separated into subsidized affordable and total housing production.

The measure requires OHCS to develop and maintain a publicly available statewide housing production dashboard, as well as a statewide equity indicator including available data on housing outcomes for identified demographic groups, accessibility needs, displacement risk, segregation by race and income, climate resiliency, and other factors. It expands actions that may be contained in a local government's housing production strategy,

including but not limited to efficiency of permit approvals, density increases, or rezoning lands.

Finally, House Bill 2889 modifies and clarifies urbanization requirements for cities within and outside of Metro, and directs the Land Conservation and Development Commission (LCDC) to adopt rules and amendments related to urbanization which provide greater flexibility and certainty for local governments in amending urban growth boundaries or adopting comprehensive plan amendments or land use regulations to support their housing production strategies.