

HB 2889 -3 STAFF MEASURE SUMMARY

House Committee On Housing and Homelessness

Prepared By: Claire Adamsick, LPRO Analyst

Sub-Referral To: Joint Committee On Ways and Means

Meeting Dates: 2/7, 2/16, 4/4

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
- Balancing state land use goals on housing development (Goal 10) with public involvement goals (Goal 1)
- Estimated need of units for households with income lower than 30 percent of area median income

EFFECT OF AMENDMENT:

-3 Replaces the measure.

Aligns provisions of Act with Enrolled House Bill 2001 (2023). Directs Department of Land Conservation and Development (DLCD), Oregon Housing and Community Services (OHCS), and Department of Administrative Services (DAS) to solicit written and oral public testimony to inform recommended methodological changes to the Oregon Housing Needs Analysis. Clarifies housing production targets are inclusive of housing produced by for-profit, non-profit and public builders, are segmented by specified income level. Defines “development-ready lands” as buildable lands likely to support production of housing due to being appropriately annexed and zoned; readily served through adjacent public facilities; or not encumbered by applicable local, state or federal regulations.

Allows DLCD to refer a city to housing acceleration program based on city’s progress, proportionate to its population size, toward housing production targets for families earning less than 80 percent of median family income. Removes requirement that Metro allocate housing need for cities within Metro. Directs Land Conservation and Development Commission to give equal weight to statewide housing, economic, and transportation land use planning goals when evaluating whether a city’s amendment to its comprehensive plan is subject to commission review. Removes directive to OHCS to establish temporary advisory committee to advise department on providing modular housing grants or loans.

Declares emergency, effective on passage.

BACKGROUND:

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

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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.