



Building on New Ground:

**Working towards more affordable, fair,
and equitable housing outcomes**



DLCD

*Planning for thriving
communities and protecting
our natural resources legacy*



**March 2021
Evaluation Report:**

**Assessment of the Regional
Housing Needs Analysis**

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COMMON ACRONYMS USED IN THIS DOCUMENT	
DLCD	Department of Land Conservation and Development
HNA/HCA	Housing Needs/Capacity Analysis
HPS	Housing Production Strategy
LCDC	Land Conservation and Development Commission
OHCS	Oregon Housing and Community Services
OPFP	Oregon Population Forecast Program
RHNA	Regional Housing Needs Analysis
UGB	Urban Growth Boundary

Executive Summary

To access a full copy of this report, please visit the following hyperlink: https://www.oregon.gov/lcd/UP/Documents/20210301_DLCD_RHNA_Assessment_Report.pdf

Legislative Context

House Bill 2003 directs the Department of Land Conservation and Development (DLCD) to submit a report to the Legislature evaluating a prototype Regional Housing Needs Analysis (RHNA) conducted by Oregon Housing and Community Services (OHCS). This report includes an assessment of the RHNA, a comparison to the existing Goal 10 housing planning framework, and recommendations for how a RHNA could be incorporated into this framework.

Goal 10 Framework

Through the development of Goal 10 and associated statute and administrative rule, Oregon has established a land use planning system that requires local jurisdictions to periodically plan for an adequate land supply to accommodate housing needed over a twenty-year timeframe. This process occurs at the local level, and with the implementation of House Bill 2003 in 2019, local jurisdictions must now also consider strategies that promote the actual development of needed housing.

This process begins with a population projection provided by the state (or Metro), at which point, local jurisdictions use this information to develop a housing needs projection that estimates the total housing needed within a jurisdiction over twenty years. The implementation of a RHNA would shift the existing housing needs projection from independent local analyses to a regional analysis with allocations of housing need to local jurisdictions. Under such a framework, housing need by income is defined at the regional level and each local jurisdiction is responsible for a share of that need. Decisions about housing type and where and how to accommodate needed housing are made by local jurisdictions under a RHNA.

RHNA Evaluation

Under the administrative rules adopted in 2020 to implement House Bill 2003, local jurisdictions now have an affirmative obligation to consider fair and equitable housing outcomes and address existing patterns of racial and economic segregation and inequity in planning for needed housing. In evaluating

the prototype RHNA, while there are variety of technical and implementation considerations to weigh, the core question DLCD considered is how current technical processes implementing Goal 10 affect affordable, fair, and equitable housing outcomes.

As a result of this process, DLCD finds that **the current system chronically underestimates housing need, especially for lower-income households, does not enforce responsibilities of local governments to comprehensively address housing need, and perpetuates geographic patterns of racial and economic segregation, exclusion, and inequity.** These inequities extend beyond housing into other outcomes driven by location, including education, employment, amenities, transportation, and health. The Regional Housing Needs Analysis methodology addresses the shortcomings of the current system in two key ways – it uses a methodology that more accurately captures need, and it allocates a share of this regional need to local cities and counties.

This report concludes that a Regional Housing Needs Analysis could serve as an acceptable methodology statewide for land use planning relating to housing and could appropriately allocate housing shortage among local governments in a region. More specifically, **the implementation of a RHNA establishes a shared responsibility among communities to address the overall housing need of a region, especially affordable housing need, which does not exist today.**

The incorporation of such an analysis can produce more accurate and consistent results, reduce local contention in projecting housing need, and set the ground-work to reflect on how effective policies are over time. However, the incorporation of a RHNA into the existing Goal 10 framework will require addressing various implementation considerations raised through this study. DLCD recommends a legislatively-chartered task force to work through these considerations.

Executive Summary

Recommendations

In recognition that the Oregon Legislature will face a variety of urgent issues in the 2021 Legislative Session, this report provides both near-term and long-term recommendations. These recommendations build on existing legislative action and work towards reform that supports more affordable, fair, and equitable housing outcomes.

Near-Term Recommendations

There are various actions that DLCD and local governments can implement in the near-term that improve housing planning, work towards more equitable outcomes, and build towards the future implementation of a RHNA and accompanying housing planning reform. Recommendations include:

1. **Put equity at the center** of housing planning with the Legislature affirming in policy the obligation of state and local governments to work towards more affordable, fair, and equitable housing outcomes;
2. **Improve data availability and quality** for current housing planning processes, including homelessness, race/ethnicity, disability, and Tribal trust land;
3. **Address Goal 10 gaps**, including housing planning in small cities and less populated portions of Oregon as well as through public facilities planning and finance; and
4. **Charter a Task Force** lead by OHCS and DLCD to recommend a comprehensive legislative concept for the implementation of a RHNA and associated housing planning reforms.

Long-Term Recommendations

The results of the Regional Housing Needs Analysis make clear that meeting the housing needs of Oregonians will require systemic change to how we plan for housing statewide. DLCD considers the implementation of a RHNA to be one critical component of a comprehensive reform to housing planning that supports more affordable, fair, and equitable housing outcomes. These components include:

1. A **shared responsibility** among local, regional, and state governments to address housing affordability via a Regional Housing Needs Analysis or similar mechanism;
2. A realistic and productive **expectation and accountability framework**; and
3. Directed and coordinated **state and local resources, investment, and capacity** to support more affordable, fair, and equitable housing outcomes and ensure accountability.

To develop a comprehensive legislative framework, the recommended task force will need to address implementation considerations and challenges identified during this process, including:

- Who will be responsible for preparing and adopting RHNA's around the state, when they will undertake this responsibility, and how often they will amend the RHNA;
- The implementation of a RHNA in the Metro region;
- How a RHNA will take into account housing type in addition to quantity and affordability;
- Addressing fair housing, geographic inequity by race and class driven by segregation, and climate mitigation and adaptation;
- Reconciling second-home demand with housing need in regions with a significant share of second homes;
- Developing and implementing a realistic and productive accountability framework;
- Measuring implementation and outcomes;
- Addressing Goal 10 gaps, including in small communities, less populated areas of Oregon, urban unincorporated areas of counties, and housing need for members of Tribal Nations; and
- How to direct and coordinate resources and investments at state and local levels to support equitable housing outcomes and ensure accountability.

Legislative Context

In 2019, the Oregon Legislature passed, and Governor Brown signed into law, House Bill 2003. As House Speaker Tina Kotek, testified,

“this bill is designed to improve our implementation of Goal 10, our statewide housing goal, so that we live up to its intent. Implementation of this goal requires that we ‘provide for the housing needs of citizens of the state [and]... encourage the availability of adequate numbers of needed housing units at price ranges and rent levels which are commensurate with the financial capabilities of Oregon households and allow for flexibility of housing location, type and density.’”

Provisions of this bill include requirements for cities to conduct studies of their housing needs on a more regular schedule and requirements for cities to take steps to achieve the necessary housing production to meet the need identified in that analysis. The Department of Land Conservation and Development (DLCD) published this schedule according to statute, and this requirement is now in effect.

The bill also directed Oregon Housing and Community Services (OHCS) to develop a methodology to estimate the number of households in each region and housing need for each income level now and over the next 20 years. The Regional Housing Needs Analysis (RHNA) methodology allocates those housing units from the regional level to the city level. The result is an estimate of the number of homes needed by household income level for each of Oregon’s 241 cities. Details about the methodology and results of the RHNA can be accessed via the summary and technical reports released by OHCS.

Finally, the bill directs DLCD to develop a report to the Legislature that provides an assessment of the RHNA conducted by OHCS, a comparison of a RHNA to the existing Goal 10 housing planning framework, and recommendations for how a RHNA could best be incorporated into this framework. The bill directs DLCD to evaluate the following factors as they relate to the analysis:

(a) Whether a regional housing needs analysis and housing shortage analysis described in section 1 of this 2019 Act could appropriately allocate among the cities or local governments in a region the housing shortage described;

(b) How a regional housing needs analysis and housing shortage analysis may compare to existing assessments of housing need and capacity conducted by local governments under ORS 197.296 (3) and (10) in terms of:

- (A) Cost and cost effectiveness;*
- (B) Reliability and accuracy;*
- (C) Repeatability; and*
- (D) Predictability;*

(c) How a regional housing needs analysis and housing shortage analysis may relate to statewide planning goals related to housing and any rules and policies adopted pursuant to these goals and ORS 197.295 to 197.314;

(d) Whether different boundaries would be more appropriate for defining regions within the regional housing needs analysis based on:

- (A) Relevance of data in appropriately defining a commuting, employment or housing market; or*
- (B) Ease or cost of collecting or analyzing data;*

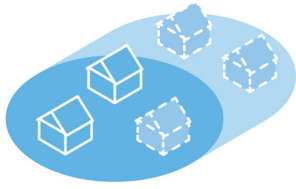
(e) Other ways in which the regional housing needs analysis or housing shortage analysis could be improved; and

(f) Whether the regional housing needs analysis, or an improved version, could serve as an acceptable methodology statewide for land use planning relating to housing.

In addressing the factors listed above, this report assesses the implementation of a Regional Housing Needs Analysis with the goal of achieving more affordable, fair, and equitable housing outcomes and addresses the following three core questions:

1. How the OHCS-recommended RHNA methodology compares to the existing statewide housing planning framework.
2. How a RHNA could be best implemented to support the legislative intent of better achieving affordable, fair, and equitable housing outcomes.
3. If a RHNA is not implemented, what alternatives to a RHNA could be implemented that support the legislative intent of better achieving more affordable, fair, and equitable housing outcomes.

The Existing Goal 10 Framework

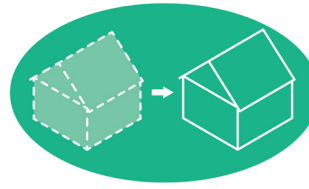


Housing Capacity Analysis

Housing capacity analyses, otherwise known as “housing needs analyses” or “HNAs”,

are the current primary document local jurisdictions use to fulfill statewide planning Goal 10 obligations related to housing. At its core, a housing capacity analysis consists of a housing projection over a 20-year horizon based on a population forecast, an inventory of lands available for housing, an analysis of the suitability of residential lands to accommodate needed housing, and a list of actions that a local jurisdiction adopts to accommodate needed housing if there is an identified deficiency.

Previously, housing capacity analyses were embedded into the statewide comprehensive planning framework and updated through Periodic Review or through a Post Acknowledgement Plan Amendment. Over time, as legislative funding for Periodic Review diminished, HNAs and Housing Elements of comprehensive plans increasingly became outdated, as they were only amended through voluntary action of a local jurisdiction, typically coinciding with urban growth boundary amendment proposals. House Bill 2003 reprioritizes more frequent updates by directing the Land Conservation and Development Commission to adopt a schedule for cities above 10,000 population to update adopted analyses, either once every six years for cities within the Metro boundary or once every eight years for cities outside the Metro boundary. The commission adopted this schedule on November 11, 2020.



Housing Production Strategy

House Bill 2003 creates a new requirement for cities to adopt a housing

production strategy (HPS) report within a year of the deadline for adoption of a housing capacity analysis. The housing production strategy report acts as an extension of the housing needs analysis process and lists the specific actions a city will take – such as revising regulations or providing financial incentives – to promote the development of all identified housing needs.

Through rulemaking for housing production strategies, it became clear that the current framework for housing planning was inadequate in addressing affordable, fair, and equitable housing outcomes, especially for communities with historically unmet housing need. To address this, DLCD developed and LCDC adopted administrative rules for housing production strategies that reinforced the affirmative obligation for local jurisdictions to directly address equity at every stage of housing planning from data collection to community outreach to policy decisions.

Continuing Work

While the provisions of House Bill 2003 make significant strides in more explicitly addressing equity in the statewide housing planning framework, participants throughout this process have emphasized that these changes will not be sufficient on their own to achieve the legislative vision to increase affordable, fair, and equitable housing outcomes.

It is clear that significantly more work is needed to realign the vision and implementation of Goal 10. As part of the Regional Housing Needs Analysis pilot, DLCD engaged in conversations to reflect on the impacts of our housing planning system on affordable, fair, and equitable housing outcomes, how a RHNA could work within this framework, and what measures are needed to implement a housing planning system that better achieves statutory and legislative intent.

Implementing a Regional Housing Needs Analysis

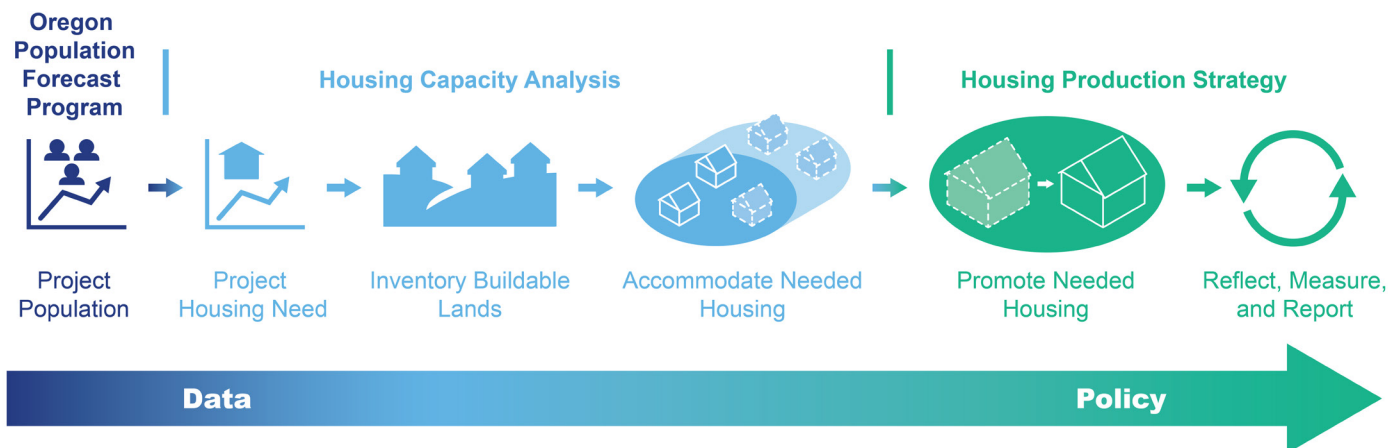


Fig 1. A conceptual diagram of the Goal 10 Planning Process

To understand how a Regional Housing Needs Analysis could fit into the Goal 10 framework, it is useful to consider both housing capacity analyses and housing production strategies as documents that **use data to inform policy**. More specifically, these documents outline a process in which data and information on housing need informs local policy decisions that fulfill statewide planning Goal 10 to accommodate and promote the development of needed housing.

Both documents begin with a data-driven analysis that provides information on housing need, which informs community conversations that determine local policy priorities. Ultimately, these processes result in policy actions that local jurisdictions implement, or plan to implement, to address identified need. In a housing capacity analysis, these actions are specific to planned capacity. In other words, these policies focus on whether there is enough land within a city urban growth boundary (UGB) to accommodate needed housing. Accommodating needed housing means ensuring a sufficient amount of land zoned

to a density that would allow for the development of the number of units identified in the housing needs projection.

While housing capacity analyses ensure that cities plan for a sufficient amount of land within a UGB to accommodate projected housing need, they do not ensure that the needed housing will actually be built, especially in a manner that serves the entire spectrum of need. Housing production strategies build on this initial process to more comprehensively address housing need and directly address fair housing and equity. In recognition that housing needs projections do not consider housing equity directly, a housing production strategy begins with a detailed analysis of housing need in the housing capacity analysis to consider housing equity issues directly (e.g. race and ethnicity, disability status, the number of people experiencing homelessness, etc.). This information, in conjunction with conversations with current and future residents and producers, inform local policy actions to facilitate the development of housing that serves all identified housing needs.

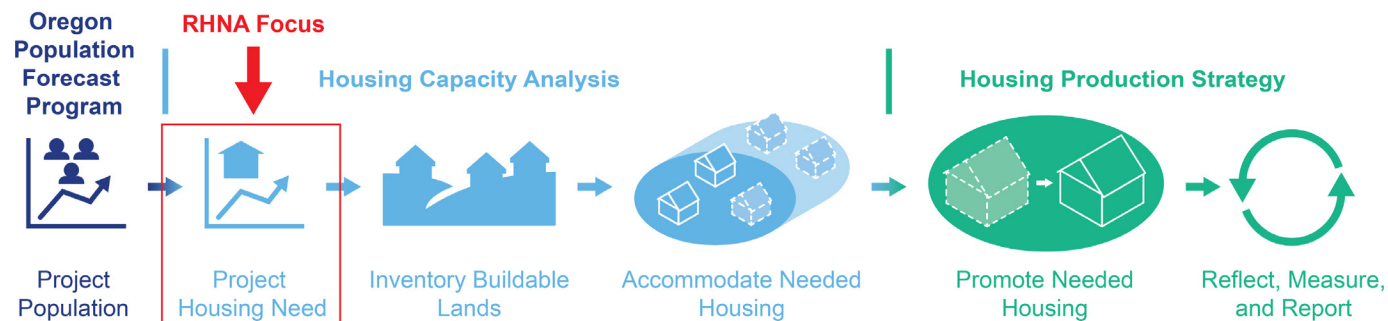
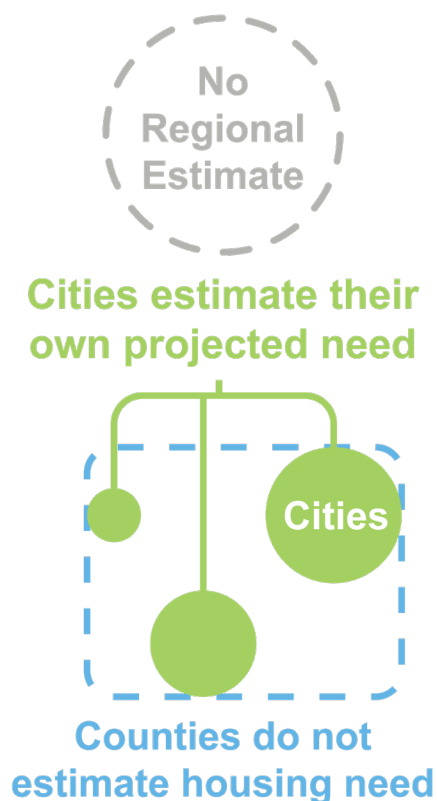


Fig 2. The implementation of a RHNA would replace local housing needs projections with regional projections

Implementing a Regional Housing Needs Analysis

Current Goal 10 Framework



RHNA Framework

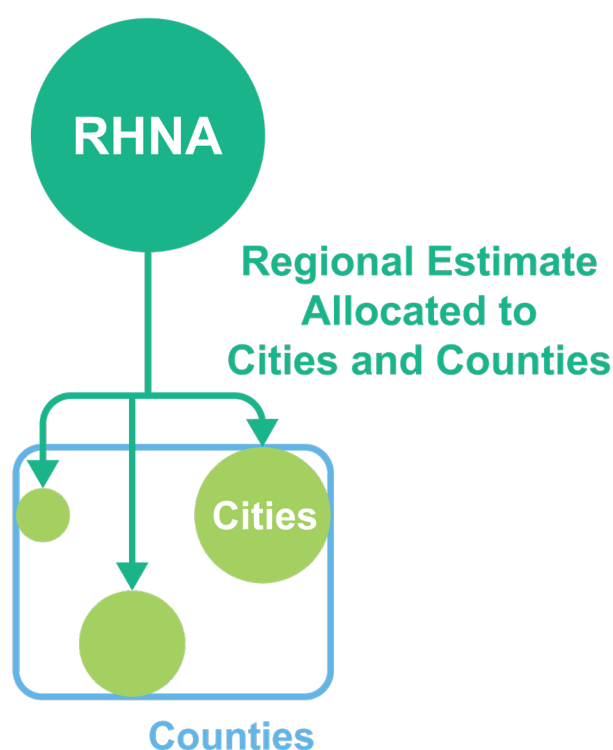


Fig 3. The difference between existing housing needs projections and a RHNA

It is important to emphasize that the implementation of a RHNA would primarily affect the housing needs projection of the Goal 10 process, as illustrated in Figure 2. In other words, the implementation of a RHNA would only affect the data used to identify housing need, while policy decisions, such as housing type and where and how to accommodate and encourage housing production to address need, would remain the responsibility of local jurisdictions.

Within a housing capacity analysis, the implementation of a RHNA would shift existing housing needs projections from independent local analyses to a regional analysis with subsequent allocations to cities and counties. Under such a framework, need is defined at the regional level and local jurisdictions are responsible for a share of that need.

To implement the allocated need from a RHNA, a local government would undergo the remaining steps of the current Goal 10 housing planning process, in

which they complete an inventory of existing lands, assess whether there is a deficiency of land, and identify measures to accommodate needed housing. There a variety of measures cities can take to accommodate needed housing, but generally cities either 1) increase the efficiency of lands within the urban growth boundary to allow more housing or 2) expand the urban growth boundary to include new lands available for development. Either following or concurrent to a housing capacity analysis, a local government must also complete a housing production strategy, in which they identify and implement strategies that promote the development of housing and address fair and equitable housing outcomes. Cities above 10,000 are required to complete this process periodically, either once every six years for cities within the Portland Metro Region or once every eight years for cities outside of the Portland Metro Region.

Regional Housing Needs Analysis Assessment

House Bill 2003, Section 2 (2)(a) to (d)

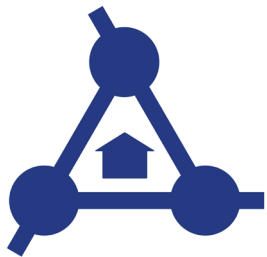
This section responds to House Bill 2003, Section 2 (2)(a) through (d), which lists several consideration factors in evaluating the RHNA methodology and allocation produced by OHCS.

Section 2 (2)(a)

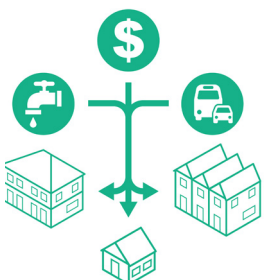
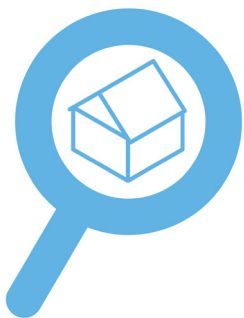
(a) Whether a regional housing needs analysis and housing shortage analysis described in section 1 of this 2019 Act could appropriately allocate among the cities or local governments in a region the housing shortage described;

There are significant implications of the current housing needs projection system in terms of estimating and addressing housing need to support more affordable, fair, and equitable housing outcomes. While these are discussed in greater detail in [Section 2 2\(c\)](#), the current system chronically underestimates lower-income housing need, does not enforce responsibilities of local governments to comprehensively address housing need, and perpetuates patterns of segregation, exclusion, and inequity within a region.

A Regional Housing Needs Analysis could appropriately allocate the described housing shortage in a region and address the shortcomings of the current system by more accurately capturing need and establishing a shared responsibility among local jurisdictions to address regional need. DLCD considers this to be one of three key components needed to ensure Oregon's housing planning system leads to more affordable, fair, and equitable housing outcomes, which include:



- 1. A shared responsibility among local, regional, and state governments to address housing affordability** – According to market rate and affordable housing developers, the viability of housing development varies significantly by type and between communities. While Goal 10, statute, and administrative rule have outlined a clear intent for local cities and counties to plan for regional housing need and affordability, the provision of housing options at a range of affordability levels and types is contingent on the political willingness of communities to address housing need. The RHNA establishes a mechanism that imparts a shared responsibility among communities to address the overall housing need of a region that does not exist today.
- 2. Realistic and productive expectations and accountability** – Comprehensively meeting housing need will require action and accountability from all levels of government. This will require an accountability framework that balances the need for action with realistic expectations. Through the development of administrative rules related to housing production strategy enforcement, DLCD staff developed an accountability framework that centers on the actions of a local jurisdiction. The approach ensures that jurisdictions are held accountable for implementing strategies that comprehensively address housing need, while recognizing that they are one actor in a complex network of actors. This framework could inform future conversations in developing an accountability framework for a RHNA.
- 3. Directed and coordinated state and local resources, investment, and capacity** – Through discussion, DLCD heard consistently that the most critical barrier to the development of market rate and publicly-supported housing options is the sufficient provision of infrastructure. How local, regional, and state governments direct resources and investment in infrastructure significantly impacts the viability and affordability of housing development. Additionally, it is one of the most powerful state and local policy levers available to work towards more affordable, fair, and equitable housing outcomes.



Regional Housing Needs Analysis Assessment

Section 2 (2)(b)

(b) How a regional housing needs analysis and housing shortage analysis may compare to existing assessments of housing need and capacity conducted by local governments under ORS 197.296 (3) and (10) in terms of: (A) Cost and cost effectiveness; (B) Reliability and accuracy; (C) Repeatability; and (D) Predictability

In comparing the RHNA to existing assessments of housing need, it is important to acknowledge the continued role housing capacity analyses will play with implementation of a RHNA. This process will still be needed to determine what policy responses a local government will employ to address identified housing need. The key difference is that the implementation of a RHNA would partially or completely replace the housing needs projection of a housing capacity analysis. This section compares this specific component to the RHNA methodology in relationship to the criteria outlined in Section 2 (2)(b)(A) through (D), noting that additional refinement will be needed to other elements of housing capacity analyses, such as inventories of buildable land and measures to accommodate needed housing.

In summary, a RHNA could provide substantial benefits with regard to cost and cost effectiveness, reliability and accuracy, repeatability, and predictability in comparison to the existing localized housing needs projection system. A core benefit of a RHNA is providing a transparent, consistent, standardized methodology that can be applied in regions throughout the state and improved over time as better information and methods become available. Conducting a RHNA at the regional level reduces the need for demographic expertise and analysis in housing planning processes at the local level, allowing local jurisdictions to focus more time and resources on the policy discussions that occur in housing capacity analyses and housing production strategies.

Implementation Considerations

The implementation of a RHNA and associated housing planning reforms will require continued discussion and work to address various considerations and issues. These are discussed in greater detail in the [Long-Term Recommendations](#) section of this report.

However, there are significant refinements needed to other aspects of housing capacity analyses to fully address these criteria and reduce contention and uncertainty in the Goal 10 process.

Cost and cost effectiveness

While the nominal cost of conducting a housing needs projection and contextualized housing need analysis are relatively minor at the local level, the current structure has significant impacts on how local jurisdictions spend time and resources in addressing housing need. While these analyses are typically considered technical in nature, they have significant policy implications at the local level. A consequence of this dynamic is that methodologies used to develop estimates are often the subject of significant political and legal scrutiny, with special interest groups seeking to affect final adopted estimates to support their desired outcomes.

In particular, the housing needs projection has historically been subject to contention in local housing planning processes, because the estimate has implications for a significant question: “How much will our community grow?” The housing needs projection serves as a factual base that justifies policy actions to accommodate housing need, such as expansion of an urban growth boundary or upzoning of existing residential areas. Local planners and decision makers face significant pressure to adjust estimates to align with the interests of current participating members of the community, without consideration of the voices of community members whose voices are not normally heard or potential new residents. Additionally, participants can challenge these factual bases through the land use appeal process, costing local jurisdictions time and resources to defend methodologies and estimates they employ in their housing needs projection. This contention and risk of appeal has resulted in a housing planning landscape in which only a subset of local agencies and private planning practitioners have the expertise necessary to develop a housing capacity analysis that minimizes

Regional Housing Needs Analysis Assessment

risk of challenge and remand through the land use appeal process.

There is existing precedent that providing statewide estimates and forecasts can significantly reduce local contention. The Oregon Population Forecast Program (OPFP) was developed in response to the local contention among cities in arriving at a county-wide population projections. A specific advantage of a state-provided housing needs projection, similar to the OPFP, is that implementing a uniform methodology statewide reduces the grounds for legal appeal of the factual base of a housing capacity analysis. Instead, estimates are scrutinized and adjusted via an administrative process as they are conducted and reported. In combination with amendments to administrative rules that clarify parameters on buildable lands inventories and measures to accommodate needed housing, the implementation of a RHNA could significantly reduce the potential for appeal. This would allow local jurisdictions to spend more time and resources dedicated towards policy conversations focused on how they comprehensively address housing need, instead of whether they address certain needs.

Finally, there will need to be additional work to address the costs and delay associated with other components of housing capacity analyses. The RHNA does not provide a statewide inventory of buildable lands nor prescribe measures to accommodate needed housing, which are often subject to similar pressures and dynamics due to their inherent policy implications. There are significant technical and policy challenges in concentrating such an analysis at the state level, most notably the sheer scale of collecting and analyzing geospatial information statewide. There are also concerns of the clear local control issues surrounding the prospect of the state prescribing policy determining where housing can and should be built. Instead, DLCD and LCDC can address these dynamics through clarifications in existing administrative rule to provide clearer parameters on how local jurisdictions can inventory lands available for development and adopt measures to accommodate needed housing. This would ensure that buildable lands inventories are more consistent between local jurisdictions, reduce political pressure on the underlying assumptions to deliver a certain

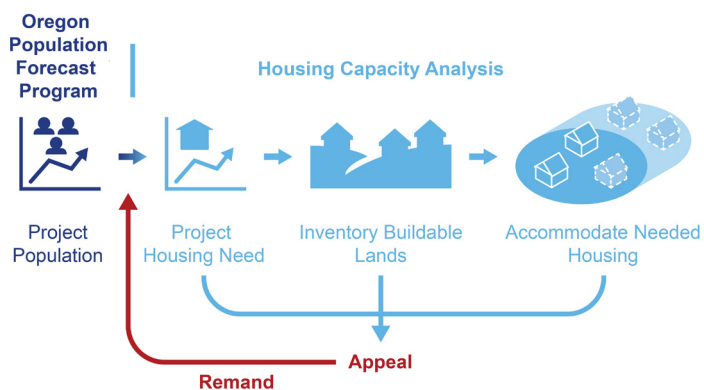


Fig 4. The current housing needs analysis is subject to significant potential of legal challenge, delaying the process and adding cost.

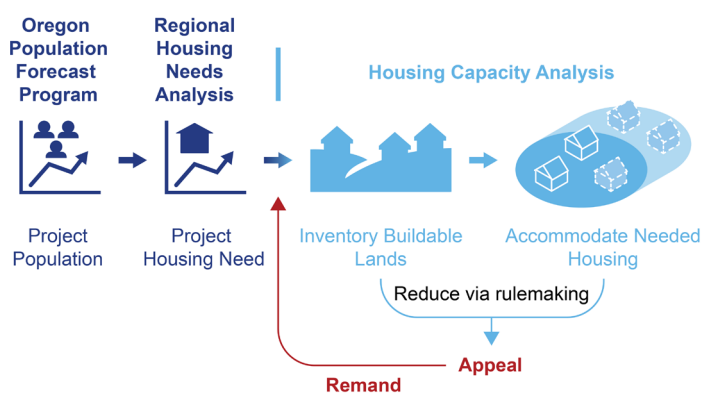


Fig 5. The implementation of a RHNA in combination with rulemaking can significantly reduce local contention and cost.

policy outcome, and make clearer the range of measures that appropriately address housing need.

Reliability and Accuracy

The RHNA methodology includes provisions to more comprehensively define both market and publicly-supported housing need over a 20-year horizon in consideration of regional factors, current housing underproduction, and disproportionate housing needs for certain demographic groups. Many of these factors are often overlooked in housing capacity analyses today, including housing need for people with low income, people over 65, people with disabilities, people with limited English proficiency, and people experiencing homelessness. In recognition of this gap, many of these factors are now required as part of a contextualization of housing need section of the housing production strategy. A RHNA could serve as a significant resource for local jurisdictions that would otherwise be required to conduct this analysis individually.

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This is not to imply that the housing need identified in the RHNA provides the most accurate assessment of housing need in all scenarios. As detailed in the OHCS Summary Report, the project team needed to weigh a variety of factors to develop a methodology that can be consistently applied statewide. As a result, data on housing need that is not provided by the Census and available at more localized scales could be more accurate at the local level, depending on regional data availability. However, an advantage of considering these factors at a statewide and regional scale is greater ability to solicit input from a wide range of housing, economic, and demographic experts throughout the state. Through these conversations, a variety of policy options have been identified to better capture and address housing need by race and ethnicity, disability status, and for tribal areas. Specific recommendations are discussed in greater detail in the [Recommendations](#) section.

The Regional Housing Needs Analysis could establish a foundation for providing a reasonably accurate set of baseline estimates that local jurisdictions can address through the Goal 10 process. For data that varies in quality between geographies, it is important for jurisdictions to be able to further contextualize and provide nuance where better information may be available, so long as that contextualization does not result in a lesser responsibility to address need. This is particularly important for estimating housing need for people experiencing homelessness. Because data provided by the U.S. Census Bureau omits this information, the RHNA methodology utilizes two alternative data sources to provide regional estimates: the US Department of Housing and Urban Development Point-in-Time count¹ and McKinney-Vento data². While these sources provide a useful baseline estimate that addresses a need that has been historically omitted in housing planning efforts, both sources still underestimate the full scope and spectrum of need. There are a variety of localized

sources that may be able to further contextualize this need, and allowing jurisdictions to use such sources, so long as they do not diminish local responsibility to address housing need for people experiencing homelessness, should be encouraged to allow communities to develop more informed policy responses.

Regional Job Distribution

Through conversations with a variety of stakeholders, the OHCS project team developed an allocation methodology that considered the location of jobs in determining how housing need is allocated to local cities. In housing capacity analyses today, the availability of jobs does not affect the total estimate of needed housing units over twenty years, but may be considered more broadly as part of the overall jobs-housing balance.

While the methodology of the RHNA is expected to result in a greater overall estimated housing need than in the current Goal 10 framework, a consequence of incorporating job location into the allocation is that it directs housing development towards communities with higher regional job shares and away from communities with lower regional job shares. The effect of incorporating jobs into the allocation framework would be to plan more housing around where people work. The relationship between housing and jobs is even more significant in consideration of how a RHNA would function in the Portland Metro region, where the urban growth management framework guides the location and development of employment opportunities.

Repeatability

Another advantage of the Regional Housing Needs Analysis is establishing a framework that allows meaningful comparisons in need between geographies and over time. Under the current

1. The Point-in-Time (PIT) count is a count of sheltered and unsheltered people experiencing homelessness on a single night in January. The US Department of Housing and Urban Development (HUD), requires that Continuums of Care conduct an annual count of people experiencing homelessness who are sheltered in emergency shelter, transitional housing, and Safe Havens on a single night. Continuums of Care also must conduct a count of unsheltered people experiencing homelessness every other year (odd numbered years). PIT reports can be accessed at the following link:

<https://www.hudexchange.info/programs/coc/coc-homeless-populations-and-subpopulations-reports/>

2. Under the McKinney-Vento Act, all public schools are required to identify, enroll, and stabilize the education of children and youth experiencing homelessness. School districts also must submit data to the state education agency, which in turn must submit data to the U.S. Department of Education. Statewide data can be accessed at the following link: <https://nche.ed.gov/data/>

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framework, comparisons of local housing needs projections from separate local jurisdictions is challenging, because local governments may use different assumptions and data sources to arrive at estimates. More significantly, in order to evaluate the efficacy of policy measures over time, it is necessary to understand how need has changed over time. This is challenging due to the limits of comparing recent analyses to historic analyses. Over time, local governments use significantly different assumptions to determine housing need, which means that need at particular points in time cannot be meaningfully compared to one another. These factors make continued assessment of policy action over time a significant challenge. While the methodology of a RHNA will certainly evolve over time, at a minimum, it would provide cities more comparable temporal benchmarks by which they can more comprehensively assess policy efficacy.

Comparing need is only one component necessary to evaluate the efficacy of implemented policy actions. DLCD expects a continuing challenge to be the tracking of unit development and affordability over time, especially units that are built in response to specific policy actions. For example, it can be challenging to understand the effectiveness of system development charge rate changes, because it is difficult to assess whether unit production is the result of such changes or in response to other market or policy factors. While required local jurisdiction reporting of permitted and produced units under House Bill 4006 will help this dynamic by tracking overall unit production for cities above 10,000 each calendar year, DLCD anticipates a need for continued work to assess effectiveness over time. DLCD recommends that a task force continue to work through this challenge, as discussed in greater detail in the [Recommendations](#) section.

Predictability

The timing of a housing capacity analysis will be a continuing challenge under the current Goal 10 framework. Local jurisdictions often face difficult decisions as to whether to move forward with an analysis during specific political and funding cycles or when more recent population projection information

is available. The addition of statutory deadlines to housing capacity analyses and subsequent housing production strategies under House Bill 2003 layers an additional timing factor for local jurisdictions to consider. Jurisdictions will now need to consider when to begin a housing capacity analysis process to meet the statutory deadline of once every six years for cities within the Portland Metro or once every eight years for cities outside of the Portland Metro.

The Regional Housing Needs Analysis will face similar timing considerations, and because many of the methodological factors are sensitive to changing conditions of available data, year-to-year changes can result in fairly significant changes to the resultant housing needs projection. To provide greater certainty, it will be important for RHNA implementation to coincide with other timing considerations in the statewide planning framework, most notably the Oregon Population Forecast Program, the housing capacity analysis schedule established by House Bill 2003, and Metro's urban growth management process. DLCD recommends that a task force continue consideration of the appropriate timing, as discussed in greater detail in the [Recommendations](#) section.

Concurrency

There is a significant predictability consideration with regard to the "concurrency requirement" applicable to housing capacity analyses. Under ORS 197.296(6), if a housing need identified in a housing capacity analysis is greater than the housing capacity within an urban growth boundary, a local jurisdiction must either amend its urban growth boundary or adopt "efficiency measures" that increase the likelihood of residential development within an existing urban growth boundary. Further case law clarified that this requirement must be completed concurrent with the adoption of a housing capacity analysis and accompanied amendments to a comprehensive plan³.

As a consequence of these requirements, cities that have identified a land deficit for any specified residential housing need in a housing capacity analysis are required to address that deficit concurrent with adoption of the analysis. Typically, this is accomplished in one of three ways:

3. *Friends of Yamhill County, Community Development Law Center, and 1000 Friends of Oregon vs. City of McMinnville*. LUBA No. 2001-093

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1. Change zoning and comprehensive plan designations within the UGB to address the deficit,
2. Adopt efficiency measures expected to increase residential capacity for the needed housing types such as new zoning districts, increased densities, or expanding permitted use types in residential zones, or
3. Expand the UGB to accommodate all residential land needs over the planning period.

In a number of cases, the “concurrency requirement” has resulted in significant delays in the adoption of housing capacity analysis. For example, Salem is currently working through the “Our Salem” visioning and comprehensive plan update process in part to address a deficit of high density residential land that was identified in a 2015 housing capacity analysis. In Corvallis, a similar issue delayed adoption of the 2016 housing capacity analysis until 2019. Additionally,

Section 2 (2)(c)

(c) How a regional housing needs analysis and housing shortage analysis may relate to statewide planning goals related to housing and any rules and policies adopted pursuant to these goals and ORS 197.295 to 197.314;

Oregon’s Statewide Planning Goal 10

Oregon’s Statewide Planning Goal 10 requires comprehensive plans to “encourage the availability of adequate numbers of needed housing units at price ranges and rent levels which are commensurate with the financial capabilities of Oregon households and allow for flexibility of housing location, type and density.” Historically, the implementation of this concept was a technical exercise, in which an objective analysis of data on housing need and capacity was assumed to result in the development of policies that comprehensively address identified need. In practice, the emphasis on technical analysis without consideration for how these analyses affect equitable outcomes has resulted in a housing planning landscape that has not sufficiently addressed the needs of Oregonians throughout the state.

House Bill 2003 implements a paradigm shift in how local jurisdictions plan to accommodate housing. With the adoption of administrative rules for housing production strategies, it is now clearly articulated in

McMinnville has recently adopted an urban growth boundary expansion based on a housing capacity analysis from 2003, due to appeals and delay in addressing a remanded Court of Appeals decision.

House Bill 2003 sought to address delays in housing planning processes through the establishment of a regular schedule by which housing capacity analyses and housing production strategies must be adopted, but it is important to note that the establishment of such a schedule does not change the underlying factors that have contributed to significant delays in the Goal 10 planning process. In order for the implementation of a Regional Housing Needs Analysis to provide greater predictability with regard to Goal 10 planning, it will be necessary to pair the implementation of a RHNA with greater clarity and certainty on what actions a local jurisdiction can or must implement to address an identified housing need.

administrative rule that local jurisdictions have an affirmative obligation to plan in consideration of fair and equitable housing outcomes and to address existing patterns of racial and economic segregation. In evaluating the RHNA, while there are a variety of technical and implementation considerations to weigh, the core question DLCD considered in this section is how the current technical processes implementing Goal 10 affect affordable, fair, and equitable housing outcomes.

Statutory Intent to Address Regional Need

There is language in both statute and administrative rule that clearly demonstrate an intent for local jurisdictions to plan and address regional housing needs, in recognition that housing markets do not start and stop at city limits or an individual city’s urban growth boundary. In ORS 197.303, the definition for “needed housing” requires consideration of housing affordability for households within the county, rather than within the city. This regional intent is further clarified in administrative rule both within and outside

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of the Portland Metro Region. Statewide, local governments are required to “consider the needs of the relevant region in arriving at a fair allocation of housing types and densities”⁴. Additionally, Metro is required to ensure that “needed housing is provided for on a regional basis through coordinated comprehensive plans”⁵.

While the intent of regional coordination and planning have been indicated in statute and rule, there have been challenges with implementing an accountability framework to realize this intent. In most cities throughout the state, there are no clear analyses that define regional housing need that is actionable by local governments, nor is there sufficient clarity on the responsibilities of local governments to address regional affordability. In the Portland Metro Region, regional affordable housing need is implemented through a series of voluntary affordable housing production goals under Title 7 of the Urban Growth Management Functional Plan, and Metro measures progress through required biennial reporting. Metro has not received reports from local governments in recent years, and the affordable housing goals have not been updated from the original five-year goal spanning between 2001 and 2006. This framework imparts no clear and shared responsibility for local governments to address the overall regional need, and housing affordability and equity are only addressed when there is political will to do so at the local level.

Projecting Inequitable Outcomes

During rulemaking for housing production strategies, participants raised significant concern regarding the insufficiency of housing needs projections to appropriately define need, especially need for people with lower incomes or communities with historically unmet needs. As a result, administrative rules reinforce the responsibilities of local jurisdictions to consider these needs more deliberately. However, rulemaking did not address the underlying concerns with housing needs projections. The housing needs projection contains two significant limitations that hinder achieving more affordable, fair, and equitable housing outcomes:

1. **Housing needs projections consistently underestimate housing need**, especially for households with lower incomes and households with historically unmet needs, such as people of color, people with disabilities, and people experiencing homelessness.
2. Because they occur within the boundaries of local cities, **housing needs projections reinforce geographic patterns of racial and economic segregation** by projecting the existing characteristics of residents.

Underestimating Need

The purpose of a housing needs projection is to define need over a 20-year horizon that a city must address through policy actions. It is a critical component of a housing capacity analysis, because it comprises a part of the factual basis used to justify the implementation of policies that address need. These projections have evolved significantly over time to increase their accuracy and ability to be implemented, including the development of the Oregon Population Forecast Program to ensure that local governments apply a consistent statewide methodology for population projections within housing needs projections.

However, even with these incremental improvements, there are a variety of housing needs that have not historically been considered in this analysis. Housing need that is more specific to equitable outcomes, such as housing need for people with disabilities and housing need by race and ethnicity, have since been addressed via administrative rules for housing production strategies, including requirements to further “contextualize” housing need. However, this analysis does not affect the overall quantity of housing units that a local government must accommodate through a housing capacity analysis.

There are two key factors not considered under current housing needs projections that significantly impact the number and affordability of units a local government must accommodate: underproduction and housing for people experiencing homelessness. Currently, there is no available statewide methodology

4. Land Conservation and Development. Regional Coordination, Oregon Administrative Rules, 660-008-0030

5. Land Conservation and Development. Regional Coordination, Oregon Administrative Rules, 660-007-0050

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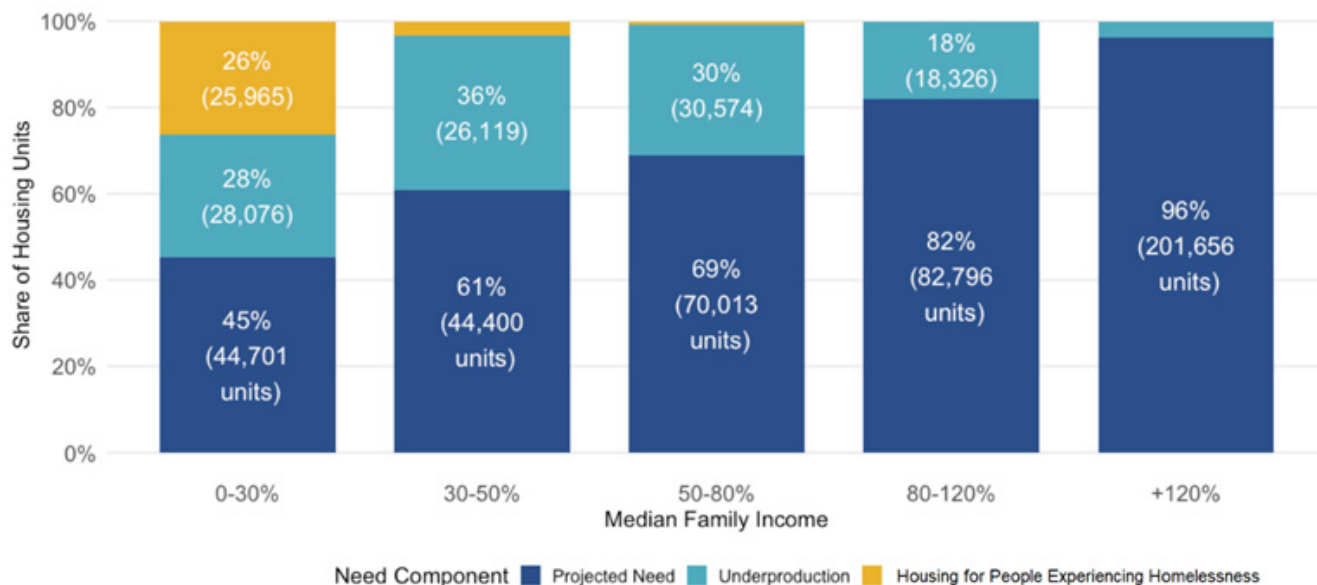


Fig 6. The RHNA identifies housing need that is omitted in current housing needs projections. Most of this need is for households with lower incomes. Source: OHCS Summary Report.

for estimating and incorporating underproduction into housing needs projections, in part because estimates can vary widely based on the underlying assumptions of applied methodologies. The consequence of this gap is that housing needs projections carry an implicit assumption that there is no housing underproduction at year zero of the analysis. Additionally, housing for people experiencing homelessness is increasingly recognized as a need that should be addressed through the Goal 10 process, but there are no requirements in statute or rule to include this consideration within a housing needs projection.

The RHNA addresses these two critical shortcomings of current housing needs projections by establishing a consistent methodology to estimate current underproduction and incorporating estimates for the number of people experiencing homelessness. As the results of the RHNA suggest, the omission of these two factors in housing needs projections has resulted in consistent underestimation of need, especially for households with lower income, which in turn, have resulted in local governments accommodating fewer units than are actually needed to provide sufficient housing options for community members.

Reinforcing Geographic Disparity

In addition to underestimation, localized housing needs projections reinforce patterns of economic and racial segregation between cities. [As discussed in greater detail below](#), this is a statistical consequence of localized needs projections, in which affluent communities have a lower proportionate responsibility to address affordable housing. As a result, many of the wealthiest communities in the state produce significantly less housing affordable to lower-income households.

A Regional Housing Needs Analysis addresses this disparity via an allocation of regional housing need to cities and counties. Instead of local cities and counties responding to only the housing needs of residents within their boundaries, an appropriately structured allocation establishes a shared responsibility for local jurisdictions within a region to plan for a proportionate share of regional housing need, including housing that is affordable to households with lower income.

It is important to emphasize that allocation methodologies can vary in their ability to impart a shared responsibility to address housing and affordability. A major criticism of the California RHNA model is the development of allocation methodologies at the regional level, which has led to processes in which communities with significant political influence

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work to adjust allocation methodologies to be more acceptable to the political interests of the community. An oft-cited example of this is the City of Beverly Hills, which was allocated a total of three housing units from the Southern California Association of Governments in the 2013-2021 Regional Housing Needs Allocation Cycle⁶. To avoid outcomes like this, it is important that any allocation methodology is not subject to political influence that would reduce local responsibility to address affordability.

Equity Impacts Beyond Housing

While there are clear geographic disparities in housing outcomes reinforced by Oregon's land use planning system, it is important to recognize that these disparities spill over and affect other equitable outcomes that are driven by location, ranging from education, employment, amenities, transportation, resiliency, and health. A clear and compelling example of these patterns of geographic inequality affecting opportunities and equitable outcomes is the relationship between income segregation and student achievement. There is a large achievement gap between high- and low-income students and between black and white students, which can be directly attributable to geographic patterns of inequality and income segregation that create disparities in school funding and resources⁷.

Another example is the well-documented relationship between racial and class-based segregation and health disparities. While there have been well-known disparities in adverse birth outcomes, health behaviors, and chronic diseases by race and class, there is increasing evidence that these outcomes are a direct effect of residential segregation and the



Fig 7. Housing location affects access to healthy foods.

effects of segregation disproportionately affect health outcomes by race, especially for black populations, regardless of socioeconomic status⁸. People in segregated communities have less access to healthy foods⁹, disparate access to quality healthcare¹⁰, increased exposure to environmental hazards and pollution¹¹, greater risk of systemic police violence¹², and less access to recreational facilities and parks¹³.

The available research tells a familiar story. While the availability of adequate housing fulfills a critical need, the location of that housing plays an equally critical role in life outcomes. It is becoming increasingly apparent that the effects of residential segregation extend beyond shelter to education, economic opportunity, and even a healthy life. The full impacts of historic patterns of racial and economic segregation are becoming increasingly clear, and policy action to address segregation is necessary to improve equitable outcomes throughout the state.

6. Fuller & Dougherty, Feb 2018. *California Today: The Beverly Hills Affordable Housing Loophole*. The New York Times.

7. Owens, A. (2018). Income segregation between school districts and inequality in students' achievement. *Sociology of Education*, 91(1), 1-27.

8. Landrine, H., & Corral, I. (2009). Separate and unequal: residential segregation and black health disparities. *Ethnicity & disease*, 19(2), 179.

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10. Nelson, A. (2002). Unequal treatment: confronting racial and ethnic disparities in health care. *Journal of the National Medical Association*, 94(8), 666.

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12. Siegel, M., Sherman, R., Li, C., & Knopov, A. (2019). The relationship between racial residential segregation and black-white disparities in fatal police shootings at the city level, 2013–2017. *Journal of the National Medical Association*, 111(6), 580-587.

13. Moore et. al. (2008). Availability of recreational resources in minority and low socioeconomic status areas. *American journal of preventive medicine*, 34(1), 16-22

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How Local Housing Needs Projections Reinforce Geographic Inequity

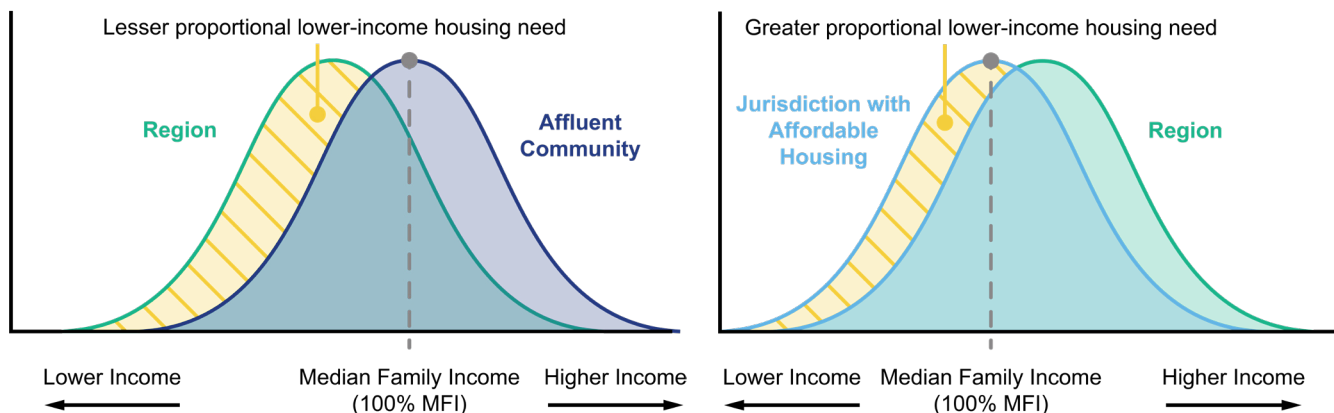


Fig 8. A diagram illustrating how local housing needs projections reinforce existing geographic disparities.

Local housing needs projections are based on the existing economic characteristics of current residents, including existing income distribution. In affluent communities, this means that housing needs projections estimate a lesser proportion of lower-income housing need in comparison to the region. Conversely, providing affordable housing in a community results in a greater proportional affordable housing burden. **This reinforces existing patterns of economic and racial segregation**, because communities that implement exclusionary policies to prevent lower-income households from living in the city are not held responsible in future planning processes for addressing that need. These patterns are present and reinforced throughout Oregon today, in which affluent communities produce significantly fewer market rate and publicly-supported housing units affordable to lower-income households.

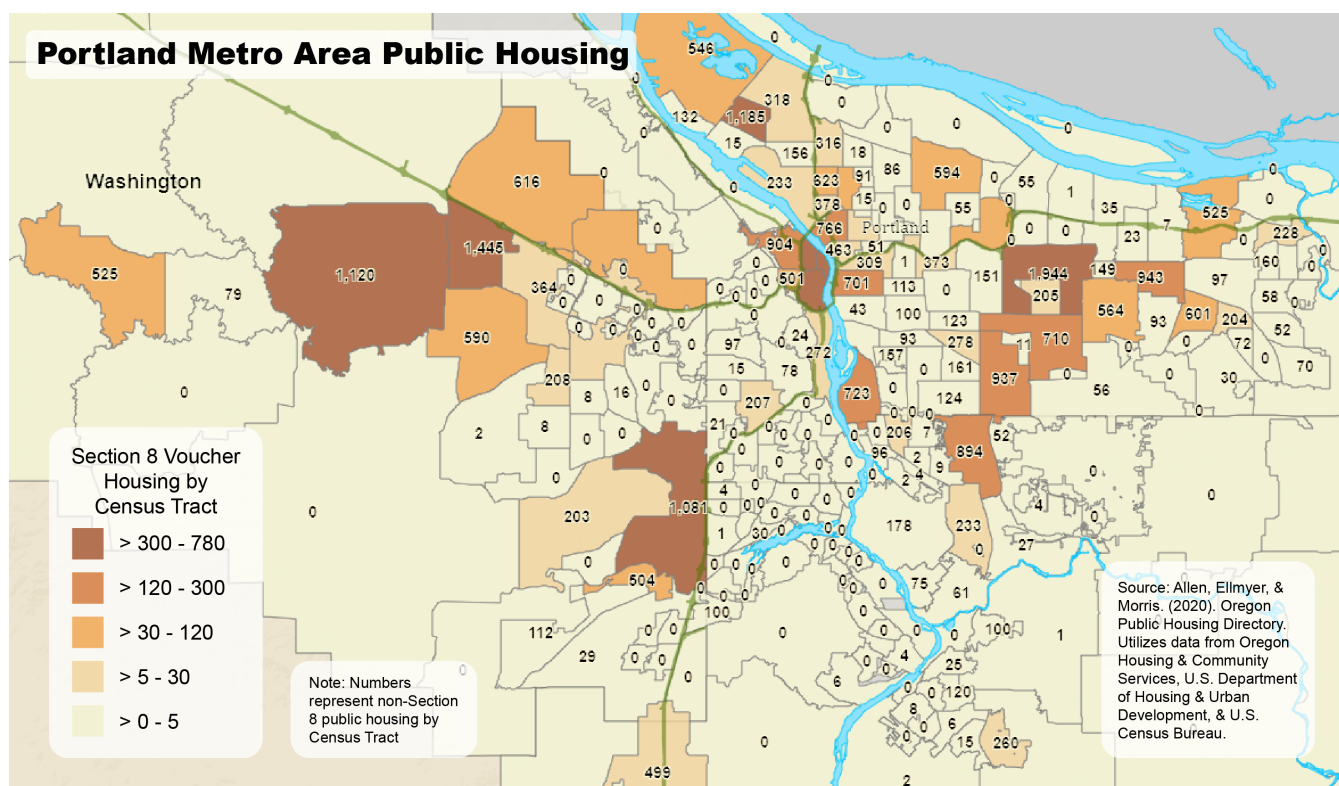


Fig 9. The distribution of Section 8 and non-Section 8 public housing in the Portland Metro Region.

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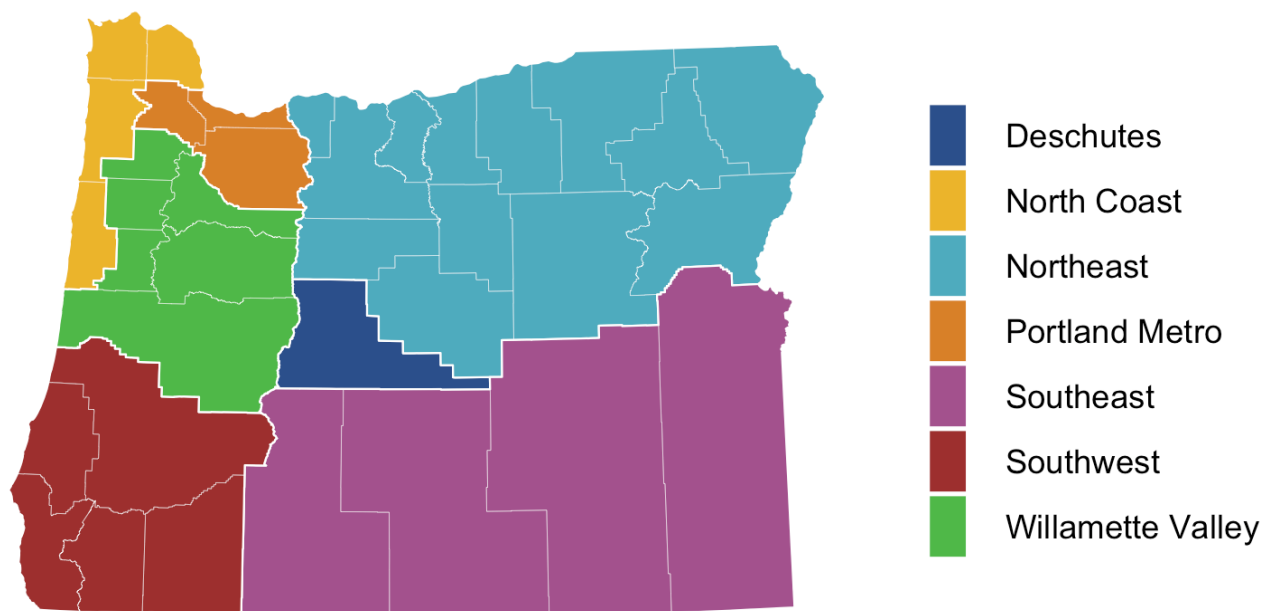


Fig 10. The regions included in the Regional Housing Needs Analysis methodology developed by OHCS.

Section 2 (2)(d)

Whether different boundaries would be more appropriate for defining regions within the regional housing needs analysis based on: (A) Relevance of data in appropriately defining a commuting, employment or housing market; or (B) Ease or cost of collecting or analyzing data;

The boundaries utilized in the RHNA methodology were the result of the OHCS project team engaging in conversations with stakeholders, analysis of commute-sheds, consideration of regional government structures, and consideration of limitations of the available data to construct boundaries. Both OHCS and DLCD recognize that the resultant region boundaries do not perfectly align with what are commonly considered to be regional housing markets. In discussions with regional stakeholders, the agencies have identified the following potential regional boundary concerns and considerations:

- **Central Oregon** – Within the Central Oregon region, the aggregation of Census data did not allow for the grouping of three counties typically considered part of a broader regional housing market: Crook, Jefferson, and Deschutes Counties. The resulting data limitations required consolidation of Crook and Jefferson Counties into the larger northeastern region, which both agencies recognize as unrepresentative the full Central Oregon housing market.
- **South Coast** – While the South Coast was not raised as a particular concern during discussion with stakeholders, DLCD recognizes that the South Coast and Southern Oregon have housing markets that are separated by considerable distance and different market forces. The South Coast experiences significantly different market pressures and there is no significant commute connection between the coast and inland Southern Oregon. However, because Douglas and Lane counties extend from the I-5 corridor to the coast, portions of the South Coast are difficult to break apart into separate analysis geographies. At this time, it would not be practical to “break apart” these counties from an analytical standpoint. While DLCD has not heard substantial concerns thus far on the South Coast, this issue may warrant future consideration.
- **Metro Cities and Counties outside of the Metro Urban Growth Boundary** – The regional housing market in the Portland Metro Region does not end at the Metro Urban Growth

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Boundary. However, the regulatory regime within the Metro Urban Growth Boundary requires discussion about the appropriate relationship for communities within and outside of the Portland Metro Boundary. It may be desirable to treat the full tri-county area as a complete housing region, but if this is the case, there will need to be deliberate and directed conversations about the appropriate relationship between the Metro and cities and counties outside of the Metro UGB. If, as considered in the recommendations section of this report, Metro is the implementing agency of a future RHNA for its region, cities outside of the Portland Metro boundary may object to the RHNA, since Metro has no statutory authority over them.

To be clear, the regional boundaries developed for the RHNA represent the most accurate depiction of regional housing markets based on the limitations of available data. These considerations are discussed in greater detail in the OHCS Summary Report. The challenge with refining these boundaries further is due to limitations on how Public Use Microdata Samples are aggregated by the U.S. Census Bureau. Public Use Microdata Areas are aggregated at geographies of 100,000 people or greater and built on census

tracts, and are unable to be broken down into finer geographies without significantly compromising the data.

OHCS staff explored the possibility of acquiring disaggregated Public Use Microdata Samples data from the U.S. Census Bureau, but found that this will not likely be possible as the Census Bureau is limited by Title 13 of the U.S. Code to keep confidential any information that can be linked to any particular establishment or individual¹⁴. This means that utilizing different boundaries within the RHNA would require either:

1. The utilization of a data source that does not identify housing need as accurately as Public Use Microdata Samples data, or
2. The U.S. Census Bureau to report Public Use Microdata Samples data at different geographies that better align with the state construction of regional housing markets.

Either scenario would require additional directed conversations with local and regional stakeholders on the appropriate regional housing market boundaries in light of new constraints and considerations.

14. Sections 9 and 214 of Title 13 of the U.S. Code. U.S. Census Bureau. Accessed at: https://www.census.gov/about/policies/privacy/data_stewardship/title_13_-_protection_of_confidential_information.html

Recommendations

House Bill 2003, Section 2 (2)(e) & (f)

Section 2(2) of House Bill 2003 requires the agency to consider recommendations in relationship to the Regional Housing Needs Analysis developed by OHCS. Specifically:

(e) Other ways in which the regional housing needs analysis or housing shortage analysis could be improved; and

(f) Whether the regional housing needs analysis, or an improved version, could serve as an acceptable methodology statewide for land use planning relating to housing

DLCD has considered and developed policy recommendations to the Legislature in light of the drive behind recent housing planning efforts, House Bills 2001 and 2003, in addition to the existing policy direction and intent outlined in statute and rule. In order to provide more a comprehensive and actionable set of recommendations, DLCD approached this section with the objective of achieving more affordable, fair, and equitable housing outcomes.

Additionally, DLCD recognizes that the Legislature will face a variety of urgent issues in the 2021 Legislative

Session, and there are still important implementation considerations to address in relationship to a RHNA that will require additional discussion. In recognition of this, the report structures recommendations into **near-term recommendations** that could be implemented within the biennium, improve housing planning and equitable outcomes, and build towards the implementation of a RHNA and **long-term recommendations** that outline the implementation structure and considerations for a Regional Housing Needs Analysis and accompanying housing planning reform.



Fig 11. Meeting the need identified in the RHNA will require concerted and coordinated effort among partners throughout the state.

Near-Term Recommendations

As discussed in greater detail in the OHCS Summary Report, the findings of the RHNA identify distinct and disproportionate unmet housing needs that have historically not been addressed within Goal 10 planning processes. In many cases, identified housing disparities are intersectional and compound with other demographic characteristics, especially disability, race, ethnicity, and English proficiency.

Through rulemaking for housing production strategies, it became clear to DLCD that state and local governments have a direct responsibility to plan in consideration of these disparities and strive to achieve more affordable, fair, and equitable housing outcomes. The resulting administrative

rules for housing production strategies reflects this understanding, but it is important to emphasize that this is the first step towards developing a housing planning framework that comprehensively incorporates equity. While DLCD concludes that long-term reforms to Oregon's housing planning system are critical, there are a variety of near-term actions that can improve the current Goal 10 framework while working towards longer-term reform. The following recommendations would build on the ongoing implementation of House Bill 2003 and provide local jurisdictions with additional tools to better understand and address equity considerations in housing planning processes.

Recommendations

Put Equity at the Center

Reinforce in statute the obligation of state and local governments to plan to disrupt patterns of segregation and exclusion, affirmatively further fair and equitable housing outcomes, and align with statewide climate change mitigation and adaptation efforts.



While the administrative rules for housing production strategy establish an affirmative obligation for local jurisdictions to address equitable housing outcomes, this direction was not explicitly clarified in the text of House Bill 2003. Early in housing production strategy rulemaking, the new requirement was initially interpreted and conceptualized as a “follow up” to the housing capacity analysis. It was only through extensive discussion with DLCD partners and advocates that the housing production strategy evolved into a process that aims to more directly address fair and equitable housing outcomes that have been historically omitted in housing planning processes. To build on this work, it is important for the Legislature to affirm the role of state and local entities to address equitable outcomes in housing and that statute should more explicitly clarify this responsibility.

With regard to climate, the agency has been working on a variety of efforts related to climate change mitigation and adaptation in response to Governor Brown’s Executive Order 20-04. DLCD worked with 25 state agencies to update the 2010 Oregon Climate Change Adaptation Framework and, more importantly, recommend how best to implement programmatic

and policy changes that will prepare Oregon’s environment, economy, local governments, and people for the effects of climate change. Additionally, DLCD worked with the Oregon Department of Transportation, Oregon Department of Energy, and the Oregon Department of Environmental Quality to implement the Statewide Transportation Strategy. The four agencies developed an initial Statewide Transportation Strategy Multi-Agency Implementation Work Plan that covers a two-year period, from June 2020-June 2022. As part of this work plan, DLCD has initiated the Climate Friendly & Equitable Communities rulemaking that will reduce greenhouse gas emissions from the transportation sector by requiring the implementation of plans in metropolitan areas to meet greenhouse gas reduction goals. These factors represent some of the most important considerations for building affordable, inclusive, and climate-resilient communities throughout the state. DLCD recommends reinforcing the agency’s responsibility to continue the work necessary to realize these outcomes through the implementation of House Bills 2001 and 2003.



Fig 12. Rulemaking for House Bill 2003 reinforced the obligation of state and local government to plan to disrupt patterns of segregation and exclusion, affirmatively further fair and equitable housing outcomes, and consider climate change mitigation and adaptation.

Recommendations

Improve Existing Data

1. Direct Oregon Housing and Community Services to work with the Homelessness Research and Action Collaborative (HRAC) to conduct and disseminate regular estimates of people experiencing homelessness across the state.
2. Incorporate additional demographic information into the Oregon Population Forecast Program (OPFP) to better understand and address housing needs for groups with historically unmet housing need, including communities of color, people with disabilities, and tribal nations.



Cities greater than 10,000 in population now have an explicit requirement to consider housing need for communities of color, people with disabilities, people experiencing homelessness, and state and federal protected classes generally through the housing production strategy. In discussions with members at the Homelessness and Research Action Collaborative and the Population Research Center, DLCD has identified the possibility to include some or all of these elements in regularly conducted statewide estimates and set a foundation to better understand and ultimately address these needs.

People Experiencing Homelessness

People experiencing homelessness have historically been unaccounted for in housing capacity analyses. Even as policymakers have increasingly recognized the importance of addressing this need, it functioned as an optional element to consider within a housing capacity analysis. Additionally, methodologies to estimate the number of people experiencing homelessness vary widely and typically underestimate the full scope of need. In recognition of this gap, housing for people experiencing homelessness was a key priority in rulemaking for housing production strategies. Under OAR 660-008-0050(1)(a)(E), local jurisdictions are now required to estimate the number of people experiencing homelessness within their communities and adopt strategies that address the identified need in their housing production strategies. They are also required to consider and report how adopted strategies will help improve housing choice for people experiencing homelessness.

The Regional Housing Needs Analysis also addressed this gap by incorporating a baseline estimate of homelessness for each region within the state as part of the overall needs projection. Because data from the U.S. Census Bureau does not adequately capture people experiencing

homelessness, the RHNA methodology adds in estimates of regional populations of people experiencing homelessness using the best data that was available to the State during the time-limited RHNA project, which were Point-in-Time (PIT) count estimates with the addition of a subset of McKinney-Vento data. OHCS fully recognized in their technical report that this is not the ideal data to use for creating an estimate of people experiencing homelessness, but it was what was available consistently statewide at the time of the project. Meanwhile, the Oregon HMIS Budget Note Assessment Recommendations with HUD HMIS Technical Assistance, submitted to the legislature July 2020, makes recommendations on how statewide access to better homelessness data could be improved.

Directing Oregon Housing and Community Services with the assistance of Homelessness Research and Action Collaborative to regularly estimate and disseminate an estimate of populations experiencing homelessness to local jurisdictions would ensure that all jurisdictions have access to a consistent and transparent baseline estimate of people experiencing homelessness without spending time and resources conducting such an analysis within their housing production strategy. From there, local jurisdictions could use local data, as available, to further contextualize these estimates, provided that they do not result in a lesser responsibility to address need. By establishing a regular statewide estimate, the State will be able to work with local jurisdictions and Continuums of Care to acquire the data needed to develop more comprehensive and accurate estimates. Given the expertise of members at Homelessness Research and Action Collaborative, DLCD recommends that OHCS work closely with this organization to ensure the methodology is robust and sets a strong foundation for state and local governments to address the identified need.

Recommendations

Finally, conversations with service providers and affordable housing developers statewide indicated that while better estimates are an important first step in addressing the crisis, **it is critical to develop a comprehensive statewide framework for addressing housing need for people experiencing homelessness**. This consideration is discussed in greater detail in the [Long-Term Recommendations](#) section.

Oregon Population Forecast Program

Communities of Color

Local jurisdictions are required by OAR 660-008-0050(1)(a)(A) to contextualize housing need with need disaggregated by race and ethnicity and considering housing inequity and segregation explicitly. To build on this requirement, DLCD recommends incorporating estimates and projections by race and ethnicity into population estimates and projections. While there are technical considerations for the best approach to incorporate such demographic information, it would be feasible to incorporate these estimates into the OPFP. Additionally, specific geographic levels and which measures of race and ethnicity should be considered by the Racial Justice Council and other state agencies such as the Oregon Health Authority and Oregon Department of Transportation as these agencies have expressed a need for including this information in population projections for planning purposes.

People with Disabilities

The Regional Housing Needs Analysis developed by OHCS identifies a distinct and disproportionate housing need for people with disabilities. To estimate this need, the RHNA utilizes disability status data collected by the U.S. Census Bureau, which includes the following:

- hearing difficulty
- vision disabilities
- self-care difficulty (having difficulty bathing or dressing)
- independent living difficulty (having difficulty doing errands alone)
- ambulatory difficulty (having serious difficulty walking or climbing stairs)

- cognitive difficulty (having difficulty remembering, concentrating, or making decisions)

One in four Oregonians has a disability, and many experience disproportionate rates of cost burdening and barriers in accessing adequate housing that serves their needs. In response to this significant unmet need, administrative rules for housing production strategies requires local jurisdictions to consider and address needs for people with disabilities. Incorporating this information into population estimates and forecasts will enable jurisdictions to better respond to this need in housing planning processes.

Additionally, there are other policy options that would enable the state to better understand the range and severity of need through leveraging existing reporting requirements. The Oregon Health Authority conducts a regular health survey called the Behavioral Risk Factors Surveillance System (BRFSS), which collects information on a variety of public health topics, including information on people with disabilities reported at state and county levels. Development of an additional BRFSS module to collect information on housing that is incorporated into the population forecast program will provide a much better understanding of the scope and severity of need. In building a better understanding of housing need for people with disabilities, it will be important to carefully consider disabilities that are often overlooked, such as people with schizophrenia or Post-Traumatic Stress Disorder. To develop such a module, DLCD recommends directing the department and OHCS to work with the Oregon Health Authority to develop a BRFSS module specifically aimed to collect information on the housing needs of people with disabilities.

Tribal Areas

The RHNA was unable to develop estimates of housing need for tribal areas owned by the nine federally-recognized tribes in Oregon due to the omission of population forecasts in Tribal trust land in the Oregon Population Forecast Program. Under this program, tribal-owned lands and indigenous community populations are consolidated with county estimates. The rationale for this omission is because Tribal Nations are sovereign and are not subject

Recommendations

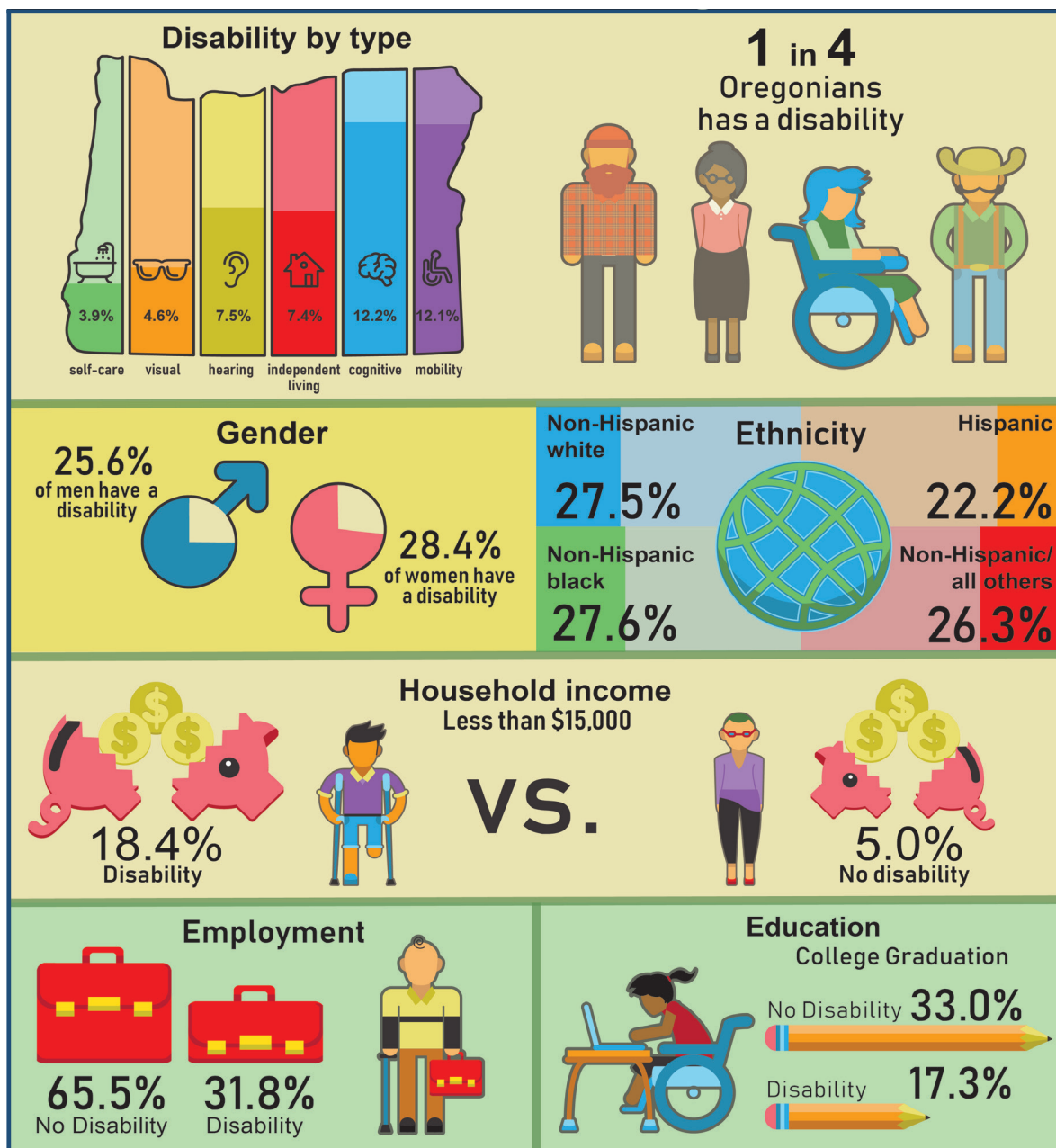


Fig 13. Demographics of Oregonians with Disabilities 2017. Image courtesy of the Oregon Office on Disability and Health. Source: Oregon Behavioral Risk Factor Surveillance System (BRFSS) 2017.

to requirements of cities and counties under the statewide land use planning program, providing estimates for these areas does not serve a regulatory purpose. However, because Tribal Nations have unique housing needs than the rest of the area outside of an urban growth boundary in a county, DLCD recommend that any future RHNA include information on this need for tribal governments to use as they plan for the housing needs of their members on and off Tribal Trust (reservation) lands.

To this end, DLCD recommends incorporation of tribal areas into the Oregon Population Forecast System. Additionally, DLCD engaged in government-to-government consultation with various staff working within tribal governments, who recommended additional policy considerations that better address housing needs for tribal members. These considerations are discussed in greater detail in the [Long-Term Recommendations](#) section.

Recommendations

Address Goal 10 Gaps

1. Allow the agency to pilot and evaluate one or more housing capacity analyses/housing production strategies that address gaps in Goal 10 planning requirements (i.e. rural areas and small cities), conducted at a county or regional level and provided for use by cities under 10,000 population and other entities.
2. Allow the agency to provide technical assistance for public facilities planning that promotes the development of middle housing and smaller, more affordable housing options, especially through adjustments to how infrastructure is financed, including System Development Charges (SDCs).



Another major theme of discussions with stakeholders are the gaps that exist within the current Goal 10 planning framework that have a significant impact on addressing housing need. Two significant gaps identified during these discussions included housing planning for small cities and rural areas and infrastructure planning and finance. While both of these will require significant continued consideration in the implementation of a RHNA, in the near-term, DLCDC can work to address gaps and better consider future action through the recommendations below. Both recommendations can be implemented as part of continued planning assistance funding for the implementation of House Bills 2001 and 2003 and would enable the agency to consider a wider range of planning projects that implement the bills.

Small Cities/Rural Areas

This recommendation is in recognition that the requirements of House Bill 2003 do not apply to cities below 10,000 or counties. With the capacity constraints that exist within these communities, it would not be practicable to extend this requirement to smaller cities. However, stakeholders raised an idea of allowing smaller cities and rural areas to “pool resources” to engage in a housing planning process that would allow them to update significantly outdated housing capacity analyses and housing elements of comprehensive plans. Additionally, DLCDC has heard an increased need for increased meaningful consultation and collaboration between local and regional governments and various Tribal Nations. By exploring a pilot project aimed at addressing both of these issues, the agency can evaluate whether and how such an approach could be utilized statewide to address housing planning gaps in the implementation of a RHNA.

Public Facilities

One of the most significant considerations in rulemaking for House Bills 2001 and 2003 was the availability and sufficiency of infrastructure in the development of more affordable housing options. One clear takeaway from this process is that the current framework for financing and constructing infrastructure disincentivizes the development of smaller and more affordable housing types that are more infrastructure efficient. In the long-term, the state will need to critically evaluate the investments made at the local and state levels to finance infrastructure in a manner that supports more affordable housing options and incentivizes more infrastructure-efficient development patterns.

In the near-term, allowing planning assistance from either House Bills 2001 or 2003 to fund projects that evaluate and adjust public facilities plans will help DLCDC further the development of middle housing and/or smaller, more affordable housing types. This recommendation would build on the work of both House Bills 2001 and 2003 by encouraging the development of legalized middle housing options and providing the agency with a series of tools and practices local jurisdictions can consider in future housing production strategies or public facilities plans. The source of funding would affect the scope of a given public facilities project. Planning assistance provided via House Bill 2001 would likely need to be more specifically focused on Middle Housing development, while House Bill 2003 funding could broaden the scope to include multi-family dwellings and smaller, more affordable housing types in general. Either source would help support more affordable housing options and help establish future guidance to local jurisdictions.

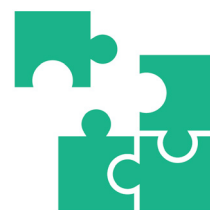
Recommendations



Fig 14. Public facilities significantly impacts housing development and affordability. Developing best practices for public facilities finance is critical for the successful implementation of House Bill 2001 and the development of smaller, more affordable housing options.

Charter a Task Force to Continue Development of a RHNA

Charter a Task Force lead by OHCS and DLCD to recommend a legislative concept for an effective and comprehensive implementation framework to integrate the RHNA into the Goal 10 housing framework. Provide the Task Force strong and clear policy direction on what the legislative concept should achieve.



DLCD believes that a RHNA can implement a shared responsibility among local, regional, and state governments to address housing affordability. However, this alone is not sufficient to comprehensively address the statewide housing crisis. A more comprehensive reform to Oregon's housing planning system will need to take a critical look at how implementation and accountability are structured to ensure meaningful action and how the investments made at state and local levels support or inhibit the development of more affordable, fair, and equitable housing outcomes, with an emphasis on improving racial and economic equity.

To develop a legislative framework that transforms Oregon's housing planning system and more effectively work towards affordable, fair, and equitable housing outcomes, DLCD recommends that a task force with members from various geographies and backgrounds more thoroughly explore how to translate the prototype RHNA analysis into a more meaningful policy framework for Legislative consideration. The following section lists the long-term recommendations and considerations outlining the implementation of a RHNA and accompanying housing planning reform.

Recommendations

Long-Term Recommendations

A Regional Housing Needs Analysis can serve as an acceptable methodology statewide for land use planning relating to housing. Such a framework provides the basis for implementing a system of shared responsibility and accountability in comprehensively addressing housing need. [As discussed previously in this report](#), there are three key components needed to ensure that a RHNA would result in more affordable, fair, and equitable housing outcomes:

1. A **shared responsibility** among local, regional, and state governments to address affordability;

2. Realistic and productive **expectations and accountability**; and
3. Directed and coordinated **state and local resources**, investment, and capacity.

The long-term implementation of a RHNA and associated reforms to housing planning will require continued work of a range of implementation considerations within each of these core components. This report recommends the establishment of a task force in the near-term to continue this work, and implementation considerations for task force are discussed in greater detail below.

Shared Responsibility

Establish a shared responsibility among local, regional, and state governments to address housing affordability by directing Oregon Housing and Community Services to develop and conduct a statewide Regional Housing Needs Analysis on a regular schedule that inform both short-term (5 year) and long-term (20-year) housing planning horizons.



The key function of a Regional Housing Needs Analysis is to establish a clear, shared responsibility to address regional housing need and affordability among state, regional, and local governments. Establishing this responsibility within the context of a RHNA requires the establishment of a statewide housing need estimate methodology, the development of an allocation of housing need from the region to cities and counties, and a clarified responsibility to address the allocated housing need.

OHCS has developed a methodology that best reflects both DLCD and OHCS understanding of the legislative intent behind a RHNA, but it is clear that any allocation methodology must address the underlying question of what it should achieve. Providing clear policy direction on this question will help ensure that the methodology will better achieve the intent of the legislature. While DLCD identifies fair housing and housing type as warranting special consideration from the Legislature, there are other policy factors the Legislature can consider, such as the relationship between housing production, transportation, and climate change. Additionally, there are technical considerations for the appropriate factors to consider in an allocation that require deliberation.

Task Force Considerations

The task force will need to grapple with a variety of implementation considerations to develop a comprehensive legislative framework, including what role various agencies will play in the implementation of a RHNA and accompanying reforms to the housing planning system. This will include developing a framework by which a RHNA methodology is developed, how it is evaluated and amended over time, the frequency of the analysis, and how state agencies and local governments will make use of the estimate through the Goal 10 housing process, with particular attention to the housing needs projection of a housing capacity analysis. Additionally, while the RHNA will impact the considerations below, many of these considerations should be implemented via statute and administrative rule, rather than incorporated into the RHNA itself. This will require the task force to distinguish and clarify the role of a Regional Housing Needs Analysis versus policy actions that are implemented by statute and administrative rule.

Implementation of a RHNA

While the task force will not directly consider the specific factors of the estimate and allocation

Recommendations

Needed Measures in Lieu of a RHNA

Through this process of evaluating the RHNA and the overall Goal 10 housing planning framework, it become clear that while there has been an intent for regional collaboration and accountability in housing planning reflected in statute and administrative rule, there have not been clear parameters that implement a system of regional accountability. A consequence of this is that the ability for local jurisdictions to meaningfully identify and address regional housing considerations, such as housing for lower-incomes or addressing racial and economic segregation, is limited by the political priorities of the community.

The RHNA implements a housing planning framework that better ensures a system of shared responsibility and accountability in the development of needed housing. If the RHNA is not implemented, there is still a need for an implementation mechanism that ensures a broader regional system of accountability in addressing housing need. Other states have developed such models, including Massachusetts with Chapter 40B of the Comprehensive Permit Act, otherwise known as the “Anti-Snob Zoning” Act or New Jersey with requirements for a “fair share” of affordable housing through the Mount Laurel doctrine and subsequent fair housing legislation. If a RHNA is not implemented, DLCD recommends directing the agency to further explore alternative models of implementing a system of regional accountability within the existing Goal 10 framework. The implementation of such a framework will require the following elements:

- Clearly defined shares of housing affordable to households with lower income that local governments must plan for and clear policy guidance on intended housing outcomes and clarify through administrative rule how local governments can meet state expectations.
- Refinements to OAR Chapter 660, Division 7 and 8 to more comprehensively address housing need and clarify local and regional responsibilities.
- Similar enforcement and accountability measures as recommended for the implementation of a RHNA to ensure legislative expectations are met.

methodology developed as part of the RHNA, they will need to consider the framework by which the estimate and allocation are developed and adjusted over time. A key lesson from the California RHNA model is that estimating housing need at a regional level does not guarantee a shared responsibility among local governments to address housing affordability nor a more equitable distribution of housing. Achieving this requires an allocation methodology driven by a strong and clear policy direction, and it is crucial that local political dynamics do not tip the results of an allocation to reduce the responsibility of communities to address affordability, especially in historically exclusionary communities.

DLCD has identified several timing considerations with relationship to a housing capacity analysis that must be worked out in order to facilitate the effective implementation of a RHNA. The key uncertainty with regard to timeline for housing capacity analyses

include addressing the concurrency issue [described earlier in this report](#). Part of this uncertainty is the appropriate year for analysis, which is addressed via the housing capacity analysis schedule. Under this framework, local jurisdictions would be required to address the 20-year need projected from the deadline of the housing capacity analysis, so it will be important to ensure that the RHNA be conducted on an annual basis or includes a method to interpolate results appropriately. It will also be important to address the underlying contentious factors including but not limited to “not in my backyard” political and legal contention that can delay the adoption of housing capacity analyses today. After consulting with a range of experts, advocates, and partners, DLCD believes the adoption of housing needs analyses can be better accomplished by way of state policy guidance and administrative rule to provide clearer parameters on accommodating identified housing need. This

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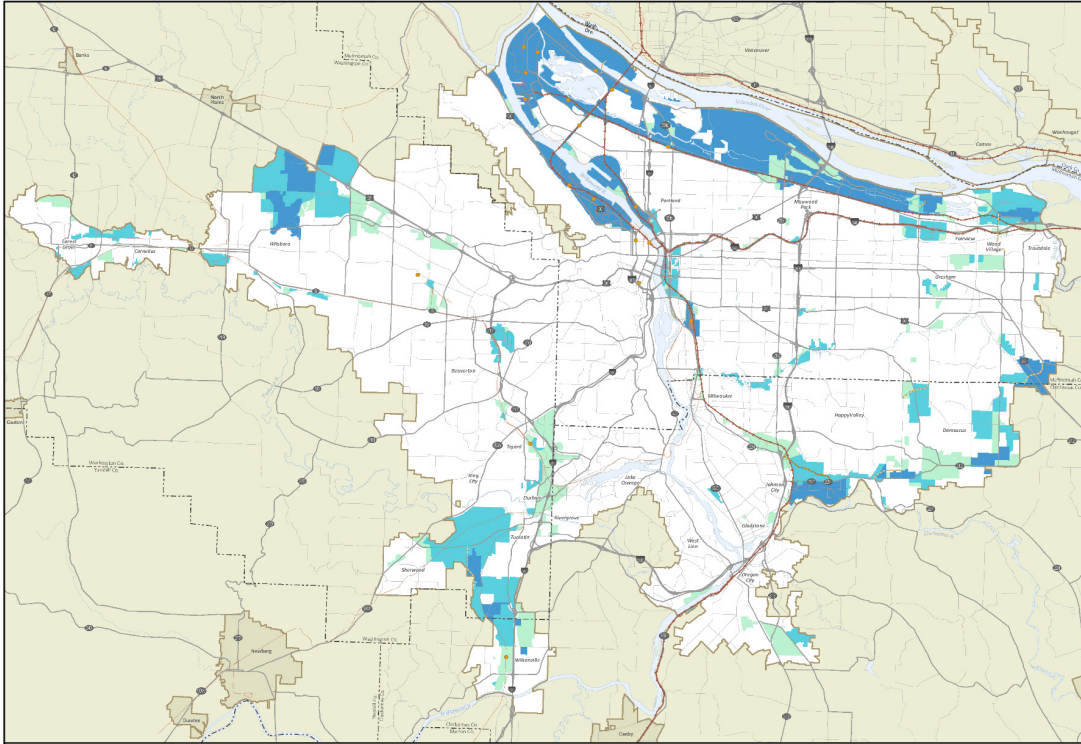


Fig 15. A RHNA should align with Metro's approach to urban growth management, including employment lands.

clarity will be essential for achieving more affordable, fair, and equitable outcomes and providing greater certainty to local jurisdictions.

The Metro Region

One of the most significant implementation considerations that arose through this process is how a Regional Housing Needs Analysis would intersect with the urban growth management framework of the Metro. Given the unique complexity of the land use planning process in the Portland Metro Region, DLCD recognizes that layering the current allocation of housing need without deliberate and thorough consideration of Metro's Urban Growth Management Functional Plan would create confusion and conflict with many aspects of urban growth in this region.

With that said, there is a clear need for a shared responsibility among local jurisdictions to address housing affordability within the region. The current voluntary framework for addressing housing affordability has not been able to realize the intent of statute and administrative rule to comprehensively address housing affordability via coordinated comprehensive land use planning within the Metro region. Localized housing needs projections still

perpetuate patterns of geographic inequity between communities, and available data on housing stock and production indicate that these disparities are being reinforced, rather than dismantled.

To address this, the task force should consider how best to structure the implementation of a RHNA for the Metro region – both within and outside of the UGB – that aligns with Metro's urban growth framework. A challenge of structuring a separate estimate and allocate methodology for individual regions is the potential for political pressures to create inequitable allocation results, [as discussed earlier in this report](#). In recognition of this, the task force will need to consider carefully how the implementation of a RHNA in the Metro achieves two outcomes:

1. A shared responsibility among local jurisdictions to address affordable housing within the region;
2. Accountability among local jurisdictions in meaningfully addressing housing need and a reinforced responsibility for Metro to enforce accountability, when necessary; and
3. A clarified regulatory framework for tri-county cities outside of the Portland Metro UGB.

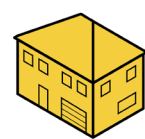
Recommendations

Housing Type

House Bill 2003 required the RHNA methodology to classify units by housing type. As discussed in greater detail in the OHCS summary report, the methodology was unable to produce a forecast of housing types due to a combination of poor data availability and the inherent policy consideration surrounding what the future mix of housing types should be. Of course, the mix of housing types within a housing capacity analysis and housing production strategy will play a pivotal role in the development of housing options that comprehensively address the housing need identified in a RHNA. As part of this consideration, the task force will need to weigh the role of the RHNA in projecting housing type and how that is distinguished from the policy actions taken by local jurisdictions with regard to housing type.

Currently, the housing mix of housing capacity analyses are directed by the provisions of ORS 197.296, which requires cities to determine housing capacity and need based on: (1) an analysis of residential development, (2) trends in residential density and mix, and (3) demographic and economic trends. The statute requires the analysis of housing mix and density to include the past five years or the timeframe extending to the last periodic review, whichever timeframe is greater. Through this process, a city must plan lands within its existing UGB and any expansion area so that there are sufficient buildable lands in each plan district to meet the city's anticipated needs for particular needed housing types. When a city projects a certain housing mix, it must explain why that housing mix will provide sufficient buildable lands to meet its projected future housing needs over the planning period, and that projection and explanation must be supported by an adequate factual base.

DLCD recognizes that housing needs projections consistently underestimate the housing needs of households with lower incomes, and it is clear that accommodating housing that will serve this need



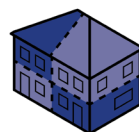
Single-Family Detached

in cities >10,000 population



Duplexes
"on each lot or parcel..."

in cities >25,000 population, Metro cities >1,000 population, and urbanized portions of Metro counties



Triplexes and Quadplexes



Townhouses



Cottage Clusters

"in areas..."

"...that allow(s) for the development of detached single-family dwellings"

Fig 16. House Bill 2001 will change the density and mix of housing types over time.

will require changes to the existing mix and density of housing types. However, under current housing capacity analyses, local residents, interests, and governing bodies often pressure practitioners to project a future mix of housing types that is substantially similar to what exists today. Stakeholders have indicated that in order to achieve a successful implementation of a RHNA, it will be important for the state to provide clear direction on the types of housing that should be planned for future development. However, even within this general policy framework a local government will still retain flexibility to plan for different mixes of housing types that will meet the need of underserved households. For example, one city might emphasize higher density multi-family housing; another might emphasize smaller "infill" projects in existing residential neighborhoods, and another might encourage the development of new manufactured home parks to meet these housing needs.

Part of an implementation of a RHNA will require policy guidance from the Legislature on the intended future mix of housing types. While local policy considerations surrounding housing type will continue to play a significant role in the Goal 10 housing framework, without guidance from the state on housing mix that comprehensively accommodates need, there will continue to be contention at the local level as to what housing types are appropriate. The task force should consider how best to address housing type via the implementation of Goal 10 to reduce this tension and provide greater certainty to local jurisdictions in accommodating need.

Recommendations

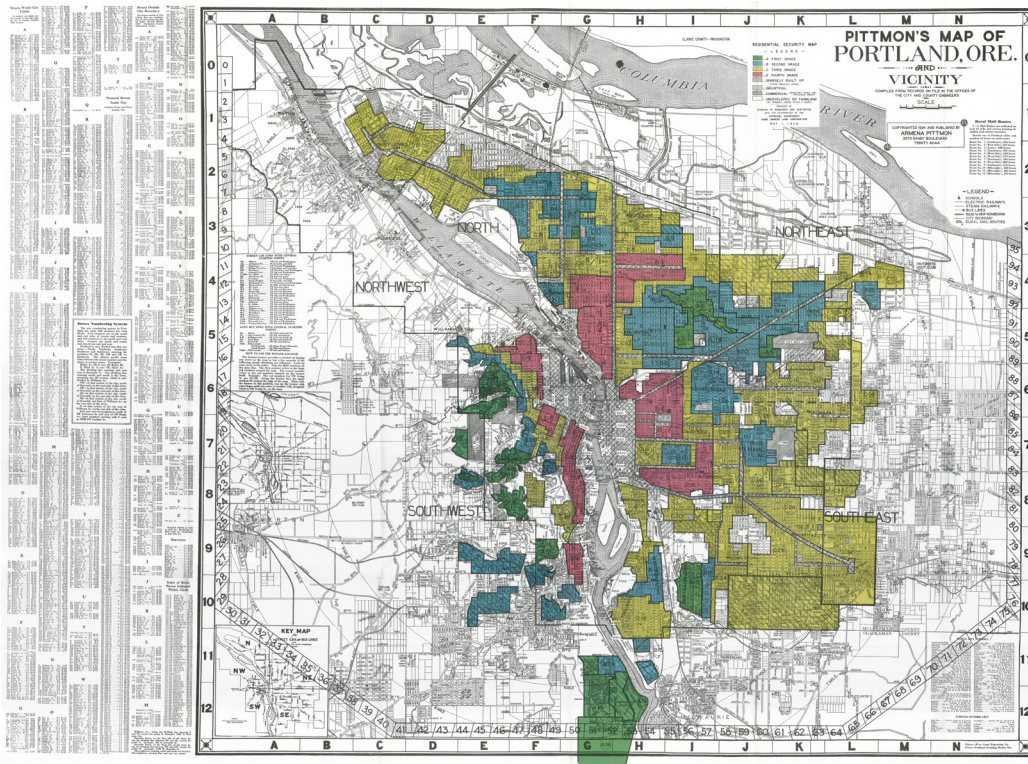


Fig 17. The legacy of racial segregation through practices like redlining continues to affect housing, employment, educational, and other life outcomes today.

Fair Housing and Equity

One of the key criticisms of the California RHNA system in terms of achieving more affordable, fair, and equitable housing outcomes is the significant variation that exists between regional allocations of housing need identified in the RHNA. Because of the significant policy implications of any allocation methodology, each regional allocation methodology is subject to a large degree of contention between communities within the region, and often the results of such allocations have reinforced patterns of exclusivity within regions.

[Earlier in this report](#), DLCDC recommends that the Legislature confirm the affirmative responsibility of state and local entities to further fair housing and work towards more equitable housing outcomes. Additionally, [as discussed earlier in this report](#), the effect of housing inequities extends beyond shelter and affect access to a quality education, economic opportunity, and personal health and well-being. The implementation of a RHNA and concurrent reforms to the Goal 10 housing framework should be driven with an express purpose to reduce these housing inequities, and doing so will require the continued

consideration of factors raised throughout RHNA discussions. These include:

- **Consideration of historic patterns of segregation and exclusion** – The OHCS project team has explored the role of past exclusionary policy through this project, and have considered pathways to more directly bring such considerations into local planning processes. There are two key considerations for the task force:
 - What is the best framework for the RHNA to evaluate methods to measure patterns of segregation and exclusion?
 - When patterns of segregation and exclusion are identified, what is the appropriate policy response? How should this be implemented via statute and rule?
- **Addressing geographic inequities perpetuated by lack of housing choice** – [As discussed earlier in this report](#), where people live have significant impacts on life outcomes, including employment, education, health, and quality of life. There is compelling evidence that the patterns of racial and economic segregation

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perpetuated today also drive many of the disparities that exist by race and class. While many agree that housing choice and location is critical for achieving more equitable outcomes, it is less clear how to structure an implementation framework to measure and address housing choice and location. The implementation of a RHNA will address access to opportunity between communities by enabling more housing options in historically segregated and exclusionary communities, but the task force will need to consider how to implement policies that improve this dynamic within communities as well. Developing a framework must recognize the balance between providing greater choice in historically exclusive neighborhoods and improving outcomes in historically disinvested communities.

- **Climate Mitigation and Adaptation** –

Rulemaking for housing production strategies resulted in requirements for local jurisdictions to consider climate change mitigation and adaptation in relationship to housing policy. There is increasing recognition and evidence to support the inextricable link between housing policy and climate mitigation¹⁵, and housing policy will need to plan for a future of climate resiliency, especially in the face of increasing wildfire and potential for structure loss in areas with low density on the wildland-urban interface¹⁶. This work will need to be centered in equitable outcomes, especially as emerging evidence suggests recent investments in low-carbon infrastructure are linked to significant rises in housing cost and displacement of lower-income people and people of color¹⁷. In considering these issues, the task force will also need to consider housing policy in the context of a potential climate policy changes, including the potential for revisions to existing statewide planning goals to incorporate climate change and equity into land use planning.

- **Housing for people with disabilities** – It is becoming increasingly clear that inequitable housing outcomes intersect with disability, and the statewide housing planning framework has largely overlooked this consideration. Recent efforts have established a responsibility to identify and respond to this need, and the RHNA will continue to estimate housing need for people with disabilities for planning efforts at the local level. However, there are not yet clear policy options and expectations established that guide local jurisdictions in adequately addressing need.
- **Housing for people experiencing homelessness** - In discussions with service providers and affordable housing developers statewide, experts and practitioners addressing homelessness recognized the incorporation of housing need for people experiencing homelessness into planning processes as a good first step towards better addressing this need at the local level. However, they also emphasized the importance of developing a *comprehensive statewide framework* for addressing housing need, including a process to clarify how local governments can remove barriers, develop policies, and align with service providers to more comprehensively address need. It is important to emphasize that addressing housing need for people experiencing homelessness is distinct from providing short-term shelter options for people in crisis and that the RHNA is best equipped to address the former. A comprehensive framework will require state-level considerations around long-term housing options, short-term shelter options, services, and many other factors that are not directly related to housing. The state will need to take a proactive role in setting policy direction, directing resources, enforcing accountability, and facilitating education with regard to housing for people experiencing homelessness.

15. Berrill, P., Gillingham, K. T., & Hertwich, E. G. (2021). Linking Housing Policy, Housing Typology, and Residential Energy Demand in the United States. *Environmental Science & Technology*.

16. Syphard, et. al. (2019). The relative influence of climate and housing development on current and projected future fire patterns and structure loss across three California landscapes. *Global Environmental Change*, 56, 41-55.

17. Rice, J. L., Cohen, D. A., Long, J., & Jurjevich, J. R. (2020). Contradictions of the climate-friendly city: new perspectives on eco-gentrification and housing justice. *International Journal of Urban and Regional Research*, 44(1), 145-165.

Recommendations



Fig 18. Second and vacation home production place additional strain on the housing market in areas along the coast, the Columbia River Gorge, and other scenic areas in Oregon.

Regions with Second Homes

In recognition that in regions with a significant share of second homes, the RHNA separated the estimated number of second homes from the actual calculation of need over twenty years. It is important to provide these local jurisdictions with separate second home estimates, so they can reasonably anticipate how best to accommodate need with the understanding that second homes will comprise a share of future housing demand, the magnitude of which will vary depending upon a local government's policies regarding the vacation and short-term rental use of second homes.

While local governments do not have the ability to require a property owner to live within a home for a certain amount of time, they do have the ability to regulate or even eliminate vacation and short-term rentals. These types of policies will ultimately impact the availability of second home and short-term rentals as well as the demand they impose on developable lands. The task force should consider how these jurisdictions reconcile how to manage second homes and the impact that demand has on land capacity for needed housing.

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Realistic and Productive Expectations and Accountability

Clarify the responsibility of local cities and counties to appropriately address housing need identified by a RHNA, and direct LCDC to amend administrative rules to more clearly define appropriate measures and strategies to accommodate and encourage the development of needed housing through Goal 10.



Our housing planning accountability framework has historically struggled to successfully produce equitable housing outcomes. House Bill 2003 and subsequent rulemaking for housing production strategies was a critical first step in developing an accountability framework that is more reasonable in its expectations and productive in ensuring local action. However, this process was unable to address the system of accountability for housing capacity analyses, which has remained contentious, resource-intensive, and less productive than necessary to fully address housing need throughout the state.

Reforming this system of accountability to clarify the appropriate policy responses to comprehensively address housing need and provide local jurisdictions greater certainty in developing solutions. The task force should weigh the following considerations as they begin development of a realistic and productive accountability framework.

Task Force Considerations

What “Accountability” Means

The task force will need to grapple with the appropriate accountability framework for the implementation of a RHNA, including how accountability is measured and enforced. DLCD considers the recent rulemaking process for housing production strategies under House Bill 2003 helpful in informing this discussion. A significant topic of discussion during rulemaking was the balance between realistic expectations for local governments to fund or incentivize housing production with demonstrating clear progress towards comprehensively addressing housing need. Representatives of local jurisdictions expressed anxiety that jurisdictions would be required to meet targets for housing production or face consequences from the state, which could penalize jurisdictions for market or other circumstances that are beyond their control. A number of factors outside of a city’s control could affect future achievement of housing goals,

including federal policy, construction costs, or national economic trends. However, local jurisdictions still control significant policy levers that affect housing development and affordability, and they have a clear obligation to reduce barriers and increase incentives for the production of more affordable housing options under House Bill 2003.

To address this balance, DLCD staff developed an approach that required local jurisdictions to develop strategies that comprehensively address all identified housing needs. While local governments are not held to specific numerical thresholds of housing production, they are required to report on strategy implementation and progress toward meeting identified housing need. Similarly, if a strategy fails in its implementation, local jurisdictions are required to ensure that the housing need that the strategy was intended to fulfill is met, either through a new strategy or combination of existing strategies. The enforcement approach of housing production strategy is useful in developing a realistic and productive accountability framework for a RHNA, because **it focuses on the actions of a local jurisdiction to encourage the development of needed housing**. Metrics, such as measurements of outcomes such as housing production or cost burden, are still critical to track and measure to ensure that local actions improve housing outcomes, but they do not trigger enforcement action from the state if a city is making good-faith effort and progress to comprehensively address the need. This approach recognizes that local governments represent one key actor in a complex network of actors. They cannot be reasonably expected to solve the housing crisis alone but still have a responsibility to address housing need through local policy measures and strategies under House Bill 2003.

The results of the RHNA make clear that meeting the full spectrum of housing need for Oregonians throughout the state requires action and accountability from all levels of government. While it is important to recognize the limitations of local, regional, and

Recommendations



Fig 19. Meeting the housing need identified in the RHNA will require action and accountability from all levels of government.

state actors to effect change, it can no longer be an excuse for inaction and unaccountability. The task force will need to consider how this is best implemented through a legislative framework, what the appropriate responsibilities of local, regional, and state governments are, and how action and outcomes inform enforcement action. It is still important to emphasize that measuring outcomes, especially those related to racial and economic equity, will be crucial in assessing the success of local jurisdictions and the statewide planning system in achieving equitable housing outcomes. Cities above 10,000 currently report annual data on housing production, and the [near-term recommendations](#) discussed previously would help improve statewide data collection and reporting. The task force should continue to consider how to improve the measurement of outcomes and production in the long term. Additionally, the implementation of a RHNA and subsequent actions to address housing need will require implementing agencies to take a proactive role in ensuring that progress and action are moving forward. This will require the task force to consider broadly what amendments to statute and administrative rule are needed to clarify expectations, how to build capacity through funding and education, and when it is appropriate to leverage statutory authority to enforce accountability.

The Housing Needs Projection

A key consideration of this process was whether the allocation results of the RHNA will replace the housing needs projections of local jurisdictions. There is a spectrum of options that range from the housing need identified in the RHNA fully replacing local housing needs projections to one that is fully voluntary, and each option has distinct policy implications. As the regional needs projection becomes more rigid, it

leaves less ability for local jurisdictions to develop housing needs estimates that are sensitive to local conditions. A few examples have arisen through discussion with stakeholders including communities with a significant share of students or communities with a significant regional job share. However, a voluntary framework, while providing a data resource that could support local planning efforts, could significantly undermine local responsibility to address low-income housing need of the region at large and continue a housing planning framework that does not comprehensively address affordability. There are also allocation options between the two ends of this spectrum. One hybrid approach DLCD considered is an allocation that provides affordable housing estimates that local jurisdictions must respond to through Goal 10 housing planning processes, but providing higher-income, “market rate” housing allocations as an optional housing needs projection that would not be subject to appeal.

Enforcing Accountability

The current housing planning system is hindered in its ability to appropriately plan to accommodate need in a timely fashion, driven in part by state law requiring the adoption of binding measures that are politically contentious. There is a need to clarify how local jurisdictions can appropriately respond to identified need through housing capacity analyses and housing production strategies, and how they can demonstrate that a need or portion of need has been addressed through actions the city has taken. Acceptable methods for demonstrating meeting affordable housing need through Goal 10 can be clarified through administrative rule, providing clear direction for local jurisdictions in addressing affordable housing need. This clarification must be paired with an appropriate incentive and enforcement

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framework to ensure that Oregon's local governments comprehensively address housing need. While the Task Force would not need to consider the specific details that would be outlined in administrative rule, they would need to consider what the overarching statutory framework should be to support greater clarity and more equitable outcomes in addressing need.

House Bill 2003 provided tools to the Land Conservation and Development Commission to enforce the implementation of housing capacity analyses and housing production strategies as required by the bill. This resulted in an enforcement approach that utilizes the full range of tools available, while ensuring that the agency always begins with a collaborative, solution-oriented approach. It is important to note that these tools do have limitations in their ability to achieve intended outcomes. Most of the work related to implementation and enforcement completed by DLCD staff are through capacity building, education, and incentives. Staff has the opportunity and pleasure to work with a broad range of knowledgeable and passionate planners throughout the state, and the majority of enforcement work happens through collaborative problem solving with local jurisdictions. However, there are instances in which DLCD needs to utilize enforcement authority to enforce state statute and administrative rule. DLCD uses these actions as a last resort, because they cost significant time and resources to conduct and they are limited in their ability to achieve compliance with applicable statute and rule.

Tracking Progress and Implementation

While the housing production strategy does not base enforcement action on specific metrics, it will still be important to better measure and monitor housing production and outcomes to track progress and implementation over time to ensure actions are producing meaningful outcomes. The housing development reporting requirement established by House Bill 4006 and the housing production strategy reporting requirements are both good first steps at better measuring and evaluating progress over time, but both of these metrics have limits in producing data that would be useful for analysts to make meaningful evaluations of whether actions are achieving outcomes over time. The task force should

consider how a legislative framework can incorporate implementable metrics for future evaluation to better understand how policy actions affect outcomes.

Addressing the Gaps of Goal 10

While a significant amount of discussion during the RHNA prototype focused on the implementation of Goal 10, DLCD identified several gaps in housing planning that exist under Goal 10 warranting consideration by the task force. They include:

- **Rural communities and small cities** – A clear message from planners and advocates in smaller cities and rural communities is that any substantial reform to the housing planning process should not leave smaller and rural communities behind. While House Bill 2003 establishes a regular schedule for evaluating housing need, the requirement applies to communities above 10,000 population. Smaller and more rural communities lack the capacity necessary to conduct these processes without aid from the state. The task force should consider how to address this gap in the long-term, to provide these local jurisdictions with a more consistent ability to plan for the housing needs of their communities.
- **Agricultural Worker Housing** – “Needed Housing”, as defined in ORS 197.303, includes housing for agricultural workers, yet it remains significant gap for rural communities within the Goal 10 framework. While there are provisions in rule that enable the provision of housing options for agricultural workers, there is clearly an outstanding need. The need has been historically challenging to address, as there is no way to understand the housing conditions or needs of agricultural workers via U.S. Census Bureau American Community Survey data. Oregon Housing and Community Services is currently developing an Agricultural Workforce Housing Study to better understand and address these issues. The task force should consider the role of housing for agricultural workers, especially in light of this study.

Recommendations



Fig 20. Data from the U.S. Census Bureau provides little information on the housing conditions or needs of agricultural workers in Oregon. Oregon Housing and Community Services is completing a study to better understand and address this need.

- **Urban, unincorporated areas of counties**
 - While counties have not typically been implicated under the same requirements to plan to accommodate housing, it is clear that urban, unincorporated areas can often comprise a significant share of regional housing share, especially within the Metro. The task force should consider how to best clarify the role of counties in addressing housing need.
- **Housing Need for members of Tribal Nations**
 - While better measuring need for Tribal trust land is a good step forward, the effort spent measuring these issues means very little if they are not accompanied with policy actions to address the need. Through government-to-government consultation with staff, it became clear there needs to be greater state action that actively addresses barriers to housing need in Tribal trust land and for members of Tribal Nations in general. Otherwise, the improved data will do little to address the underlying need.

Through these conversations, DLCD learned about a variety of barriers tribal housing authorities face

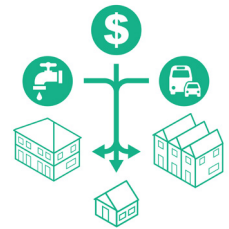
in the development of housing, including a federal funding framework that is becoming increasingly limited. Additionally, a variety of state and federal programmatic and policy barriers prevent the distribution of resources to Tribal Nations to provide affordable housing, and development circumstances that are increasingly more expensive and difficult to finance than in other areas in the state. Many of these conversations were specific to publicly-supported affordable housing, but it is clear that barriers like these exist at various levels of government throughout a variety of agencies and entities and affect the viability of developing housing options for tribal members.

To address these issues, the task force should consider how state policy action should be directed to address housing need for members of Tribal Nations. While the statewide land use planning system does not typically intersect with the housing work that Tribal Nations conduct, there is a clear need for policies at various state agencies that better supports the provision of housing to support tribal nations, especially publicly supported housing.

Recommendations

Directed and Coordinated State and Local Resources

1. Leverage state resources to build capacity and enforce accountability, especially those related to infrastructure and public services. Direct state resources for the planning and provision public facilities and transportation to support the development of smaller and more affordable housing types, and consider how these investments can be used to leverage the implementation of a RHNA.
2. Consider longer-term statewide policy options that increase the availability of smaller, more affordable housing, increase housing choice, and build on House Bills 2001 and 2003.



Given the scope of the housing crisis in Oregon, and the limited enforcement ability of DLCD and LCDC, DLCD concludes that an important component of statewide housing reform is the close consideration of the investments that state and local governments make which affect housing outcomes. In particular, infrastructure investments by the state represent one of the most powerful levers available to promote more affordable, fair, and equitable housing options. In implementing a RHNA, there are two primary themes that have been raised through stakeholder discussion warranting state consideration. These include how the state allocates the provision of resources to build capacity and enforce accountability and continued consideration how statewide policy affects the feasibility of smaller, more affordable housing types.

Leverage State Resources

In developing an accountability framework, there needs to be special consideration to how state and local governments invest in public facilities to support the development of housing. Through stakeholder conversations, DLCD consistently heard that the key barrier to the development of market rate and subsidized affordable housing is the cost associated with the provision of adequate infrastructure. Stakeholders have indicated that one of the strongest tools available to the state to achieve more affordable, fair, and equitable housing outcomes is through how the state structures existing and future investments to transportation and other public facilities.

The results of the prototype RHNA make clear that a lot of resources will be needed to meet the identified twenty-year need, especially for housing affordable to people with lower incomes. However, simply providing funding without addressing the systemic underlying factors that exacerbate the affordability crisis will not solve the housing crisis in the long-

term. Comprehensive action will require the careful re-evaluation of how state and local investments and regulations encourage or create barriers to the development of housing. It is also important to consider the changing federal context in how the state approaches infrastructure investment. The state is well-poised to consider this question, because the incoming administration has placed an emphasis on addressing equity as well as providing greater investment for languishing infrastructure nationwide. By beginning to consider and enact policy to leverage infrastructure investments to achieve more equitable housing outcomes, Oregon stands to be a national leader on this front.

Other Statewide Policy

Participants throughout housing production strategy rulemaking and the RHNA methodology development and outreach identified a variety of barriers to the development of housing that exist at the state level. In order to make meaningful progress on the implementation of a RHNA, it will be important for continued state consideration of policies that can remove barriers to the provision of housing build on the work of House Bills 2001 and 2003. The following are examples of longer-term policy considerations DLCD heard from stakeholders. Each issue warrants analysis and consideration to develop comprehensive policy solutions.

- Small-scale condominium reform that allows for middle housing homeownership opportunities.
- A more flexible, small-scale lot division pathway that allows for simplified subdivision of middle housing, allowing for fee-simple ownership options and greater diversity of middle housing form.

Recommendations



Fig 21. State policy significantly affects the viability and affordability of housing development. It will be important to continually evaluate and amend policies to support more housing options for Oregonians.

- Revisions to planning requirements and building code that enable the provision of a greater variety of affordable housing options.
- Revisions to public facilities plans and System Development Charges to encourage the development of smaller, more infrastructure-efficient housing options
- Evaluation of systems of land and property taxation on the provision of smaller and more affordable housing.
- Considerations on the inflexibility of rural lands to allow for the provision of workforce housing.
- Consideration of the barriers to financing the development and ownership of housing, especially in smaller communities where housing investment is limited.

Task Force Considerations

The first step in better leveraging state resources to achieve more affordable, fair, and equitable housing outcomes starts with the identification and audit of investments that the state makes that affect housing development, including investments in transportation, planning, and infrastructure. Directing and coordinating resources will also require consideration around how to align the efforts of various agencies throughout the state. One of the clearest takeaways from the prototype process is that the sheer scale of housing required over the next twenty years will require the provision of significant resources from the state to meet. Simply directing funding to housing development without more meaningful reform would fail to address the systematic factors that perpetuate housing inequity today. Instead, DLCD believes that state investment is one of the strongest available tools to support more affordable, fair, and equitable housing outcomes.

The Role of Infrastructure

The most critical need identified by local jurisdictions and housing developers alike is the expenditure required to fund the sufficient provision and maintenance of infrastructure that serves housing development. This feedback reflects a much larger trend of declining public investment in infrastructure at all levels of government. Local governments in Oregon have increasingly relied on housing production to finance the adequate provision of infrastructure, which is increasingly constraining the ability of local governments and housing providers to construct housing, especially more affordable housing. While it is important to consider the investments needed for the future, it is equally important to critically evaluate the investments currently made at state and local levels. The systems currently in place that finance infrastructure are not yet geared to promote housing affordability and infrastructure efficiency. At times, public facility finance mechanisms have often subsidized patterns of development with disproportionate infrastructure demand, which constrains the overall system and inhibits the development of more affordable housing options.

Coordination to Support Equitable Housing Outcomes

State investment will play a critical role in enforcing an accountability framework and meaningfully supporting more equitable housing outcomes. House Bill 2003 provided the Land Conservation and Development Commission with a significant array of enforcement tools to ensure accountability in the

implementation of housing production strategies. The adopted administrative rules make full use of this authority, while structuring enforcement actions in the most collaborative and productive way practicable. This is important for both DLCD and local governments, because the most effective means towards implementing the letter and intent of statute is through collaboration with local partners. While DLCD considers the full breadth of statutory authority to be critical for implementation, more formal and punitive measures to enforce compliance with statute have typically costed DLCD significant time and resources to implement, while having limited success in achieving the intended outcomes.

We recognize that DLCD and LCDC will continue to play a pivotal role in the implementation of more comprehensive reforms to housing planning, but it is equally important to recognize the current limits of DLCD and LCDC authority to either incentivize or compel local decision-makers to support fair housing outcomes. The tools available, while important, often carry less weight to local communities than the pressures that perpetuate exclusionary policy. To more meaningfully incentivize local decision-makers to pursue more equitable housing outcomes, the task force will need to identify and consider what current investments provide the greatest leveraging opportunity. Additionally, the task force will need to consider what entity would be able to coordinate these types of investments between agencies to ensure that they further equitable housing outcomes and reduce the subsidization of exclusionary policies and practices.