

Impacts of State Policies and Programs on Housing Production: Executive Summary



Background and Purpose

In 2024, the Oregon Legislature directed the Housing Accountability and Production Office (HAPO) to produce a report summarizing agency plans, policies, and programs related to reducing or eliminating regulatory barriers to housing production. HAPO was also directed to report on how state agencies may prioritize resources and programs to increase production.

The Impacts of State Policies and Programs on Housing Production Study responds to Oregon Senate Bill (SB) 1537 Section 5(3). It evaluates state agency actions that affect housing production and provides recommendations for reducing barriers and prioritizing resources and programs to increase production. In commissioning this study, the legislature recognized that state agencies play a role in shaping housing production and that a comprehensive examination of state actions can identify opportunities and solutions to boost production.

This study considers the actions related to nine state agencies and Regional Solutions. The state agencies include the Department of Environmental Quality (DEQ), the Department of State Lands (DSL), the Department of Land Conservation and Development (DLCD), Oregon Health Authority (OHA) Drinking Water Services (DWS), Oregon Housing and Community Services (OHCS), the Oregon Business Development Department (Business Oregon), the Oregon Department of Transportation (ODOT), the Department of Consumer and Business Services (DCBS) Building Codes Division (BCD), and the Oregon Parks and Recreation Department (OPRD) State Historic Preservation Office (SHPO). The Office of State Fire Marshal provided comments on the report.

These agencies engage with the housing production process in important ways, including actions that affect land availability, dictate local planning, and determine infrastructure capacity. Agencies process permits for cultural resources and environmental resources, provide financing for capital investment for backbone infrastructure like transportation, wastewater, stormwater, and drinking water, and subsidize affordable housing. Programs such as historic preservation, drinking water, and affordable housing are administered by state agencies under federal guidance or regulation, while other programs are directed by state law. Oregon has a strong state-level framework for land use planning through the statewide planning program, and state agencies have recently enacted numerous housing-related programs based on executive and legislative direction over the last decade.

This study inventories existing state agency programs and policies related to housing, gathers perspectives from housing producers, local governments, advocates, and other interested parties, and offers recommendations in the form of legislative action, state agency rulemaking, administrative process reform, prioritized funding, and technical or educational resources.

Key Findings and Recommendations

Several themes emerged from the research and engagement for this project:

- **Opportunities for Cross-Agency Coordination on Planning, Permitting, and Funding:** Opportunities exist to improve the coordination of permitting and financing processes within and across agencies.
- **Infrastructure Planning and Implementation as a Bottleneck:** Recently, the Oregon Legislature authorized funding for infrastructure related specifically to housing through competitive programs and direct allocations. Infrastructure planning and capital investment remain key barriers to preparing land for housing development.
- **Regulatory Burden and Cumulative Impacts:** Housing development is affected by dozens of state agency actions, each of which serves a valid purpose independently. The combined effect of multiple review processes and requirements adds time and cost to development decisions. Specific programs perceived as influencing regulatory barriers include wetlands, historic preservation and cultural resources, and land use planning.

- **Pace Legislative Change with Limited Local Capacity:** Over the past decade, the state has enacted several new pieces of legislation related to housing. Most local governments lack the capacity to track and implement such a volume of legislative changes. It is important to evaluate and monitor how recent reforms affect local capacity and which of those reforms result in increased housing production.
- **Focus on Housing Relative to Other Goals:** Each state agency and program within the scope of this study has a unique mission, constrained by specific legislative intent and guided by various programmatic and policy priorities. Though many programs affect housing production, only a few are oriented toward increasing and facilitating housing production.

Considering the preceding findings, the report outlines 18 priority recommendations, along with another 44 secondary recommendations, intended to target limited state resources toward the best outcomes, focus on immediate housing production, promote the most needed housing types, work within areas where the state government can have impact, and strengthen existing efforts rather than creating new programs. The priority recommendations are organized under the following five themes.

Priority Recommendations

Prioritize Resources for Immediate Production: State government has limited resources to support infrastructure and housing production. This report recommends developing a consistent approach across multiple funding programs to prioritize state investment in communities and projects based on feasibility and readiness criteria. Further, the report recommends aligning input and review across agencies to reduce delay and effort in submitting permits and funding applications.

Align State Funding and Regulations Toward Needed Housing: The state's revised methodology for determining housing need, known as the Oregon Housing Needs Analysis, shows that building more middle housing, multi-unit structures, and affordable housing is critical to meeting the state's goals of promoting housing affordability and choice. Many of the recommendations in this report propose regulatory changes to resolve barriers to these housing types and to prioritize state funding for infrastructure and housing in support of these types of development.

Increase Regulatory Clarity and Flexibility: Regulations related to land use planning, wetlands, and historic and cultural resources were most frequently cited as barriers to housing. For land use, the report recommends revising the factors considered in identifying Urban Growth Boundary (UGB) expansions to those areas more feasible for development and streamlining the process for evaluating expansion areas for small, fast-growing, and constrained cities. It also recommends administrative and regulatory changes related to wetlands and historic and cultural resources reviews to improve the efficiency and implementation of these programs. Recommendations relate to statewide mapping for historic and cultural resources and wetlands, expanding mitigation, and adjusting mitigation ratios and payment-in-lieu thresholds for wetlands.

Deepen Support for Communities: Local governments and housing producers report challenges in understanding available funding sources, conducting technical analysis, and navigating multiple state-level planning and permitting layers. This report recommends providing additional support for permitting and infrastructure planning for small communities by guiding them, in consultation with Regional Solutions, to existing forums such as the One Stop Financing Roundtable. The report also recommends streamlining land use planning and UGB processes for cities with populations between 2,500 and 10,000 people.

Strengthen What Is Working and Monitor Progress: Recent reforms significantly changed local and state standards and processes related to housing. To understand what is working, the state needs a standardized approach to data collection and tracking to improve state-level dashboards, building upon current tracking efforts. These recommendations relate to tracking permitting timelines and collecting and reporting data about land use and housing production at the state level.

More information on the methods used to analyze state policies and programs, engage with interested parties, and develop the recommendations is provided in the full report [available for download on the HAPO website](#), along with additional materials in the accompanying technical report.

Contacts

Palmer Mason, Inter-Agency Coordinator, Department of Land Conservation and Development (DLCD) – Palmer.Mason@dlcd.oregon.gov

Joel Madsen, Manager, Housing Accountability and Production Office (DLCD) – Joel.Madsen@dlcd.oregon.gov

Anthony Rocco, Manager, Housing Accountability and Production Office (BCD) – anthony.i.rocco@dcbs.oregon.gov