

HB 2316 -3 STAFF MEASURE SUMMARY

House Committee On Housing and Homelessness

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WHAT THE MEASURE DOES:

The measure creates a program called Home Start Lands to develop affordable housing on certain state and locally designated lands. It allows the state to identify unused public land and convert it into housing, while also letting local governments nominate eligible properties near urban areas. The measure creates a random lottery system will be created to give first-time homebuyers priority access to purchase these homes at fair market prices, with restrictions requiring them to live in the home for at least five years. The measure also provides a five-year property tax exemption on the land value. The measure requires the program to begin by 2027, with tax benefits available through 2034.

Detailed Summary:

Definitions

- Defines “Home Start Lands” as lands designated by the Oregon Department of Administrative Services or nominated by a local government under the provisions in sections two and three of the measure.
- Defines “Local government” as the governing body responsible for the land, specifying that it refers to a city for land within city boundaries and a county for all other lands outside city limits.

State designation of Home Start Lands

- Allows the Oregon Department of Administrative Services (DAS) to identify and designate state-owned lands that are not committed to permanent state use for housing development.
- Allows DAS to also identify real property owned by the state for exchange for real property of approximately equal aggregate value that will be designated as Home Start Lands after it confers with any state agency that owns, manages, operates or is authorized to act on behalf of the state regarding the real property.
- Exempts Home Start Lands from public lands laws governing the state or any agency’s use, management or operation of lands owned or operated by the state.
- Permits DAS to adopt rules to administer these provisions.

Housing and Community Services Department designation of Home Start Lands

- Permits the Oregon Housing and Community Services Department (OHCS) to designate real property as Home Start Lands if local governments and property owners have identified a plan or funding source that is substantially likely to increase the supply of affordable housing in this state.
- Permits local governments to nominate land for Home Start designation if the land is adjacent to an urban growth boundary, subject to an affordable housing covenant for at least 30 years, and has owner consent.
- Permits DAS to adopt rules to administer these provisions.

Planning and uses of Home Start Lands

- Restricts Home Start Lands to single-family housing development, with local governments allowed to adopt siting and development regulations.
- Exempts Home Start Lands from most land use regulations, including state land use planning laws, local comprehensive plans, and zoning rules, except for land division procedures.
- Requires local governments to approve or reject development applications for Home Start Lands within 100 days, with appeals limited to a writ of review.

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- Clarifies that an approval of such application becomes void four years after the date it is issued.

Termination of Home Start Lands designation

- Terminates the designation of real property as Home Start Lands if the property has not received authorization from the local government to use the property for residential development; and if DAS, OHCS, or the local government has issued an order terminating the designation.

State housing development on Home Start Lands

- Directs the Oregon Department of Administrative Services to develop Home Start Lands by preparing the land, installing infrastructure, and constructing single-family housing.
- Prohibits Home Start Lands from being included in planned communities and require open spaces or infrastructure areas to remain publicly owned.

State housing portal and lottery

- Establishes an online portal for first-time homebuyers to register for purchasing homes on Home Start Lands.
- Directs DAS to create and maintain portal by January 1, 2027.
- Establishes a random lottery system to assign priority numbers to eligible buyers of housing on Home Start Lands.
- Sets eligibility criteria for lottery participation, requiring applicants to be Oregon residents, first-time homebuyers, and have a qualifying income.
- Directs DAS to administer lottery program and to assign first priority numbers by July 1, 2027.

Conveying state owned dwellings on Home Start Lands

- Establishes a structured process for selling state-built homes, including setting fair market prices, and offering properties to lottery participants based on their assigned priority number.

Occupancy requirements for dwellings sold by state

- Mandates that buyers use the home as their primary residence for at least five years, with an option for the state to repurchase the home at the original price if the buyer fails to comply.

Property taxes for dwellings on Home Start Lands

- Provides property tax relief for first-time homebuyers on Home Start Lands, exempting the land's real market value from taxation for five years.
- Applies property tax exemptions starting with the 2028 tax year and ending in 2034.
- Restarts the five-year property tax exemption if a property is repurchased by the state and resold under the Home Start program.

Fiscal impact: May have fiscal impact, but no statement yet issued

Revenue impact: May have revenue impact, but no statement yet issued

ISSUES DISCUSSED:

- Changes to concept to make state lands available for housing within urban growth boundaries
- Broadening to variety of housing types and housing projects
- Number of parcels available for program
- Property and land tax timelines on housing developments

EFFECT OF AMENDMENT:

-3 The amendment replaces the measure and establishes a program to designate certain state and local properties as "Home Start Lands" specifically for affordable housing development. It sets criteria for selecting, preparing, and developing these lands. It also outlines how proceeds from sales or leases are used to support

This Summary has not been adopted or officially endorsed by action of the committee.

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additional capital projects, provides tax exemptions, and sets up oversight.

Detailed Summary:

Replaces the measure.

State designation of Home Start Lands

Directs the Oregon Department of Administrative Services (DAS) to identify lands owned by the state and designate the property as Home Start Lands if, in the department's discretion, the lands have not been used or committed for any permanent state purpose and are, or could be made, better suited for the development of housing.

Requires DAS to consider whether the lands are underutilized or are contiguous lands that may be combined to accommodate the development of middle housing types.

Allows DAS to identify real property owned by the state for exchange for real property of approximately equal aggregate value that will be designated as Home Start Lands.

Requires DAS to confer with any state agency that owns, manages, operates, or is authorized to act on behalf of the state regarding the real property prior to designation.

Specifies that lands designated as Home Start Lands are not subject to State Real Property regulations.

Allows DAS to adopt rules to implement state designation of Home Start Lands.

Housing and Community Services Department designation of Home Start Lands

Allows Housing and Community Services Department (OHCS) to designate real property as Home Start Lands if the department finds that the property complies with the requirements and that the local government and property owners have identified a plan or funding source that is substantially likely to increase the supply of affordable housing.

Allows local governments to identify real property that is eligible for designation as Home Start Lands and nominate real property for designation as Home Start Lands by ordinance.

Requires that said property is:

- all or a portion of a tract that is contiguous to, or across a road from, an urban growth boundary;
- subject to an affordable housing covenant, and the property, each lot or parcel created from the property by division of land is:
 - developable only for housing that will be made available for homeownership and affordable to moderate- or low-income households for a period of no less than 30 years from the date of sale to a homeowner; or
 - developable only for rental housing that will be made available for rent and affordable to moderate- or low-income households for a period of no less than 30 years from the date the rental housing is first occupied; and
- all its owners have consented to the designation.

Allows OHCS to adopt rules to designate real property as Home Start Lands.

Planning and uses of Home Start Lands

Requires Home Start Lands to be zoned, divided, developed, and used only for one single-family dwelling, duplex, triplex, quadplex, cottage cluster or townhouse, or may be zoned, combined, developed and used only for middle

housing.

Exempts Home Start Lands from provisions on **ORS chapter 195, 197, 197A, 215 or 227**, a statewide land use planning goal; rules or orders adopted by the Land Conservation and Development Commission; a comprehensive plan; or land use regulations.

Makes Home Start Lands subject to laws applicable only to the procedures for dividing land.

Allows a local government to adopt ordinance regulations for identifying real property that is eligible for designation as Home Start Lands and siting or development regulations.

Directs local government to authorize use of the property designated as Home Start Lands for residential development provided that the local government finds that the property is suitable and available for residential use.

Allows local governments to reject an application for development of Home Start Lands if the application or planned use do not comply with siting or development regulations adopted by the local government.

Requires application for development of Home Start Lands to be approved or rejected by the governing body of the local government within 100 days from the date of the application and appealed only as a writ of review.

Makes void an approval of a development application for residential use four years after the date it is issued.

Termination of Home Start Lands Designation

Terminates designation of real property as Home Start Lands if a development application for the property has not been approved by the local government within three years of the property's designation as Home Start Lands and either:

- DAS has issued an order terminating the designation; or
- local government has adopted an ordinance terminating the designation or OHCS has issued an order terminating the designation.

Disposition of Lands Designated as Home Start Lands

Allows the state, through DAS, to sell, transfer, or lease all real property designated as Home Start Lands, for up to 99 years, to housing developers for the purpose of facilitating the development of affordable housing on Home Start Lands.

Requires DAS to have the real property appraised by one or more competent and experienced appraisers in accordance with department rules before any sale, transfer, or lease.

Requires that property sold, transferred or leased is subject to an affordable housing covenant and the property, including each lot or parcel created from the property by division of land are developable only for:

- housing that will be made available for homeownership and affordable to moderate or low income households for a period of no less than 30 years from the date of sale to a homeowner;
- housing units that are subject to a shared equity ownership model under a community land trust and affordable to moderate or low income households for a period of no less than 30 years from the date of sale to a homeowner; or
- rental housing that will be made available for rent and affordable to moderate or low income households for a period of no less than 30 years from the date the rental housing is first occupied.

Requires DAS to conduct a bidding process that includes consideration of the entity most capable of delivering services and housing options when more than one housing developer is interested in the property.

Publication of Notice of Sale

Directs DAS to give notice of a proposed sale not less than once a week for three successive weeks by publication in one or more newspapers of general circulation in the county in which the real property is located, and in such other newspapers, if any, as the department considers advisable.

Allows DAS to accept or reject any proposal.

Development on Home Start Lands

Mandates that developers partition, subdivide, and physically prepare the site—including necessary grading, surveying, and infrastructure installation—before building either single-family or middle housing units.

Specifies that when homes are sold or leased, they must adhere to established affordability restrictions and covenants, and it outlines who is responsible for financing capital improvements needed to support infrastructure capacity, depending on whether the property is transferred at a nominal or market rate.

Allows housing developed on these lands to be incorporated into a planned community if public utility or infrastructure areas, such as a common courtyard, are retained by the state or developer.

Proceeds of sale

Directs that after covering costs, the funds generated from the sale of real property are deposited into designated state funds—the Capital Projects Fund or the Trust for Cultural Development Account—and that revenue from leasing or renting these lands is deposited into the state treasury's operating fund.

Provides flexibility by allowing an agency to negotiate applying the proceeds from a sale, transfer, or lease to support another capital acquisition.

Disposition of operating fund revenues

Directs DAS to transfer all revenue from the rental or lease of real property on home start lands not expended for administration, taxes, or capital improvements to the Capital Projects Fund.

Occupancy requirements for dwellings sold on Home Start Lands

Establishes conditions for resale of properties developed on home start lands.

Defines a "primary residence" as a dwelling occupied by its owner for at least nine months a year, and it requires that each deed for such properties mandate the home be used as the owner's primary residence for a minimum of five years.

Requires that deed must provide the state through DAS with a right of first refusal to purchase the property under the affordable housing covenant.

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Directs the Housing Accountability and Production Office to collaborate with DAS when requested for developing and establishing program guidance.

Provides a property tax exemption for land designated as home start lands that have been sold, transferred, or leased.

Specifies that such land is exempt from ad valorem taxation for up to two consecutive tax years, with the possibility of extending the exemption for additional tax years if construction of affordable housing begins on schedule.

Details the application process for this exemption, including deadlines, required documentation, and the responsibilities of DAS and county assessors.

Sets forth penalties—including additional tax assessments and possible fines—if land is later found to have been inappropriately granted the exemption and grants the department authority to adopt further rules as needed for administering this tax relief program.

BACKGROUND:

In the 13 Western states—including Hawai'i and Alaska—the U.S. government holds [roughly](#) 49% of the land, excluding additional holdings by state, local, and military entities. Concurrently, the region is grappling with an acute [housing shortage](#); seven out of the ten states facing the most significant deficits are located in the West.

There are two main avenues for developing housing projects on public lands:

- **Developments on Land Owned by States and Municipalities**

Typically situated in urban settings, these projects often emerge when a local agency (such as a school district or transportation authority) determines that it no longer requires a particular piece of land. California exemplifies this approach by recently amending its regulations to give affordable housing developers [priority access](#) to surplus public land.

- **Developments on Federally Owned Land**

In these cases, a federal agency like the Bureau of Land Management (BLM) facilitates development by selling, leasing, or trading land parcels. Because federal lands are generally located on the periphery of communities, projects on these parcels tend to be on the outskirts. For example, in Nevada, the BLM has been [selling land](#) near Las Vegas to local developers since 1998, with the profits benefiting the state. Moreover, [pending legislation](#) could make almost 16,000 additional acres—primarily federally owned—available for housing developments in the Reno area.

Additionally, the Forest Service in Colorado, which operates under the Department of Agriculture rather than the Interior, has [begun arranging deals](#) to sell or lease land for residential projects in mountain towns. In April of last year, an agreement between the Forest Service and Dillon, Colorado—facilitated by provisions in the 2018 Farm Bill—paved the way for developing 177 rental units on Forest Service property, with ten units designated for forest staff.

Similarly, Steamboat, Colorado, is in the [process of acquiring](#) an eight-acre parcel of Forest Service land to construct approximately 100 housing units, reserving 25% of these for Forest Service employees, many of whom are increasingly unable to afford local housing. A parallel [initiative](#) in Ketchum, Idaho, involving negotiations for 80 housing units on U.S. Forest Service land, is also underway.