



Oregon

Tina Kotek, Governor

HPAC Work Group Recommendation Template

Work Group

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

Recommendation

State fund a \$20,000/unit modular housing rebate program to catalyze in-State manufacturing of modular units.

Related Work Plan Topics

- Support industry development to increase the State's utilization of off-site modular construction and off-site component construction
- Job creation and workforce training as funding going to manufacturer
- Supporting developer capacity in coastal communities
- Tribal land
- Natural disaster relief
- Middle income housing

Adoption Date

October, 11, 2023

Method of Adoption

Unanimous @ Teams Meeting October 11.

Co-chairs Guidance: Standards for Analysis

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

Unlike other states, Oregon does not have a significant ecosystem of off-site housing manufacturers. It does have a nascent industry, that with support, can grow into a reliable source of supply. Modular housing is especially relevant for rural communities or Tribal lands where labor is scarce and material and construction is expensive, and rents and house prices are low. In these areas on-site market-driven construction does not occur. The result is undersupply.

When a natural disaster occurs, often off-site modular buildings are the fastest available; however, with little to no capacity immediately available in the State, Oregon is forced to go elsewhere, pay more, and wait longer.

2. Provide a quantitative, if possible, and qualitative overview of the housing production issue.

Modular housing is an economical and dependable new source of supply that is currently largely untapped in Oregon. The current cluster of manufacturers in Idaho is largely supplying units to California affordable housing projects, evidence that modular is a viable supply solution where affordable housing is a priority. According to Factory_OS, a prominent and established manufacturer of modular housing in California, approximately 85% of their production is being sold to affordable housing projects in California.

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.

Kendra Cox – Blazer Industries
Jon Hannah-Spacagna - Modular Building Institute
Ben Kaiser - Path House
Housing Innovation Partnership
Matt Smith, Factory_OS

4. Provide a quantitative, if possible, and qualitative overview of the outcome of the recommended action(s).

- Modular housing is approximately 40% faster than traditional site-built construction. And potentially 30% less expensive.
- Factory built housing results in less waste and less adverse impact to the communities where construction is occurring as up to 70% of the work is done in a highly efficient factory environment vs. on site.
- Modular units largely use wood. Wood sequesters carbon and has approximately 80% less embodied energy than concrete and steel.
- It has proven difficult to attract a new and diverse workforce to traditional construction sites whereas factories have proven attractive - inviting new workforce to the industry.

5. Provide an 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: Medium

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

- Funding to Business Oregon as issuing agency as direct to manufacturers.
- Manufactures to apply directly to Business Oregon. Unit applying for rebate registered to Business Oregon, including intended location once placed into service and rebate not funded to manufacturer until unit is placed into service as evidenced by Certificate of Occupancy.
- 5-10 year horizon.

To the extent the work group knows, is this implemented in state statute or rule, by the state or local government, by a particular agency, etc.

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

- Business Oregon reporting back to either DLCDC or Housing Accountability & Production Office (when/if established) re. funding distributed.
- Manufacturer reporting to Business Oregon about production metrics – units produced, # of employees, injuries, workforce training initiatives.
- Need to assure that unit is going to site in Oregon.
- Need to be inspected by BCD to assure quality and code compliance.

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

Questions for consideration:

- If modular supply takes off are trades in local communities missing out on jobs?

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.

<https://www.huduser.gov/portal/publications/Offsite-Construction-for-Housing-Research>

The screenshot shows the HUD website header with the logo for the Office of Policy Development and Research (PD&R) and the U.S. Department of Housing and Urban Development. The navigation menu includes 'ABOUT PD&R', 'RESEARCH & PUBLICATIONS', and 'DATA'. The main heading is 'Offsite Construction for Housing: Research Roadmap'. Below the heading, the authors are listed as 'U.S. Department of Housing and Urban Development Office of Policy Development and Research Smith, Ryan E. Rupnik, Ivan Schmetterer, Tyler Barry, Kyle'. There are two informational icons: a question mark for 'Report Acceptance Date: June 2022 (94 pages)' and another question mark for 'Posted Date: January 24, 2023'. Below these are two download buttons: 'Download' and 'Download Ebook Formats'. A small image of the report cover is shown on the left. The main text describes offsite construction of housing, including manufactured housing, modular homes, and prefabricated structural components, and mentions key knowledge gaps and research needs. It also states that a literature review and industry consultation informed the development of the research roadmap and recommended research priorities for the Department of Housing and Urban Development and broader public-private collaborations to advance offsite construction for housing. Research priorities are identified for six topical areas: Regulatory

[-Roadmap.html](#)

<https://mbimodularbuildinginstitute.growthzoneapp.com/ap/CloudFile/Download/LwYRWRzp>

