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Increasing Housing Production with Middle Housing and Infill

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Middle Housing and the Oregon Context



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Housing Needs in Oregon

- Current housing unit deficit of 100,000, with an additional 400,000 in future needs projected for the next 20 years
 - *89% of current deficit is units for households under 80% AMI*
 - *48% of future need is units for households under 80% AMI*
 - *EO 23-04 set a 36,000 unit per year production goal*
- Median sales prices of homes are increasing at 7.1x the rate of median wages
- Racial gaps in homeownership opportunities are increasing for Black and Native communities



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What is middle housing?

- Middle housing includes duplexes, triplexes, quadplexes, townhouses, and cottage clusters
- Well suited for infill and redevelopment projects, in addition to new development areas
- Often has a smaller footprint and results in denser developments and walkable neighborhoods
- Can provide more affordable rental and homeownership options



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Middle Housing Background in Oregon

2019: The Legislature passed HB 2001, which legalized duplexes on single-family lots in cities with 10,000+ population and all middle housing in single-family residential areas in cities with 25,000+ population

2020: DLCD adopted rules to guide how cities implemented the new middle housing law

2021: The Legislature passed SB 458, which provided a simplified land division process for middle housing units to expand homeownership opportunities around these housing types

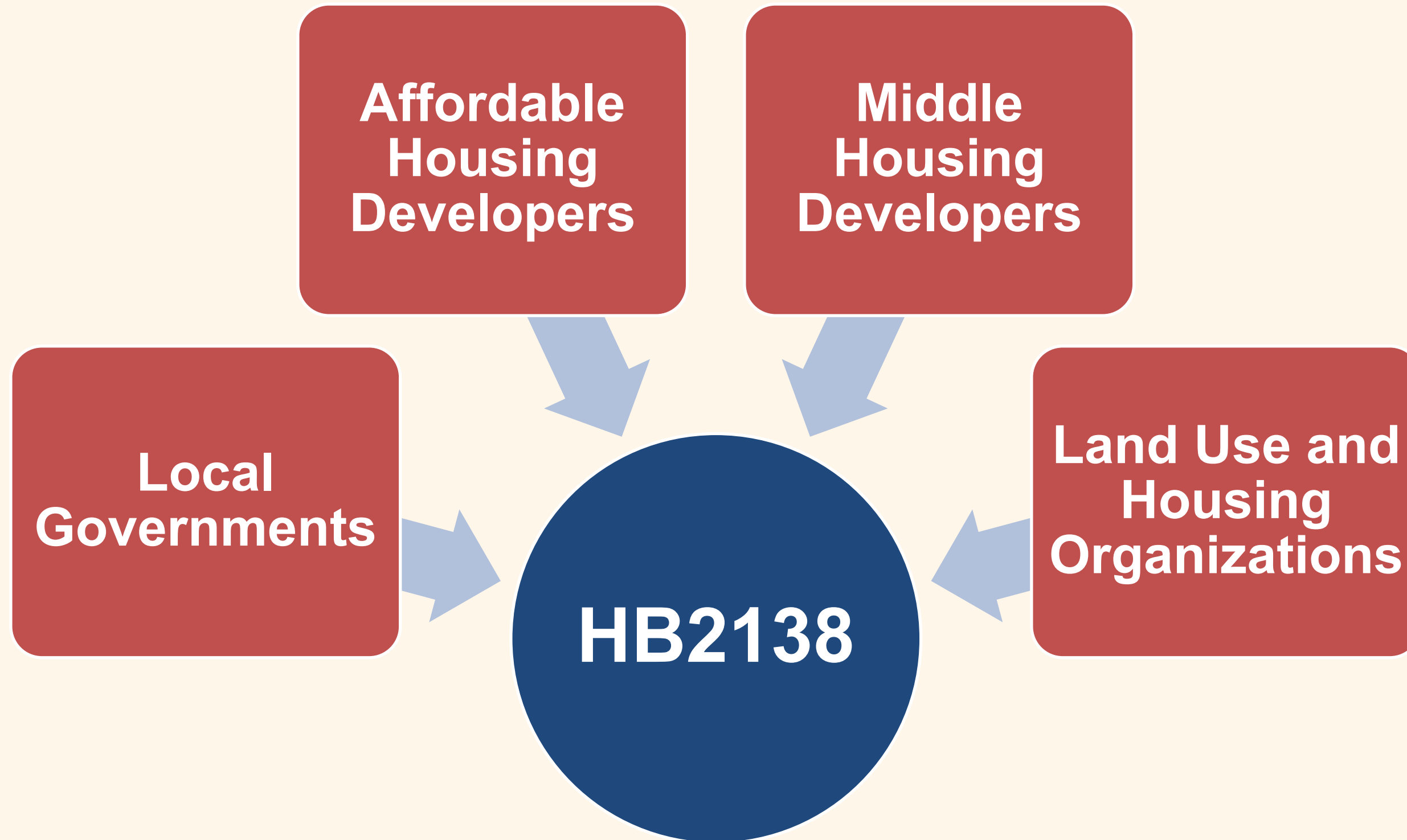
2023: The Legislature passed HB 3395, which extended the duplex siting requirements to cities with 2,500+ population

Building on Policy Successes

House Bill 2138



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Core Policy Goals

To reduce housing prices and increase homeownership

- **Legalize thousands of new housing units** by allowing additional duplexes, triplexes, quadplexes, cottage clusters, and townhouses across Oregon
- **Eliminate barriers to development** for additional middle housing in every community
- Require incentives for **accessible homes** and **affordable homeownership**

Legalize thousands of
new housing units





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Current Issues:

Thousands of lots across Oregon still have restrictions on middle housing development:

- Lack of middle housing allowance in all urban areas
- Restrictions on adding middle housing on lots with existing units
- Private restrictions not allowing property owners to build middle housing



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Policy Changes:

- Legalize middle housing in all urban areas
 - *Urban services capacity required*
- Require cities to allow middle housing on lots with existing single-family units, accessory dwelling units, or duplexes
- Invalidate private restrictions not allowing property owners to build middle housing
 - *Modeled after AB 670 (California, 2019)*
- Require cities to allow duplexes, triplexes, and quadplexes as attached or detached
 - *Detached units expand the number of middle housing builders*
 - *Facilitates a housing product Oregonians seek at middle housing densities*
 - *Enables increased fee-simple homeownership*

Eliminate barriers to development





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Current Issues:

Process and development requirements continue to exist that add time and cost which slow or stop new middle and small unit housing:

- Middle housing in new area developments require two land division processes
- Middle housing land divisions require public notice and allow for local appeals
- Lack of clarity on clear and objective standards for urban services
- Middle housing and small units are subject to more onerous and exacting requirements than detached single unit development



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Policy Changes in Statute:

- Combining the subdivision and land division processes for middle housing
- Eliminate notice and appeals requirements for new middle housing land divisions
- Eliminate traffic impact analyses and non-adjacent traffic-related exactions for infill middle housing developments
- Reduce parking requirements for single-room occupancies



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Policy Changes in Rule:

- Prohibit siting and design standards that have the effect of preventing manufactured middle housing siting
- Establish siting and design standards for ADUs and SROs that facilitate new housing unit production
- Amend existing siting and design standards for middle housing from lessons learned to facilitate additional new housing unit production
- Facilitate additional flexibility in front setbacks, parking, and other development requirements

Accessible and affordable homes





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Current Issues:

Over half of the current housing production deficit and future need is for affordable or accessible housing:

- Affordable homeownership opportunities are needed to increase homeownership rates and reduce homeownership disparities
- Type A accessible housing in middle housing types is mostly at the discretion of the housing developer



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Policy Changes in Statute:

- Statewide required density bonus on a middle housing development if one unit is built to Type A accessibility standard or one unit is offered for sale to households under 120% AMI
 - *One additional unit in duplex or triplex, or two additional units in townhouse, quadplex, or cottage cluster*
 - *Local governments may enact stronger programs for density bonus*
 - *Affordable homeownership developers always receive additional density*
 - *Market rate developers are incentivized to add affordability or accessibility*

Expanding the Tools





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Adding Production Tools

- Existing production tools

- *Land, land acquisition, and land readiness programs*
- *Mandatory flexibility in design and development standards*
- *Planning and permitting process improvements*
- *Infrastructure funding for new housing*
- *Affordable housing financing program reform and expansion*
- *Moderate income housing revolving loan fund*
- *Housing Accountability and Production Office*

- Expansion of tools

- *Middle housing and infill policy reform, infrastructure for housing program, statewide preapproved plans, and more...*
- *\$1.5 million in local government technical assistance for middle housing, \$7 million overall*

Next Steps



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Changes of Note

- Affordable and accessible housing bonus parameters
 - *Rewritten in amendment to address city feedback*
- Disallowance for downzoning
 - *Removed in amendment due unintended impacts*
- Cottage cluster courtyard requirement change
 - *Removed in amendment*
- Rulemaking changes for demolition review in historic districts
 - *To be removed in next amendment*



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Outstanding issues and next steps

- Traffic impact analyses and exactions
 - *Amend to allow exactions adjacent to development site, limit to single middle housing development project (not area developments), clarify there is no preemption on SDCs*
- Clear and objective standards for urban services
 - *Exploring standard where land use (not other code or manual) requirements for water, sewer, stormwater, and transportation are clear and objective*
 - *Alternatively, a requirement for clear and objective direction at application denial*
 - *If no workable policy clarification, remove in next amendment*



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Thank you!
