



# Oregon

Tina Kotek, Governor

## HPAC Work Group Recommendation Template

*Last Update: June 21, 2023*

### Work Group

- Availability of land
- Land development permit applications
- Codes and design
- Workforce shortages
- x. Financing

### Recommendation

**To financially assist and incentivize cities to build more housing units, the state will pay cities \$10,000 for every housing unit built within the annexed city limits over the next 10 years. Use of the funds will be unrestricted but are intended to accommodate housing growth.**

### Related Work Plan Topics

**Establish, re-establish, or expand programs that provide funding for infrastructure, utility infrastructure, capacity development, land acquisition and banking, pre-development, and loan guarantees.**

### Adoption of Recommendation

**Unanimously approved by the Finance Group on October 11, 2023.**

## Co-chairs Guidance: Standards for Analysis

1. Clearly describe the housing production issue that the recommended action(s) will address.

**Cities are facing financial hardship with current demands on staff and other resources. For the state to accommodate a near doubling of housing production, significant investment at the local level will be essential as well as motivation for this major growth.**

2. Provide an overview of the housing production issue, including quantitative/qualitative context if available.

**Most of what informed this recommendation comes from the significant breadth of testimony heard by our group from cities individually and collectively (League of Oregon Cities) explaining existing stress on local governments as it relates to current workload and financial demands related to housing. Current funding sources are extremely limited and little incentive exists for cities to expand housing stock. Not only will this incentivize housing generally, larger middle housing and multifamily projects will be very alluring to cities because of the significant return on investment of city resources.**

3. To assess the issue and potential action(s), include subject matter experts representing all sides of the issue in work group meetings, including major government, industry, and stakeholder associations.

**We have reached out to the League of Oregon Cities. Their general comment was that the cities would benefit from these additional funds with the clear understanding that this does not solve the shortage of funds for large capital infrastructure projects.**

4. Provide an overview of the expected outcome of the recommended action(s), including quantitative/qualitative context if available.

**We believe this would lead to a major incentive for cities to increase housing production. As a “profit center” instead of a financial liability, new housing in cities would be financially beneficial. Because the funds are unrestricted, each community could create their own viable path for their community to build more housing units. Among many uses, some might be:**

- a. Servicing debt on larger capital projects**
- b. Additional staffing**
- c. Incentives for developers who build in the communities.**
- d. Improved level of service for builders/developers**

5. Estimate of the time frame (*immediate, short, medium, long-term*), feasibility (*low, medium, high*), and cost (*low, medium, high*) for implementation of the recommended action(s).

**Time Frame: Short  
Feasibility: High  
Cost: High**

6. Provide a general overview of implementation, the who and how for the recommended action(s).

**Implementation would be relatively simple: upon issuance of a certificate of occupancy, a city would receive funds for that housing unit. This recommendation would require legislative action.**

7. Outline the data and information needed for reporting to track the impact and implementation of the recommended action(s).

**Tracking would be done in two ways. First, comparing newly constructed units to historical number of units built in a community would inform the government as to the success of the program. Secondly, and importantly, analysis of how communities utilize the resources (armed with the historical data) will help educate cities to what works and doesn't.**

8. Identify any major externalities, unknowns, tradeoffs, or potential unintended consequences.

**Because state resources are limited, the SME's major concern is related to the loss of other kinds of funding for large infrastructure projects essential for housing growth which do not directly gain a benefit from this recommendation.**

*Please include any relevant reports, data analyses, presentations, or other documents that would be informative and useful for the full HPAC as the recommendation is discussed and considered.*