Oregon Housing Needs Analysis Discussion Draft Recommendations Summary:

Leading with Production

Discussion DRAFT

August 2022

Oregon Department of Land Conservation and Development
Oregon Housing and Community Services

About This Document

This draft interim report offers recommendations on how the state of Oregon and its communities can work together to balance regulatory authority and shared accountability with incentives and funding to make real progress in addressing Oregon's housing crisis. If implemented, these reforms would advance the following outcomes:

1. Increased overall housing production
2. Increased publicly funded and affordable housing production
3. More inclusive and integrated communities

The report responds to specific legislative direction dating back to House Bill 2003 (2019). This bill charted a new direction to more fully and equitably meet housing needs as required by Goal 10 of Oregon's statewide land use planning system. House Bill 2003 led to multiple reforms, including a requirement for local adoption of Housing Production Strategies and the development of a new pilot methodology for estimating statewide housing need (in inception called the Regional Housing Needs Analysis or RHNA, now called the Oregon Housing Needs Analysis, or OHNA). In a budget note in House Bill 5006 (2021), the Legislature then directed Oregon Housing and Community Services (OHCS) and the Department of Land Conservation and Development (DLCD) to deliver recommendations on next steps in advance of the 2023 Legislative session.

This report is an interim step toward that formal report. Its purpose is to document the core components of the agencies' recommendations, and to inform further outreach as the agencies develop their final recommendations. While it may be possible to consider some of these recommendations in isolation from others, our core finding is that Oregon's ongoing housing crisis requires comprehensive and structural changes to Goal 10 implementation and housing production.

Many precedent documents and processes inform these recommendations:

1. OHCS and DLCD each published reports in 2021 (OHCS summary report, OHCS technical report, and DLCD report here) describing technical elements of the new statewide methodology for calculating housing need (the OHNA) and recommending legislative action to implement it.
2. In early 2022, OHCS and DLCD developed an initial framework document, titled *Meeting Oregon's Housing Needs: Next Steps for Equitable Housing Production,* to describe how the new methodology might be incorporated into the state's Goal 10 processes. The recommendations herein build heavily from this framework.
3. DLCD and Communitas Consulting facilitated a working group, which met four times to inform these recommendations, and will meet three times more to refine them. To review meeting materials and summaries, visit the DLCD Housing Needs webpage.

4. Kearns & West led six stakeholder focus groups with partners from nonprofit, development, local government, and fair housing organizations to solicit input, and will hold three additional listening sessions to report back to these communities.

5. DLCD held 14 regional forums with local government planners, developers, elected officials, and advocacy groups around the state to inform these recommendations.

6. In response to a 2022 legislative budget note and direction, DLCD is leading a parallel Housing Capacity Working Group, charged with considering specific reforms to make the Housing Capacity Analysis and Goal 14-Urbanization process smoother and more efficient. These discussions are underway, and while the final recommendations will be included as part of the OHNA recommendations, they are not yet ready to distribute. DLCD staff anticipates a first draft being available by August 24. To be notified when this draft is published, please sign up to the RHNA GovDelivery on DLCD's website under News and Notices.

7. ECONorthwest conducted best practices research into what is working in other states and reviewed an audit of California's housing planning system to inform recommendations.

8. The University of Oregon conducted a literature review and a survey of planners, developers, and local governments regarding barriers to development and published a preliminary summary of their results. Full results will be available in late summer 2022.

9. Portland State University's Homelessness Research and Action Collaborative provided research and engagement regarding long term engagement on housing production issues. Full results will be available in late 2022.

Acknowledgements

Discussion Draft Recommendations Summary

Note: The purpose of this draft summary and accompanying slides is to encourage discussion and solicit feedback on a more detailed and refined set of draft recommendations anticipated for publication by August 31. If you would like to be notified when this draft is published, please sign up to the [RHNA GovDelivery](#) on DLCD's website under News and Notices.

Oregon's housing undersupply challenges the very core of our common purpose as Oregonians. We cannot grow sustainably, move toward a more equitable economy, or address the full complexity of the homelessness crisis unless we substantially increase our pace of building new homes.

Making meaningful progress will require comprehensive system reforms. While Oregon has already made great strides, including through recent legislative initiatives like HB 2001 and HB 2003 (2019), we are still falling behind. To continue, the state and its communities must now tackle the harder reforms needed to prioritize housing production.

Our current system plans for and invests in too little housing. The outcome is undersupply, rising home prices, segregation or displacement in some communities, and deepening housing inequities across all communities. Together, we must plan for and build the housing we need, where we need it.

The recommendations in this document would reverse decades of underinvestment in housing production and development readiness, organize our land use planning systems toward the common goal of building housing, and begin to redress disparities in housing outcomes.

(1) Plan for what's needed.

Oregon's land use system needs to balance housing production with growth management, economic, and environmental goals. For this to work, the system requires a reorientation that starts with an updated and consistent methodology used statewide to more clearly determine housing need and equitably distribute it among jurisdictions. Planning for what's needed requires that:

Housing Underproduction is a National Problem

Oregon is not alone. While nearly every state is experiencing underproduction, Oregon's outcomes are among the worst.

Measured as a share of housing stock, **Oregon ranks 4th in underproducing housing in the country** behind California, Colorado, Utah, and ahead of Washington State.

1.1. Cities with a population above 10,000 people will have housing production targets and equity indicators, produced by the state, to help solve our crisis. The state will measure progress toward targets in an outcome-driven system that adjusts policies over time.

1.2. With their OHNA-derived housing production targets and strengthened policy requirements, jurisdictions will craft community-led and actionable Housing Production Strategies that promote equitable housing production and overcome locally specific development barriers.

1.3. An improved system will streamline land capacity and urbanization processes to expedite well-planned expansions that support needed housing where capacity is constraining production.

(2) Build what's needed, where it's needed.

It's one thing to plan to accommodate housing and another for that housing to be built. Where housing is built and for whom dramatically impacts who prospers and how our neighborhoods function. Building what's needed where it's needed will require us to:

2.1. Commit resources for housing production and development readiness, including infrastructure funding. This is not a one-time investment. It must be sustained over time and targeted for construction of the types of housing that the market is least likely to produce without aid: housing for low-income households, missing middle and workforce housing, and housing in rural and coastal markets. Creative financing and funding sources that leverage private investment should be considered.

2.2. Use the implementation of Housing Production Strategies to advance fair housing outcomes, including addressing segregation and displacement.[1] We must build more housing in the places where it is needed, with intentional strategies that aim for fair housing and enable housing choice for all.

(3) Commit to working together with urgency.

Housing underproduction is a systemic problem that cannot be resolved by any one actor. Public, private, local, and statewide entities all have a role to play and can become obstacles when not coordinated. Currently, there is no one entity or person responsible for the public sector role in housing production at the state level. For our state to have an effective system to accelerate housing production, we must have coordinated administrative systems that can deliver. Working together with urgency requires us to:

3.1. Develop a mechanism for state agency collaboration and accountability. This statewide mechanism would require sufficient authority to coordinate agency leadership, provide specialized housing production expertise to local partners, provide regular oversight to the Legislature and Governor's office, and develop and refine policies to achieve equitable housing production.

3.2. The State and Metro Regional Government (Metro) should also develop a version of a Housing Production Strategy that clearly articulates state and regional housing production targets and describes what they will contribute to partnerships with local jurisdictions. Metro will continue to manage land use planning processes, and will use

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[1] Those who most often face housing discrimination, segregation, and displacement include (but are not limited to) low-income households, households of color, people with disabilities, households with other special needs, and large families.

housing projection and allocation methodologies consistent with the OHNA. While there are many details to work through to determine how best to develop and coordinate these processes and strategies, full partnership will require all parties to commit to action.

3.3. Create a housing production team composed of experts in development, affordable housing development, fair housing, planning and development code, permitting processes, etc. to diagnose and overcome development barriers and recommend policy or funding intervention when needed. Authoritative and specialized expertise can help "unstick" development challenges and move more projects forward faster.

Oregon Housing Needs Analysis Discussion Draft Recommendations
Leading with Production

For Housing Needs Work Group Discussion

August 18, 2022

These slides accompany a written summary of discussion draft recommendations prepared to support an August 18, 2022 working group meeting. Specifically, the slides provide details that need discussion before the recommendations can be advanced.

The Oregon Legislature directed the Department of Land Conservation and Development (DLCD) to partner with Oregon Housing and Community Services (OHCS) to develop these draft recommendations in advance of the 2023 legislative session, and to identify the best path for implementing a new methodology, the Oregon Housing Needs Analysis (the OHNA) into Oregon's growth management system. The draft recommendations will evolve over the coming weeks and months.

The Discussion Draft Recommendations Summary and the following slides are an interim step toward DLCD and OHCS providing a formal report to the Legislature. The purpose is to document the core components of the agencies' recommendations, and to inform further stakeholder outreach as the agencies develop their final recommendations.

While it may be possible to consider some of these recommendations in isolation from others, our core finding is that Oregon's ongoing housing crisis requires comprehensive and structural changes in Goal 10 implementation and housing production.

The discussion draft recommendations describe how the state of Oregon and its communities can work together to balance regulatory authority and shared accountability with incentives and funding to make real progress in addressing Oregon's housing crisis. If implemented, these reforms would advance the following outcomes:
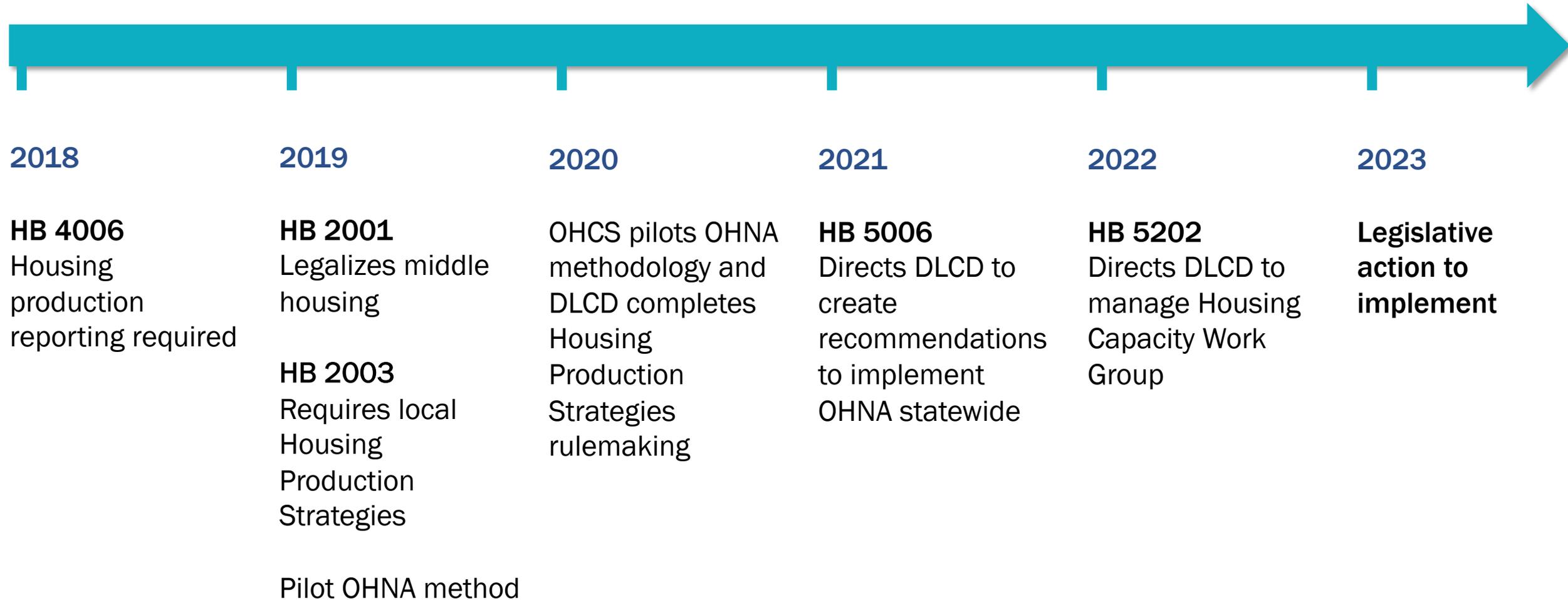
- Increased overall housing production
- Increased publicly funded and affordable housing production
- More inclusive and integrated communities

How to use these slides:

- What follows is overview information and background on the OHNA followed by discussion draft recommendations.

- Discussion draft recommendations have been numbered to correspond with those in the summary document.

- Throughout, there are examples of how recommendations could be implemented. These are clearly noted as an EXAMPLE and are <u>for illustrative purposes only</u>. Additional work and direction will be required to develop the implementation tools needed for Oregon to achieve our housing production needs.

Introduction & Background on the OHNA

2018

HB 4006
Housing production reporting required

2019

HB 2001
Legalizes middle housing

HB 2003
Requires local Housing Production Strategies

Pilot OHNA method

2020

OHCS pilots OHNA methodology and DLCD completes Housing Production Strategies rulemaking

2021

HB 5006
Directs DLCD to create recommendations to implement OHNA statewide

2022

HB 5202
Directs DLCD to manage Housing Capacity Work Group

2023

Legislative action to implement

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These discussion draft recommendations build on substantial research, framework documentation, and stakeholder input completed since November 2021.

- Formation of OHNA Work Group & 4 meetings held
- DLCD Racial Equity Impact Statement
- Implementation Framework Report
- Engagement Framework Report
- Housing Production Best Practices Report
- UO Barriers to Production Work

- PSU HRAC Equitable Engagement
- PSU Population Research Center Demographic Forecasts
- DLCD UGB Amendment Survey
- Technical Methodology Revisions
- 6 Stakeholder Focus Groups
- 14 DLCD Regional Forums
- Drafting Recommendations

- A full draft recommendations report and expanded technical documentation will be released at the end of August.

- The project team will hold public listening sessions in September to solicit additional feedback.

  - September 7th, 12:00-2:00

  - September 8th, 9:00-11:00

  - September 12th, 3:00-5:00

- Recommendations will be revised in a final DLCD / OHCS recommendations report in December 2022.

- OHNA – Oregon Housing Needs Analysis
- OHCS – Oregon Housing & Community Services Dept.
- DLCD – Dept. of Land Conservation & Development
- LCDC – Land Conservation & Development Commission
- DAS – Dept. of Administrative Services
- BOLI – Bureau of Labor & Industries
- OEA – Office of Economic Analysis
- ODOT – Oregon Dept. of Transportation
- HCA – Housing Capacity Analysis

- HPS – Housing Production Strategy
- UGB – Urban Growth Boundary
- BLI – Buildable Land Inventory
- HB – House Bill (year)
- HPT – Housing Production Team
- SDC – System Development Charge
- AMI / MFI – Area Median Income / Median Family Income
- RHNA – Regional Housing Needs Analysis (prior name for OHNA)
- BIPOC – Black, Indigenous, and People of Color
- TA – Technical Assistance

Discussion Draft Recommendations

1. Plan for what's needed.

1. Create production targets and measure progress toward outcomes.

2. Strengthen Housing Production Strategies to promote production and overcome barriers.

3. Streamline land capacity and urbanization processes to expedite well-planned expansions.

2. Build what's needed, where it's needed.

1. Commit sustainable funding for housing production and development readiness.

2. Use the implementation of Housing Production Strategies to advance fair housing outcomes.

3. Commit to working together with urgency.

1. Develop a mechanism for partnership, coordination, and accountability among state agencies and local governments.

2. Direct the State and Metro to develop Housing Production Strategies.

3. Create a housing production team to diagnose and overcome development barriers and recommend policy or funding intervention when needed.

Big picture: leading with production

Current System
Capacity → Production

No targets. Jurisdictions plan for too little housing, too few are affordable

Land use efficiencies come after land is deemed insufficient

Accountable to sufficiency of the plan; enforcement mechanisms are weak

Insufficient investment in overcoming barriers to production

No shared goals for housing production and equity outcomes

System that leads to underproduction, lack of housing choice, cost burdening, and disparate outcomes

(Center icons)
Targets

Policies

Accountability

Funding

Zoning

Outcomes

New System
Production → Capacity

Provides clear production targets

Sets strategies and policies for housing mix, production goals, and fair housing outcomes

Clear metrics drive accountability toward total unit production, efficient land use, and equity

Tie strategies to funding for affordable housing, infrastructure, development readiness, and workforce / missing middle housing

Zoned capacity meets total need per HPS policy

System that leads to more total units, more affordable units, more integrated and equitable communities

Draft recommendations *lead with production* by centering local Housing Production Strategies to focus attention on building units rather than determining land needs.

Discussion Recommendation 1:
Plan for what's needed

1.1 Create production targets and indicators and measure progress towards outcomes.

> The state will measure progress toward targets in an outcome-driven system that adjust policies over time.

1.2 Strengthen the Housing Production Strategy to promote production and overcome barriers.

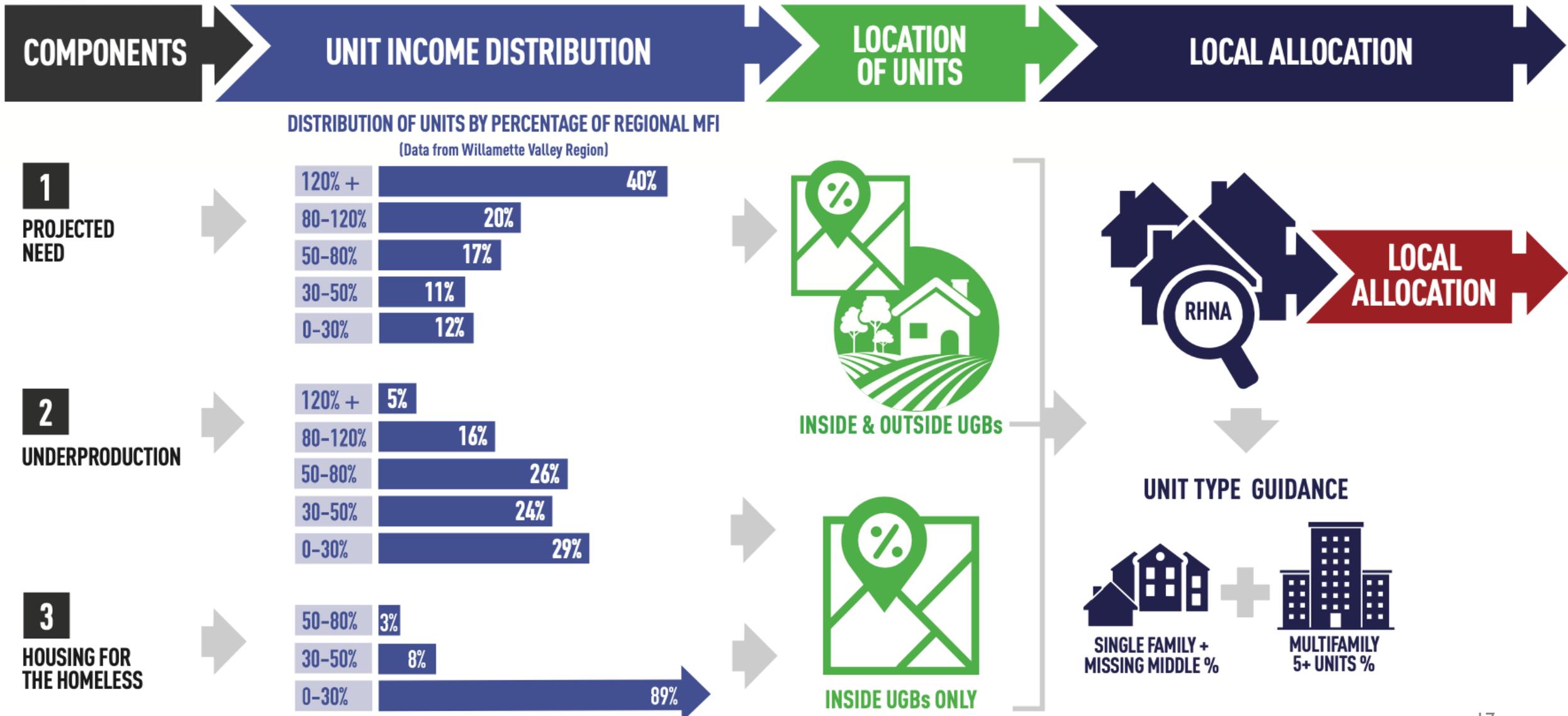> Align local policies and investment to promote equitable housing production.

1.3 Streamline land capacity and urbanization processes to expedite well-planned expansions.

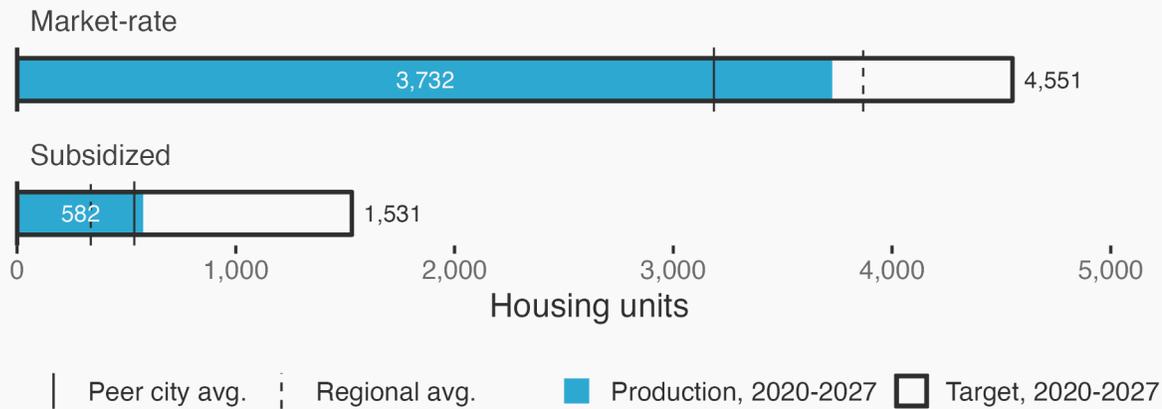> Streamline to accommodate expansions when a need is identified.

- Use new OHNA method to set production targets.

- Provide transparent, regular information about progress toward outcomes.

  1. Housing Production Dashboard
     - Measures: Total and affordable unit production, housing mix, efficiency.

  2. Housing Equity Indicators (to inform actions)
     - Housing outcome disparities by race, ethnicity, age, disability status
     - Will vary by city, due to data constraints.
     - For some cities, could include measures of housing segregation and / or displacement.
     - Will need more engagement and discussion post-legislation to confirm specific measures.
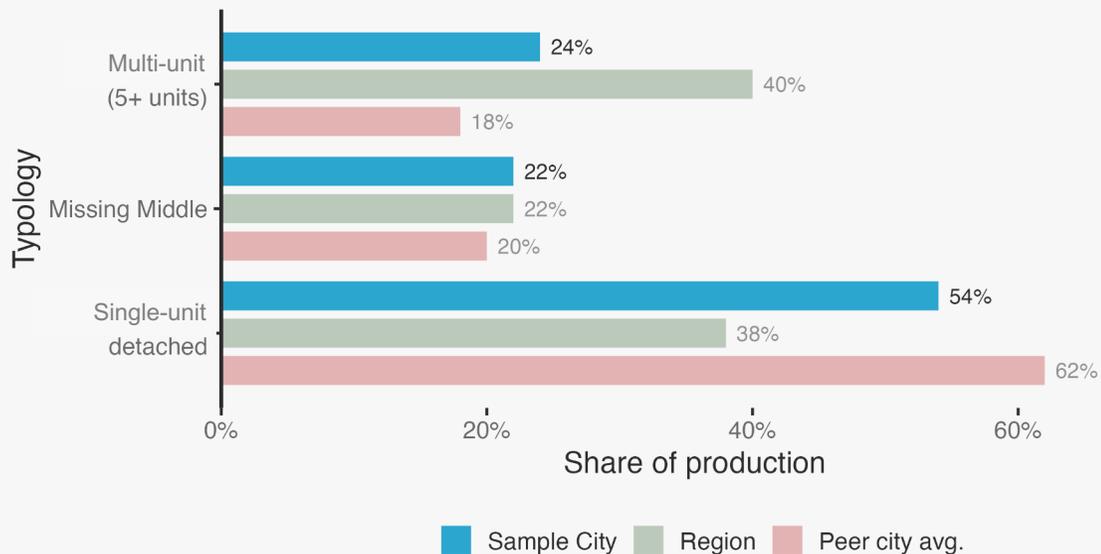
Recommendation 1.1 Targets, based on new method

COMPONENTS → UNIT INCOME DISTRIBUTION → LOCATION OF UNITS → LOCAL ALLOCATION

DISTRIBUTION OF UNITS BY PERCENTAGE OF REGIONAL MFI
(Data from Willamette Valley Region)

1 PROJECTED NEED

Income	%
120% +	40%
80–120%	20%
50–80%	17%
30–50%	11%
0–30%	12%

2 UNDERPRODUCTION

Income	%
120% +	5%
80–120%	16%
50–80%	26%
30–50%	24%
0–30%	29%

3 HOUSING FOR THE HOMELESS

Income	%
50–80%	3%
30–50%	8%
0–30%	89%

INSIDE & OUTSIDE UGBs

INSIDE UGBs ONLY

LOCAL ALLOCATION

RHNA

UNIT TYPE GUIDANCE

SINGLE FAMILY + MISSING MIDDLE %   +   MULTIFAMILY 5+ UNITS %

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Production by housing type
- Track permitting and production data that is already collected by DLCD.
- Compare to region and peer cities to highlight overall housing market.
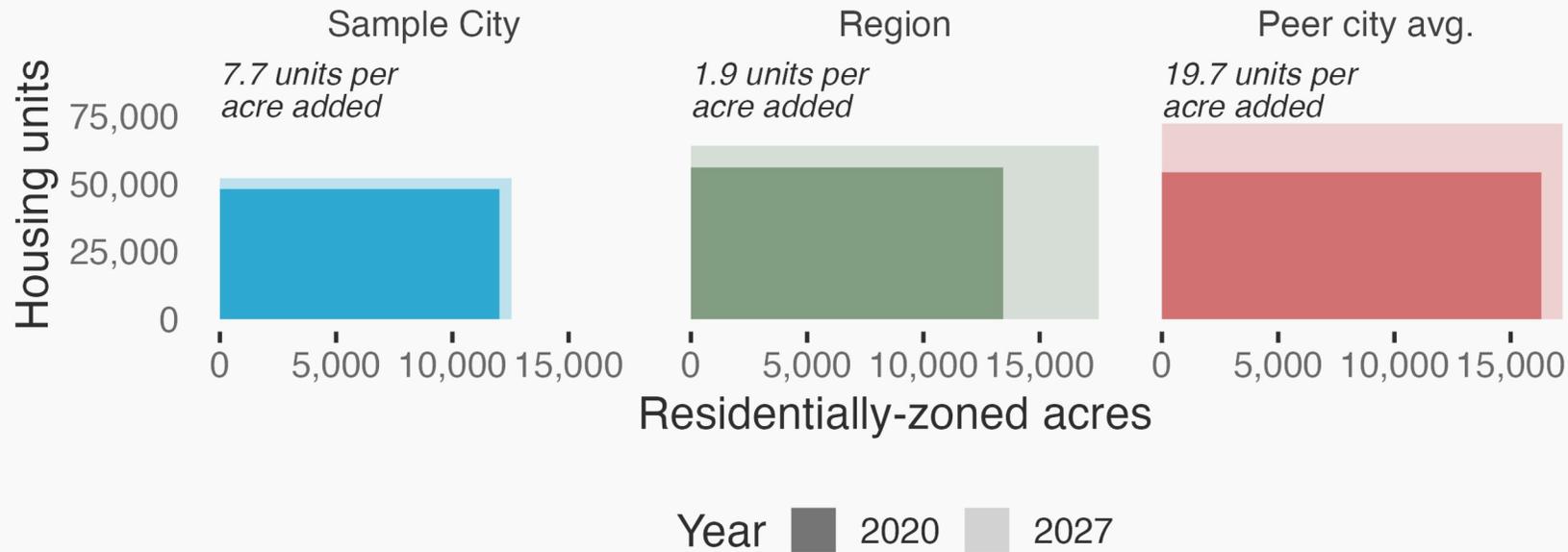- Could also provide trend-line.

Production by unit type
- Use DLCD data about the unit typology to track production (or permits) by basic housing typology (single-unit, middle housing, multi-unit).
- No "targets," just relative data and information.

1.1 EXAMPLE Production Dashboard

Units per buildable residential acre, 2020-2027

Sample City
7.7 units per acre added

Region
1.9 units per acre added

Peer city avg.
19.7 units per acre added

Housing units: 75,000 / 50,000 / 25,000 / 0

Residentially-zoned acres: 0, 5,000, 10,000, 15,000

Year ■ 2020 ■ 2027
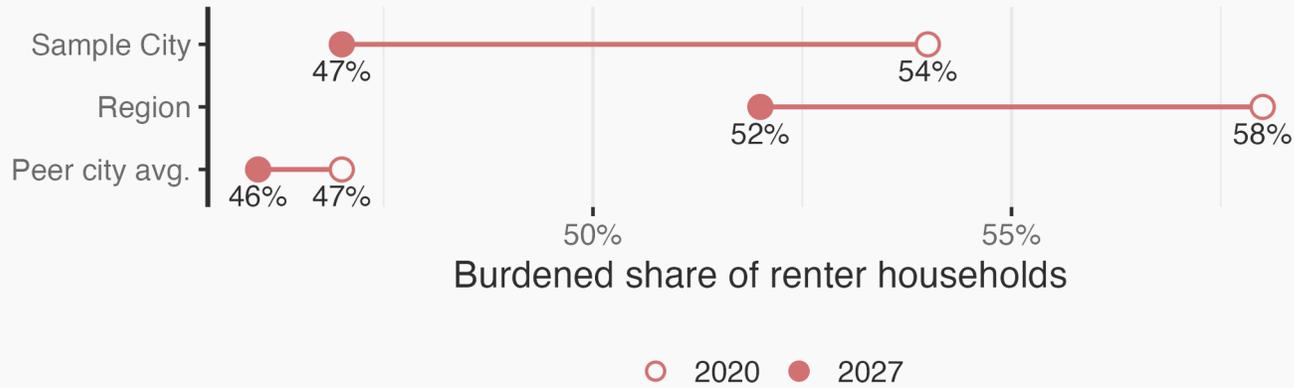
Land use efficiency

- Could be based on calculations of buildable residential land from local buildable land inventories.
- If a jurisdiction is "built up," the image should expand upwards.
- If a jurisdiction is sprawled, the image would expand to the right.
- No "targets," just relative data and information.

1.1 EXAMPLE Production Dashboard

DRAFT – for discussion purposes only

- **Recommendation**: Provide regular, standardized data to inform development of strategies and monitor housing disparities. These are not "targets," just relative information to inform strategies, because indicators can change for reasons not directly related to housing production (changes in median family income or migration patterns).

- These indicators need more engagement and discussion post-legislation to confirm details. Recommendations will not include specific indicators.

- The next slides show **examples** of indicators. Technical details are included for those interested in understanding the datasets and geographic details.

- Despite data challenges, we can show some information for all cities. Some indicators may need to rely on a Census geography called a "PUMA", which has ~100,000 people and ranges in geographic size based on population density (can be part of a city or several counties). More comprehensive and specific information will be available for larger cities.

Cost-burdening, 2020-2027

Burdened share of renter households

○ 2020   ● 2027

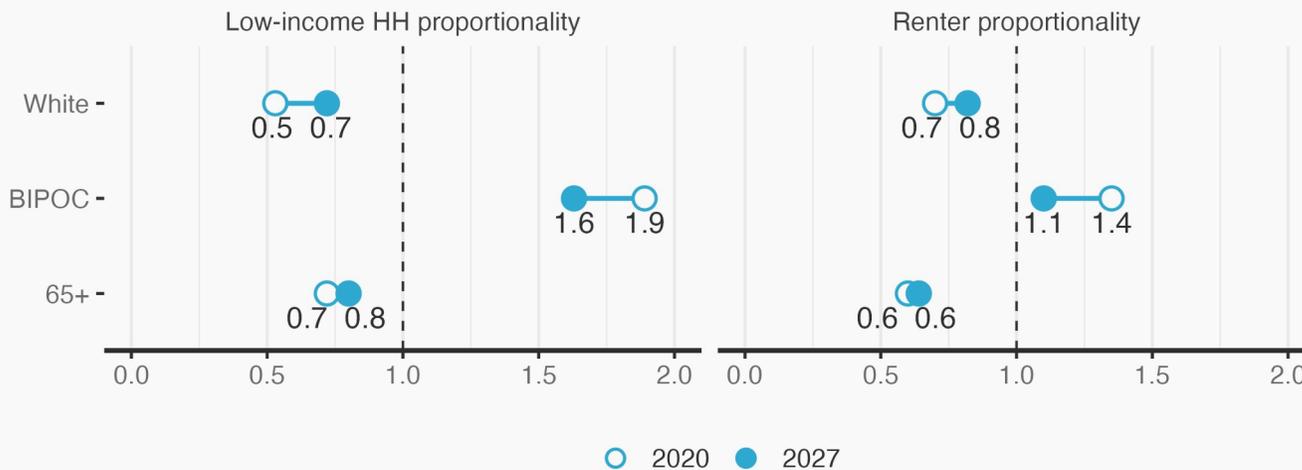Low-income and renter BIPOC proportionality, 2020-2027

○ 2020   ● 2027

Cost burdening indicator

- Compare the rates of burdened renters in the jurisdiction to peer cities and surrounding region.
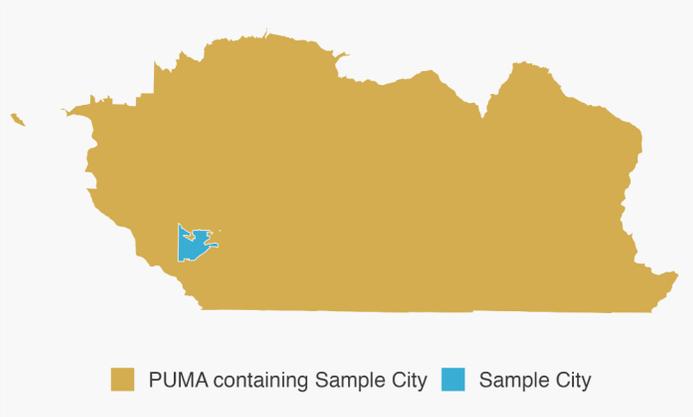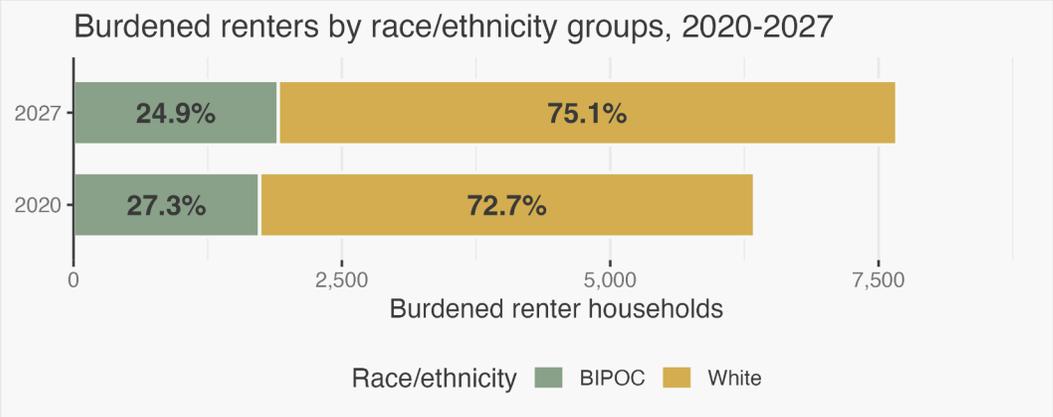- ACS 5-year data for jurisdictions <65,000 people; 1-year data for larger areas.

Disproportionality ratios

- Compares share of low-income and renter households who are Black, Indigenous, or People of Color (BIPOC), 65+, or white to share of all households in study area who are BIPOC, 65+, or white.
- A ratio of 1.0 indicates a group is proportional to the area's renter and low-income population.
- Ratio above 1.0 indicates a group is disproportionate to the area's population.

1.1 EXAMPLE Housing Disparities Dashboard

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Burdened renters by race/ethnicity groups, 2020-2027

- 2027: BIPOC 24.9%, White 75.1%
- 2020: BIPOC 27.3%, White 72.7%

Burdened renter households

Race/ethnicity: BIPOC, White

Renters by race/ethnicity groups and burdening, 2020-2027

BIPOC
- 2027: 35% burdened
- 2020: 40% burdened

White
- 2027: 35% burdened
- 2020: 38% burdened

Renter households

Cost-burdened, Not cost-burdened

PUMA containing Sample City, Sample City

- ACS cannot show cost burdening within racial/ ethnic groups at the tract or place level; we must use Public Use Microdata Sample (PUMS) data at the Public Use Microdata Area (PUMA) level.
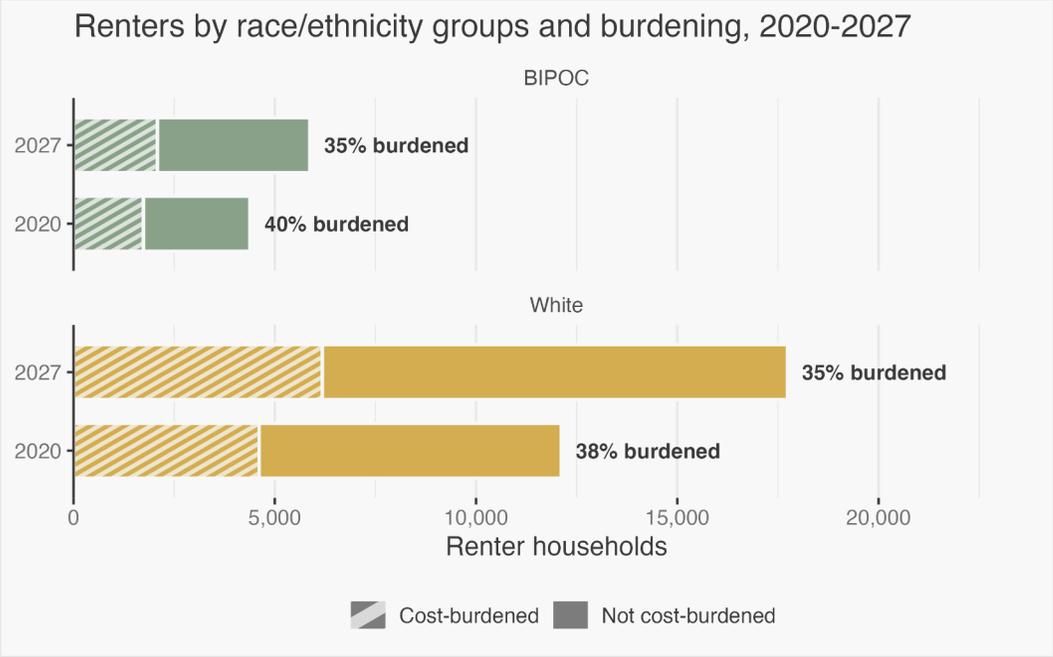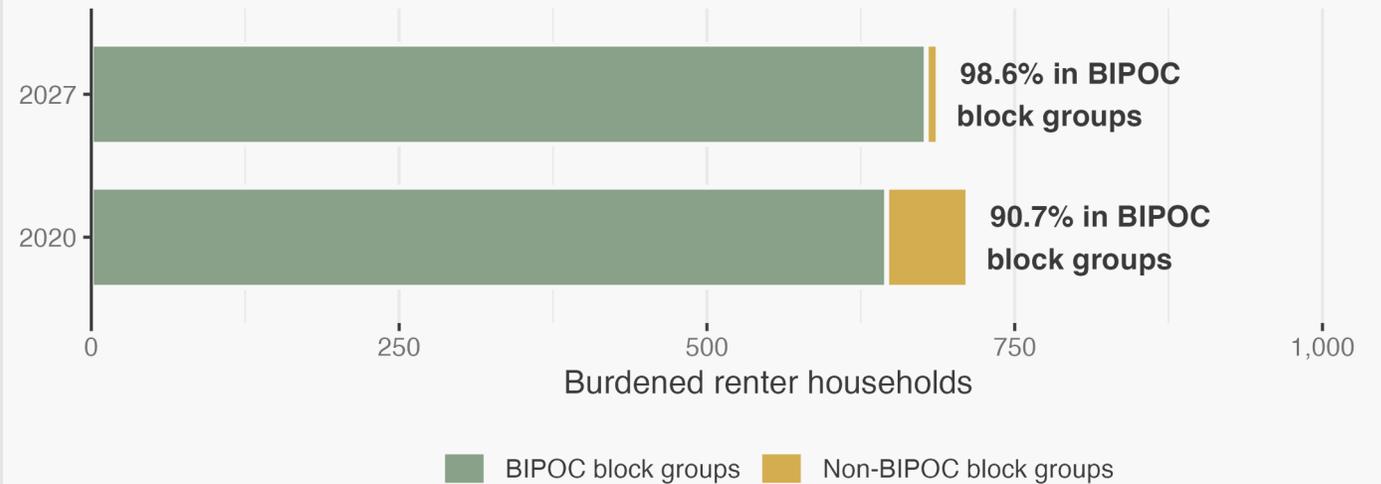
- We can observe the intersecting PUMAs to evaluate cost burdening with race/ethnicity within a geography.
  - Can calculate the share of BIPOC vs. white renters who are burdened at two points in time (top left).
  - Can calculate the share of burdened renters that are BIPOC or white (bottom left).
- Except for large cities, PUMA geographies will be larger than a jurisdiction; while not totally representative, they can provide context.

1.1 EXAMPLE Housing Disparities Dashboard

Block groups by race/ethnicity classifcation

2020   2027

Above avg. BIPOC pop.   Below avg. BIPOC pop.   Sample City
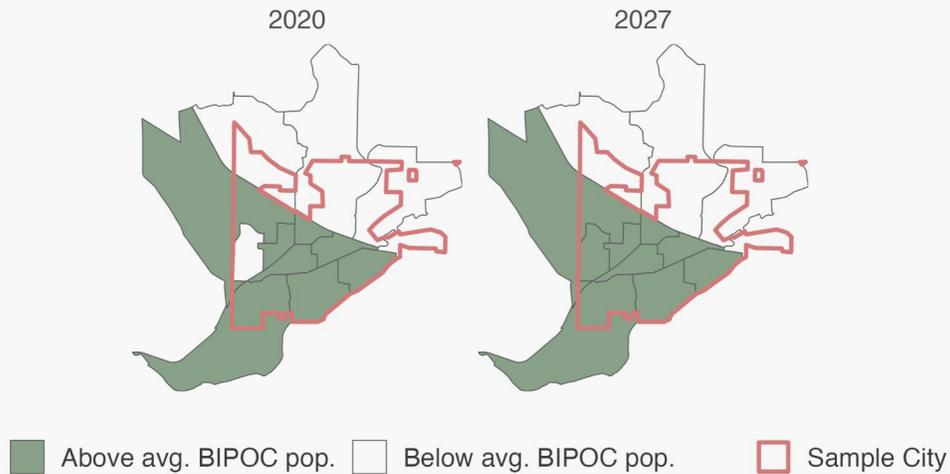
Burdened renters within race/ethnicity block group classes, 2020-2027

2027 — **98.6% in BIPOC block groups**

2020 — **90.7% in BIPOC block groups**

0   250   500   750   1,000
Burdened renter households

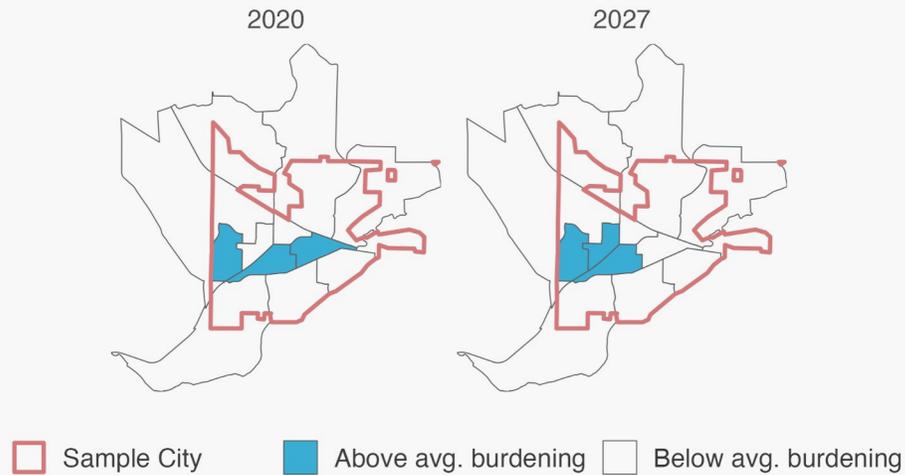BIPOC block groups   Non-BIPOC block groups

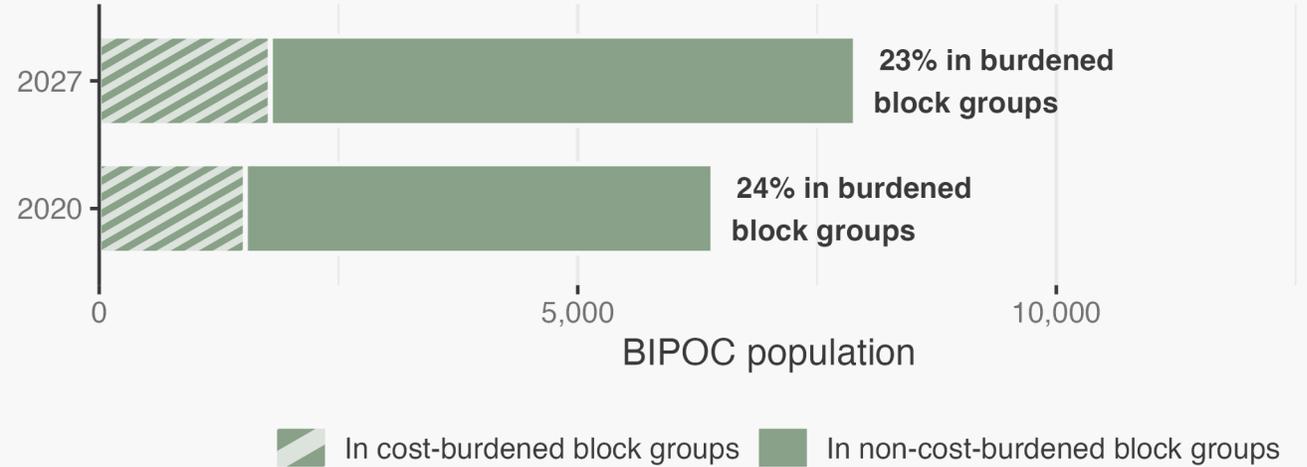## Smaller geographies (census tracts or block groups)

- Can access "separated" data on cost burdening by race/ethnicity at the block group or tract level.
- Could use this data to define above-average BIPOC tracts (using the surrounding region or peer cities to establish the average), and tabulate burdened households *within* those tracts (above).

1.1 EXAMPLE Housing Disparities Dashboard

Block groups by burdening classifcation

BIPOC population by block group burden classification, 2020-2027

Smaller geographies (census tracts or block groups)

- As an alternative to the prior slide, we can identify highly-burdened tracts (i.e., block groups where > 50% of renter households are burdened), and get the total BIPOC population (or renter households) within those tracts.
- These methods still cannot tell us how many BIPOC renters are truly burdened in the Sample City, but they can help us spot instances of correlation.
- Using these charts along with the PUMS charts, we might gain a "bookended" idea of how well a jurisdiction is meeting its housing equity goals.
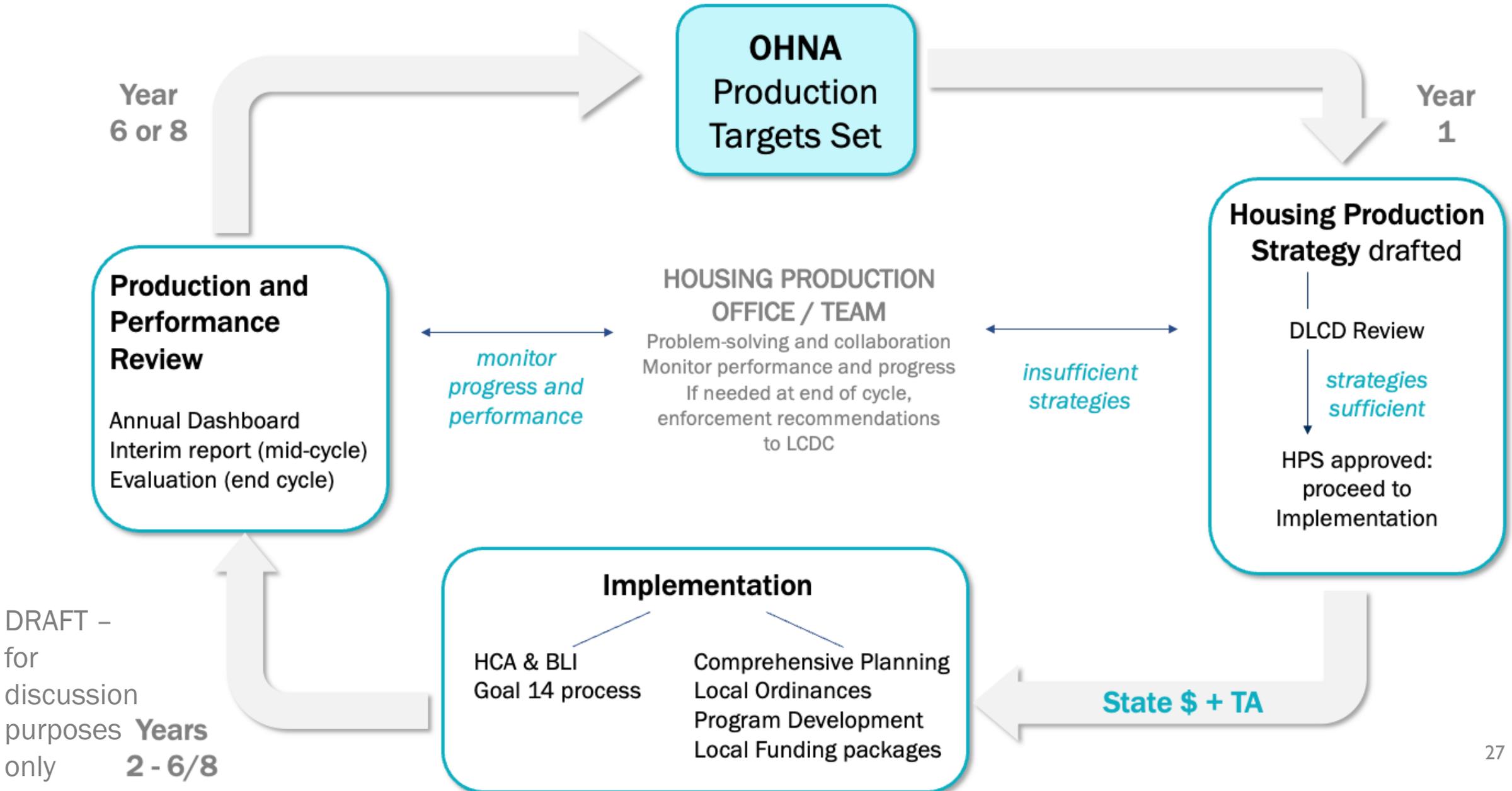
1.1 EXAMPLE Housing Disparities Dashboard

Recommendation 1.2 Strengthened housing production strategies

Current elements of the HPS	Recommended revisions
Contextualized housing need	OHNA will provide baseline data that is currently an obligation of jurisdictions. Jurisdictions may add data necessary to help inform strategies.
Production strategies	When the HPS is adopted and approved, funding for implementing these strategies is unlocked. Strategies must address the following categories of actions: ▪ Zoning and code changes ▪ Reduce regulatory impediments ▪ Financial incentives and resources ▪ Development readiness ▪ Fair housing (more details in recommendation 2.2)
Engagement	Unchanged, but new state level guidance will be available to support Goal 1 implementation.
Fair housing narratives	New data will be available to support jurisdictions' fair housing reporting; specific outcomes will be included in annual OHNA production dashboard. Guidance needed from DLCD to provide additional detail about how jurisdictions can use production-related policies and actions to advance fair housing.

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- Implement 'efficiency measures' through the HPS and strengthen guidance regarding housing efficiency and diversity.

- Strengthen guidance to merge anti-displacement strategies and add fair housing.

- Communities under 10,000 and county / regional entities can opt in to develop HPSs and have access to funding resources.

Year 6 or 8

OHNA Production Targets Set

Year 1

Housing Production Strategy drafted

DLCD Review

strategies sufficient

HPS approved: proceed to Implementation

Production and Performance Review

Annual Dashboard
Interim report (mid-cycle)
Evaluation (end cycle)

monitor progress and performance

HOUSING PRODUCTION OFFICE / TEAM
Problem-solving and collaboration
Monitor performance and progress
If needed at end of cycle, enforcement recommendations to LCDC

insufficient strategies

Implementation

HCA & BLI
Goal 14 process

Comprehensive Planning
Local Ordinances
Program Development
Local Funding packages

State $ + TA

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Years 2 - 6/8

27

Housing Capacity Work Group considering measures to streamline Housing Capacity Analysis (HCA) and Urban Growth Boundary (UGB) adjustments:

- Reduce local administrative burden:
  - More analytical burden shifted to state
  - More local agency for decision-making on housing type and characteristics that are responsive to need
  - Increased capacity/resources for jurisdictions (esp. small cities)

- Streamline process while maintaining resource protections:
  - Facilitate and emphasize urban reserve and concept planning
  - Incorporate the UGB land swap process in the Housing Capacity Analysis
  - Merge efficiency measures with the Housing Production Strategy
  - Streamlined small-scale UGB adjustments

- Less basis and incentive to appeal UGB adjustments:
  - More pathways and increased clarity to pursue a UGB adjustment without risking appeal

NOTE: DLCD is working with the Housing Capacity Work Group and other stakeholders to refine streamlining approaches

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Build what's needed, where it's needed

2.1 Commit sustainable funding

Oregon needs to produce about 27,000 housing units annually to meet its production targets. Recent years have seen about 15,000-20,000 units produced statewide. About 9,000 units each year will need to be affordable to households earning less than 60% of AMI. Investments should be targeted to the market environment, and to needed development types that the market will not produce on its own.

2.2 HPS implementation should advance fair housing outcomes

HPSs should intentionally advance toward more equitable housing outcomes for all, with particular attention to BIPOC communities, people with disabilities, people experiencing homelessness, and aging populations.

- Sustained, committed funding is needed to support the production of units not delivered by the market.

    - Such as: affordable housing, workforce housing, infill development, or denser housing in slower growth markets.

    - Some development barriers are due to lack of investment.

- Draft recommendations will:

    - Focus on the needs: what are the types of funds that would help remove development barriers?

    - Attempt to roughly quantify amounts relative to state level targets.

    - Might list possible funding sources, scenarios and tools to help meet the targets.

120%+

Market environment

100%

Workforce housing / missing middle

80%

60%

Supported environment

30%

- Oregon must produce about **27,000 units** per year. In recent years, about 15,000 - 20,000 units have been produced across the state.[1]

- Oregon needs about 9,000 more affordable units per year (below 60% AMI). Not all of these must be new construction; some may be affordable through vouchers or acquisition-rehabilitation efforts.

- Investments should be targeted to the market environment, and to needed development types that the market will not produce on its own.

- **Current recommendations:** Initial ideas about types of investments, concepts for fund structures.

- **Needs exploration:** How to structure funds to match needs and efficiently deploy resources? How much investment might be needed? Possible sources of revenue?

[1] Estimate is based on 2019 Census Public Use MicroSample Data and U.S. Department of Housing & Urban Development SOCDS Building Permits Database. Additional research into housing starts data would help to solidify this estimate.
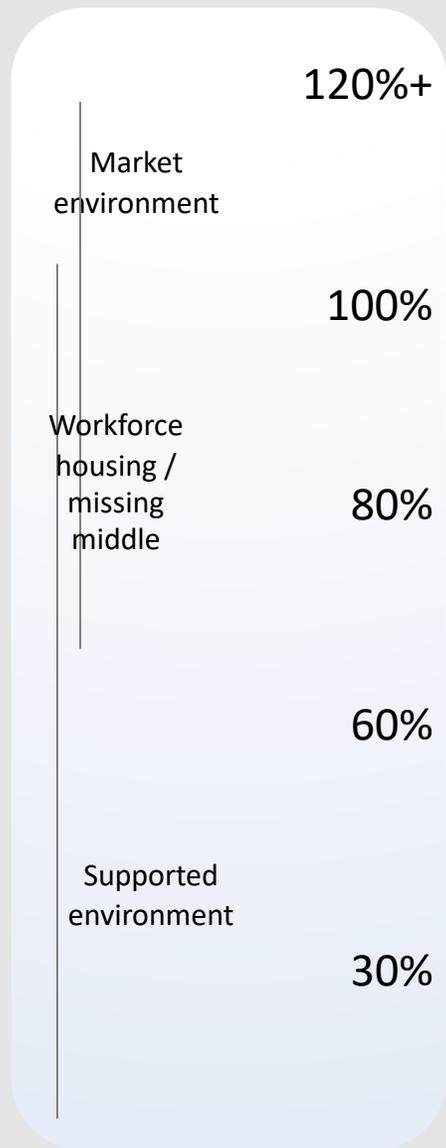
DRAFT – for discussion purposes only

120%+

Market
environment

100%

Workforce
housing /
missing
middle

80%
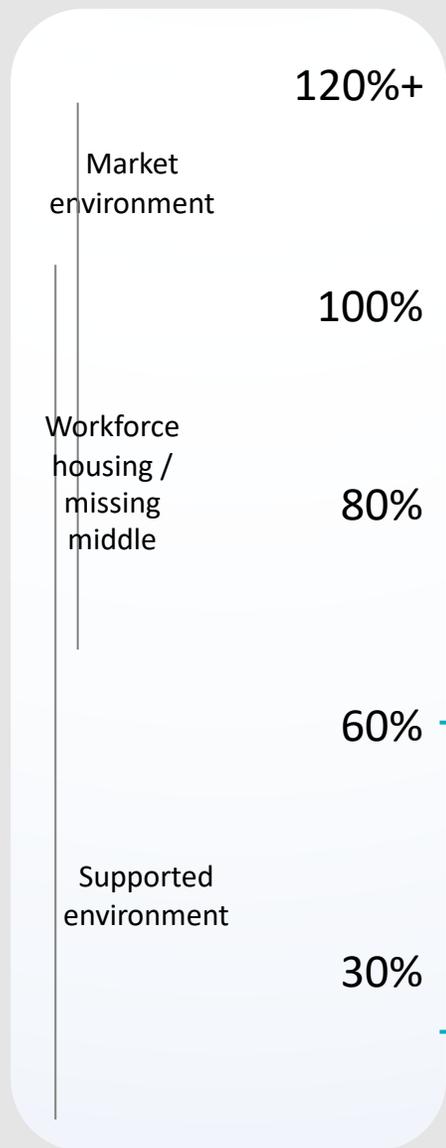
Publicly-supported housing

60%

OHCS's 2023-2025 funding request is
$160 M for rental housing production, plus
$65 M affordable homeownership.

Supported
environment

OHCS estimates this would build 1,200
rental units per year + 280 homeownership
units.

30%

2.1 EXAMPLE Ideas for matching funding to need

120%+

Market environment

100%

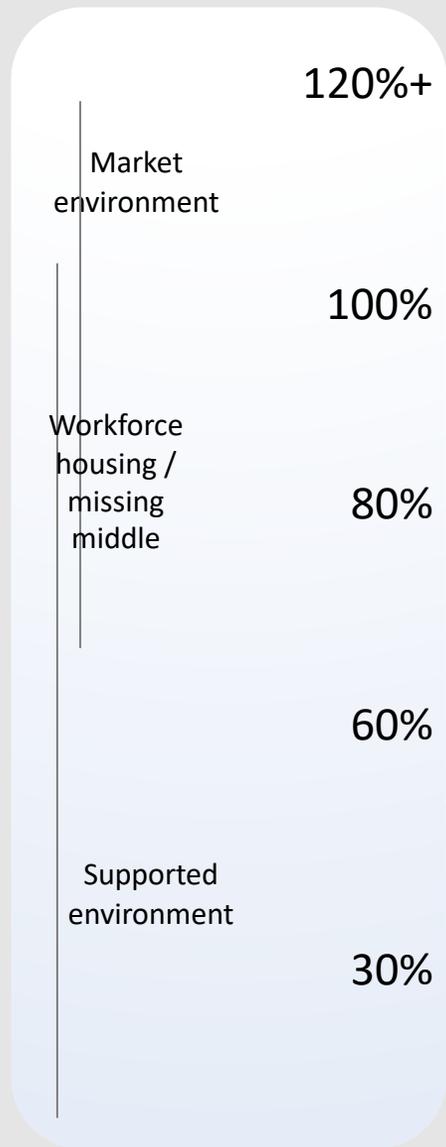Workforce housing / missing middle

80%

60%

Supported environment

30%

Funding for system development charges (SDCs)

Ex: Buydown cost of SDCs for affordable and market-rate workforce housing. Could be set up as a local matching fund.

$100M = 5,000 - 10,000 units annually[1]

2.1 EXAMPLE Ideas for matching funding to need

[1]Assumes an average SDC of $20,000 per unit. Can reach the upper end of the range if structured as a matching fund.

120%+

Market environment

100%

Workforce housing / missing middle

80%

60%

Supported environment

30%

Gap financing and assistance for workforce and missing middle housing

Ex: Revolving loan fund capitalized with one-time state funds for gap financing, site acquisition or prep, rehab.

Depending on the structure, the terms, and reinvestment rates, with a $250M state fund we could get 500 units per year (conservatively).[1]
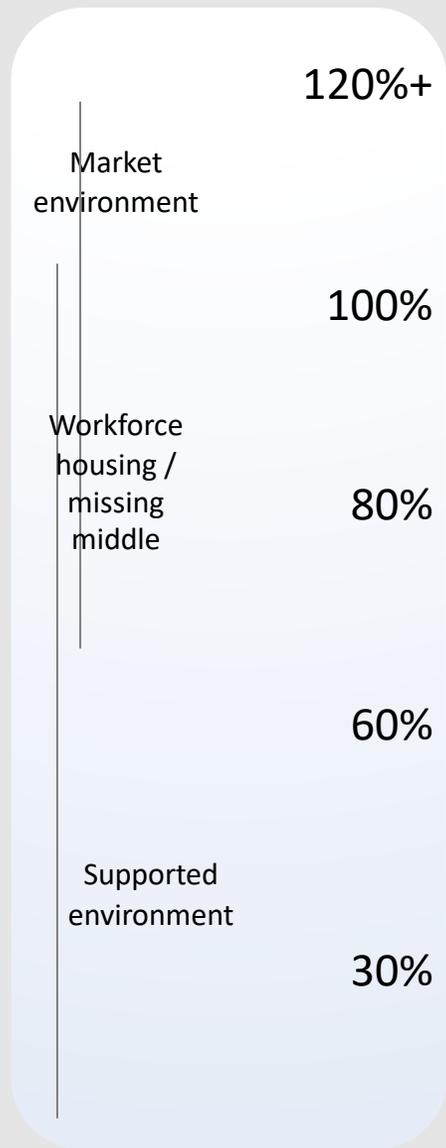
2.1 EXAMPLE Ideas for matching funding to need

[1]Assumes $75,000 subsidy per unit (high in some markets, low in others), repayment over 10 years at 4% interest. Could be structured many ways; with these terms, the fund *could* be self-sustaining. Much more analysis is needed.

120%+

Market environment

100%

Workforce housing / missing middle

80%

60%

Supported environment

30%
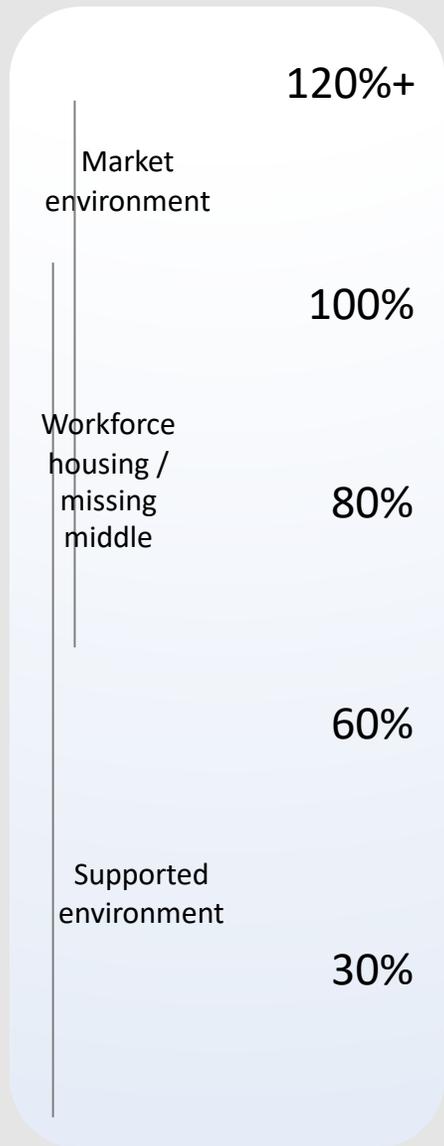
Funding for infrastructure and development readiness

Ex: Funds to support land acquisition, parcel consolidation, infrastructure in expansion areas, upsizing for retrofitting infrastructure for infill, master planning for larger sites. Could be structured like a block grant.

2.1 EXAMPLE Ideas for matching funding to need

120%+

Market
environment

100%

Workforce
housing /
missing
middle

80%

60%

Supported
environment

30%

Funding for fair and equitable communities

Ex: Funds to support implementation of Housing Production Strategy policies aimed at fair housing outcomes and anti-displacement/stability. Could include additional funds for affordable housing development in areas of concentrated affluence (typically higher land costs).

2.1 EXAMPLE Ideas for matching funding to need
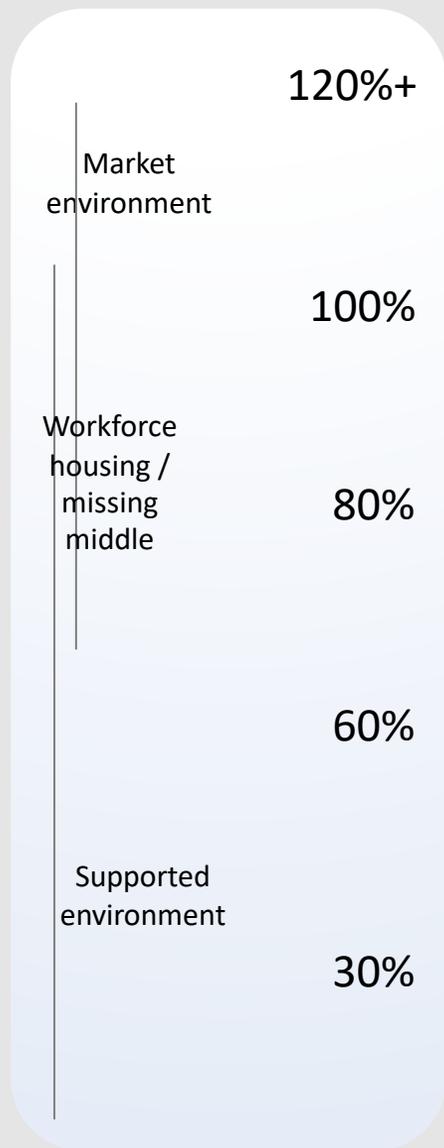
Technical assistance for needed plans and to speed building processes

Ex: Funding for local planning and building staff - Oregon Office of Economic Analysis estimates that 400-500[1] new planners and inspectors are needed statewide for a 10,000 increase in annual housing starts.

Ex: $1M in Technical Assistance buys 20 new planning projects for 15 – 20 Oregon communities.

DLCD's current service budget: $2.5M.

2.1 EXAMPLE Ideas for matching funding to need

[1]Based on a statewide average of 0.4-0.5 full-time equivalent staff persons per residential permit.

- Revise the HPS to advance fair housing in several ways:
  - Align production targets using the OHNA methodology.
    - Uses regional incomes instead of local incomes to project affordable housing need
  - Strengthened requirement to include actions that lead to fair housing outcomes.
  - Strengthened guidance to help cities understand how land use actions and production strategies might advance fair housing (see next slide for example framework for potential new guidance).

Ensure Accessibility

Population and Neighborhood Characteristics:
- High concentration of whiteness
- High housing production

Strategies:
- Significant affordable housing production investment

Retain Accessibility

Population and Neighborhood Characteristics:
- Racial diversity or concentration of BIPOC residents
- High housing production

Strategies:
- Significant affordable housing production investment
- Significant housing preservation investment

Increase Production & Accessibility

Population and Neighborhood Characteristics:
- High concentration of whiteness
- Low housing production

Strategies:
- Increased zoned capacity
- Significant affordable housing production investment

Invest and Preserve

Population and Neighborhood Characteristics:
- Racial diversity or concentration of BIPOC residents
- Low housing production

Strategies:
- Significant affordable housing preservation investment
- Infrastructure / amenity investments

Housing Production (vertical axis)

Population Diversity (horizontal axis)

2.2 EXAMPLE Fair Housing Strategy Framework

Discussion Recommendation 3:
Commit to working together with urgency

3.1 Develop administrative structures

No state agency is currently responsible for the full range of housing production. Better agency collaboration and accountability is needed.

3.2 State and Metro also develop HPS

Local governments are not solely responsible for housing production - Metro and the State are partners in meeting need. They should also develop statewide housing production strategies that encourage coordination and accountability to the legislature.

3.3 Production Team, structure for discussion

Create a housing production team composed of experts in development, affordable housing development, fair housing, planning and development code, permitting processes, etc. to diagnose and overcome development barriers and recommend policy or funding intervention when needed.

No agency is currently responsible for the full range of housing production. We need:

- Improved coordination across many agencies: OHCS, DLCD, ODOT, DAS, BOLI, Business Oregon, others.

- Connect housing production to broader policy initiatives, including transportation, equity, infrastructure, and climate

- Clear, trusted lines of authority for implementation and funding decisions.

- Technical and strategic skills:

  - Run the OHNA and assess housing market.

  - Understanding of affordable and market rate housing economics, fair housing, land use and permitting, program administration, development financial feasibility, public-private partnerships.

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- Local governments are not solely responsible. Metro and the State are partners in meeting need. Plans would:

  - Define regional and state actions to meeting need

  - Coordinate local implementation

  - Report to legislature on regional and state progress

- Counties and regional entities could also opt-in and collaborate with cities, tying possible funding for regional implementation.

- Many details to explore:

  - How does a state HPS interact with the statewide housing plan?

  - Who develops it?

  - How does a Metro HPS interact with local strategies? Etc.

Housing Production Team:

- Special ops team to diagnose production barriers and recommend fixes
- Reports to housing production staff lead
- Includes some state agency staff, but could also include appointed and / or paid expertise not currently contained in any state agency (i.e., market rate housing development)
- Can recommend enforcement orders

DLCD:

- Administers land use program
- Reviews HPS for progress
- Engages HPT when cities aren't meeting targets, or recommends HPT for other problem solving

Business Oregon / ODOT:

- Infrastructure funding

New Housing Production Staff lead:

- Sits in Governor's office? In an agency?
- Do we need a new production-focused commission or council? Or is this LCDC?
- Coordinates and convenes across agencies, including on funding programs
- Deploys HPT

OHCS:

- Affordable housing finance, coordinated with local and state HPS
- Oversee fair housing implementation, track equity indicators?
- Manages other new funding sources, even for market rate?
- Analytics, runs the OHNA and produces report cards. Or Office of Economic Analysis?

3.3 EXAMPLE Administrative Roles

*Oregon Housing Needs Analysis:*
Leading with Production

If successfully implemented, the draft recommendations in this document could reverse decades of underinvestment in housing production and development readiness, organize Oregon's land use planning systems toward the common goal of building housing, and begin to address disparities in housing outcomes.

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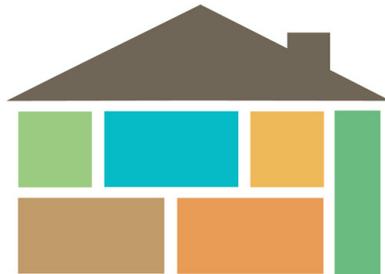
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