

# House Bill 2889 Section by Section Summary

## About this summary

The purpose of this memorandum is to provide plain language summaries of provisions included in House Bill 2889. Additionally, this summary includes call-outs of refinements that DLCD staff anticipate to refine the bill to align state policy with recommendations included in the [OHNA Legislative Recommendations Report](#). This summary includes two types of anticipated refinements, denoted by color:

[Technical Refinements](#) are denoted with blue text and refer to refinements that relate to the functionality of statutory language. They are intended to address “how” to implement specific outcomes through statute and do not include considerations of policy priorities or values.

[Policy Refinements](#) are denoted with red text and refer to refinements that require decision-making reflecting policy priorities and values. These refinements require decisionmakers to address how statute “should” be structured.

## House Bill 2889

Relating to housing development.

**Summary:** Establishes Oregon Housing Needs Analysis within Housing and Community Services Department. Establishes timeline by which department must adopt rules and implement analysis components. Amends land use requirements for local governments related to urbanization, including requiring Metro to adopt housing coordination strategy and allowing cities outside of metro to adopt rural reserves. Requires Land Conservation and Development Commission to adopt or amend implementing rules by January 1, 2026.

### Oregon Housing Needs Analysis (Sections 1-8)

**SECTION 1** Makes sections 2 to 6 part of ORS 197.286 to 197.314.

**SECTION 2(1) Oregon Housing Needs Analysis Methodology:** Establishes the Oregon Housing Needs Analysis (OHNA) within the Housing and Community Services Department (HCS). It consists of five components:

- A statewide 20-year housing needs analysis (Section 3 (1))
- An allocation of housing need to cities and counties (Section 3 (2))
- Subsidized affordable and total housing production targets (Section 4)
- A publicly-available housing production dashboard (Section 5)
- A statewide housing equity indicator (Section 6)

**SECTION 2(2) OHNA Rules:** Requires OHCS to establish rules for the OHNA methodology, process, and timing and to update each of the five components at least once per decennial census. These rules will establish the specific parameters around regularly conducting and updating the methodology. The Department of Land Conservation and Development (DLCD) and the Oregon Department of Administrative Services (DAS) are directed to support OHCS with OHNA requirements.

**SECTION 2(3) OHNA Not a Land Use Decision:** Specifies that - after the public process to establish a methodology is completed – the results of the methodology are not land use decisions appealable under ORS 197.180.

**SECTION 3 (1) 20 Year Housing Need:** Requires OHCS to establish, through the OHNA, an estimate of 20-year housing need for data regions that is then allocated to local jurisdictions, based on considerations of population, regional job share, and an equitable distribution of housing. The 20-year housing need shall include the following major factors:

- Population and household growth
- Current underproduction
- Housing for people experiencing homelessness
- Effects of second and vacation homes

**SECTION 3(2) 20 Year Housing Need Allocation:** Requires the OHNA methodology to allocate 20-year need to all cities outside of the Metro. (Note: Metro will retain statutory responsibility for calculating 20-year need for the region which is discussed in greater detail in sections below.) The allocation must consider population growth, regional job share, and an equitable distribution of housing.

**Policy Refinement:** The language included in this section is substantially similar to the original direction of HB 2003, but the Legislature may need to weigh in on what “an equitable distribution of housing” means broadly.

**SECTION 3 (3) OHNA Methodology Parameters:** Outlines a few parameters for the OHNA methodology including housing for people experiencing homelessness, vacant housing units, and housing affordability by income. Establishes the following income bins by which needed housing will be reported:

- Below 30% Median Family Income (MFI)
- 30% to 60% MFI
- 60% to 80% MFI
- 80% to 120% MFI and
- Above 120% MFI

**SECTION 4 (1)(2)(3) Housing Production Targets:** Establishes housing production targets for total and affordable housing production for cities above 10,000 in population. These articulate goals that will serve as the basis for tracking and evaluating progress towards achieving greater production and affordability.

**Technical Refinement:** While the OHNA will track affordable production at all income bins described in section 3, DLCD’s OHNA Report recommends setting the “target” to include all units affordable at or below 60% MFI. Subsection (3) does not distinctly specify that for the target, but it is sufficiently broad enough that the implementing agency can make that interpretation.

**SECTION 5 (1)(2)(3) Housing Production Dashboard:** Requires OHCS to publish a housing production dashboard in which cities and members of the public can readily access information generated by the OHNA, including comparative assessments of local progress towards housing production targets. The dashboard must include the progress that cities above 10,000 population are making on total affordable production and a comparative analysis of cities within the region and across similar market typologies.

The information on the dashboard will be based on the OHCS inventory of affordable housing as well as permitting data reported to DLCD.

Technical Note: A prototype assessment is explored in the [OHNA Technical Report \(Appendix D\)](#).

**SECTION 6 (1)(2)– Statewide Housing Equity Indicator:** Requires the OHNA to include a comprehensive equity analysis, to the extent of best available data. This analysis will provide baseline equity analysis that local jurisdictions currently must complete as part of a Housing Production Strategy and will track important equity-related housing outcomes of statewide concern. Subsection (2) outlines the following series of potential types of information that can be reported:

- Housing outcomes (such as cost burden, tenure, housing condition for various demographics, including race or ethnicity, disability status, English proficiency, and age;
- Information on housing types produced and overall land efficiency of housing production of housing production;
- Accessibility and visitability of existing and new housing stock;
- Information related to risk of gentrification and displacement;
- Housing segregation by race and income;
- Factors that affect climate and natural hazards resiliency; and
- Other measurable factors or indicators identified by the department.

Policy Refinement: The types of information included in this statewide equity analysis are an important policy decision that reflect state priorities on what the state measures and tracks in working towards equitable housing outcomes. The indicators listed are examples raised by stakeholders. Some of these categories are explored in the [original pilot methodology \(pg.7\)](#) and the [OHNA Technical Report \(Appendix D, pg. 17\)](#)

**SECTION 7 OHCS OHNA Methodology Deadlines:** Outlines the deadlines by which OHCS must complete specific milestones including:

- Adopt initial rules (Section 2) - No later than January 1, 2025
- Conduct initial analysis and allocation (Section 3) - No later than July 1, 2025
- No later than January 1, 2026:
  - Establish the initial housing production targets (Section 4)
  - Publish the housing production dashboard under (Section 5)
  - Publish a housing equity indicator under (Section 6)

**SECTION 8 Placeholder Budget:** This is a placeholder to provide adequate budget for OHCS to complete the initial process as outlined under section 2 to 6.

Policy Refinement: One outstanding policy question is the role that the Office of Economic Analysis should play in the preparation of the five OHNA components listed in Sections 1-8. The respective roles of OHCS and OEA will affect the total resources needed to engage with stakeholders and establish an initial methodology.

**Urbanization Generally (Sections 9-10)**

**SECTION 9 (1) Production Streamlining:** Directs LCDC to approve a range of methodologies that expedite and streamline production including:

- Needed housing
- Housing production strategies or housing capacity strategies
- Buildable lands or housing capacity
- Amendments to urban growth boundaries
- Adoption or amendments to urban or rural reserves

**SECTION 9 (2) Methodological Options:** Clarifies that local jurisdiction utilizing the methodological options outlined in rule and estimates generated by the OHNA will not result in appeal, providing greater legal certainty for local jurisdictions utilizing these options.

**SECTION 10 (1)(2) LCDC Rulemaking:** Directs the Land Conservation and Development Commission (LCDC) to adopt rules related to housing production strategies, land use regulations, comprehensive plan amendments, and urban growth boundary (UGB) amendments on or before January 1, 2026. The purpose of these rules is to provide greater flexibility, options, and certainty for jurisdictions to demonstrate compliance with statute and goal 10. Additionally, it's intended to provide more 'off-the-shelf' policy options that support housing production, diversity, and affordability.

Subsection (2) details the priorities that LCDC must weigh in adopting rules. These priorities relate to providing greater certainty and flexibility to local governments pursuing urbanization related analysis and concurrent actions that increase the developability of lands brought into the UGB. Priorities include:

- Facilitating the adoption and acknowledgement of UGB amendments, UGB exchanges or urban reserves to support accommodating needed housing.
- Reducing analytical burden, minimizing procedural redundancy and increasing legal certainty for local jurisdictions pursuing UGB amendments, UGB exchanges, or urban reserves, especially for smaller cities, consistent with the appropriate protection of resource lands.
- Increasing clarity on how a local jurisdiction can sufficiently complete urbanization related analyses and demonstrate consistency with statute and administrative rule.
- Supporting coordinated public facilities planning, annexation, and comprehensive plan amendments to facilitate the development of lands brought into the UGB.

**SECTION 10 (3) Additional Rulemaking Parameters:** Articulates additional parameters LCDC must apply in rulemaking related to Housing Production Strategies. These parameters include coordination with other agencies, clarity on strategies adopted by cities that fulfill Statewide Planning Goal 10 requirements, and additional Commission priorities that support housing production, affordability, and choice. Subsection (3)(c)(A) recognizes the substantial work cities have completed in implementing HB 2001 as well as upcoming work on climate in response to EO 20-04.

**Technical Refinement:** The distinction and organization between Sections 9 and 10 are not fully clear to DLCD staff. This may require discussion with Legislative Counsel to clarify, and where needed, propose amendments to increase clarity of DLCD and LCDC rulemaking direction

**Policy Refinement:** Section 10 articulates Legislative direction to LCDC in adopting rules implementing OHNA recommendations. This direction can be amended to better reflect specific Legislative priorities and direct the agency's implementation focus for the following biennium. As an example, a separate bill

([HB 2983](#)) directs DLCD and LCDC to develop and adopt ‘off the shelf’ policy local options related to manufactured homes in both manufactured home parks and cottage clusters.

**Section 11 Placeholder Budget:** This is a placeholder to provide adequate budget for LDCD Commission to adopt rules as outlined under section 10.

**Technical Refinement:** The current placeholder budget does not reflect DLCD’s anticipated costs and needed staff capacity to implement OHNA recommendations. These budget estimates have been provided to the Governor’s office and Representative Dexter’s office.

**SECTION 12 Definitions:** Amends statutory definitions of ORS 197.286 to align with the implementation of an OHNA. This includes clarifying that urban, unincorporated areas of the Metro also must be planned for housing similar to cities above 10,000 population.

**SECTION 13 Remand Decision:** Establishes a provision that “resets the clock” for the 20-year planning horizon if a Housing Capacity Analysis is successfully remanded.

### **Urbanization Outside of Metro (Sections 14-18)**

**SECTION 14 Conforming Amendments:** Sections 9, 13, and 15 to 17 are added to and made a part of ORS 197.286 to 197.314.

**SECTION 15 (1)(2) Buildable Lands:** Creates a distinct buildable lands statute (ORS 197.296) that is applicable to cities outside of the Portland Metro Region. Most of the statute is substantially similar to ORS 197.296, with a few adjustments. Subsection (2) clarifies the schedule by which jurisdictions must complete Goal 10 planning, which is the same as the current rule: once every eight years for cities above 10,000 population. Subsection (2)(d) clarifies that small cities can, but are not required to, conduct Housing Capacity Analysis.

**SECTION 16 (1)-(6) Buildable Lands:** Mostly similar to the current buildable lands statute (ORS 197.296), with changes reflecting a shift in approach towards emphasizing housing production:

- Subsection (3) removes part of the current buildable lands inventory requirement (ORS 197.296(4)(a)) related to the classification of buildable lands. Subsection (4) describes the parameters by which cities base assumptions of housing capacity.
- Subsection (4) describes the parameters by which cities base assumptions of housing capacity which largely reflects current statute with two additions. LCDC will adopt rules that articulate more “off the shelf” assumptions that cities can make about this subsection. This includes assumptions cities can make about the redevelopment ability of land and the effect of specific market or regulatory conditions on housing capacity.
- Subsection (5) is amended to reflect the recognition of “efficiency measures” as a form of housing production strategy.

**Technical Refinement:** The bill language is not exactly a “one-for-one” transfer of existing statute broken out for cities outside of the Metro, and some of the language creates substantial and unintentional changes to the functionality of the statute. We expect these to require refinement to function appropriately.

**SECTION 17 (1)(2) Needed Housing:** Creates a separate “needed housing” statute that is separate from Metro (ORS 197.303). The statute is similar but adjusted to use the OHNA methodology as the basis for 20-year need. It also broadens the definition of “needed housing” to include middle housing and accessible housing.

Technical Refinement: The bill appears to attempt to simplify the parameters of the needed housing statute, but in doing so, unintentionally change its functionality. Expected refinements to this section include:

- Clarifying the methodology allocates the number and affordability thresholds of units to local jurisdictions, but the type, density, characteristics, and location of housing remain a local decision.
- Retaining existing provisions of ORS 197.303 (2) to ensure local decisions surrounding housing type, density, characteristics, and location consider demographic factors and projected changes to those factors over a 20-year period, and broadening specified demographics to include considerations of disparate housing outcomes by race and ethnicity.

**SECTION 18 (1)(2) Priority Scheme Adjustments:** Makes minor revisions related to the priority scheme statute for cities outside the metro, acknowledges cities outside the metro can now adopt rural reserves, cities expanding a UGB can first prioritize urban reserves before prioritizing non-resource lands.

### **Metro Urbanization (Sections 19-20)**

**SECTION 19 Buildable Lands:** Modifies the “Buildable Lands” statute (ORS 197.296) to separate Metro and cities outside of the Metro. Metro will be required to estimate 20-year need in a manner similar to the OHNA, including incorporating consideration of the effect of second and vacation homes. Subsections (6)-(9) requires Metro cities to adopt efficiency measures as part of the HPS like cities outside Metro are required to do.

Technical Refinement: Subsections (6)-(9) do not align with OHNA recommendations (Recommendations 1.2, 1.3, 3.2) and will need refinement to reflect the nuance of implementing “efficiency measures” through the HPS in the Metro region. While Metro is responsible for the regional growth management decision, cities within the Metro control the policies that affect the zoned capacity of lands within the region. Historically, Metro has been limited in its ability to require cities to adopt efficiency measures, and this dynamic has created tension for Goal 10 planning in the Metro region.

To address this, OHNA recommendations shifts efficiency measure accountability through HPS to the state, Metro will still account for effect of these measures in the regional growth management decision, but the Metro housing coordination strategy (described in Section 23) is not intended to serve as fulfilling the efficiency measure requirement as stated in this subsection.

**SECTION 20 Needed Housing:** Modifies ORS 197.303 (“needed housing” statute) to only apply to Metro and removes cities outside of the Metro. These cities have a separate application statute (Section 17).

Technical Refinement: This section does not currently align with the OHNA methodology, which incorporates considerations of housing for people experiencing homelessness, underproduction, and second and vacation homes and report that need by income.

### **Housing Production Strategies (Section 21-25)**

**SECTION 21 (1) & (2) Housing Production Strategy:** Adjusts statutes related to the Housing Production Strategy (ORS 197.290) to clarify the intent to further “housing choice for all” and advance fair and equitable housing outcomes in statute. This includes planning for a diversity of housing types that are high-quality, physically accessible, and affordable.

**SECTION 21 (3) Efficiency Measures:** Clarifies actions that local governments can take to respond to identified housing need, promote housing production and overcome locally specific development barriers. Clarifies the adoption of these actions or “efficiency measures” in the HPS must include adoption and implementation timelines. Broaden the types of actions that could be “efficiency measures” as well as other measures that support housing diversity, production, choice and affordability.

Technical Refinement: The current “efficiency measures” statute articulates a non-exhaustive list of examples rather than discrete categories of actions. We expect this to need refinement to define these types of actions more concisely and discretely.

**SECTION 22 Conforming Amendments:** Sections 23 is added to and made a part of ORS 197.296 to 197.303.

**SECTION 23 (1)(2)(3)(4)(5) Housing Coordination Strategy:** Establishes a Housing Coordination Strategy required for Metro and optional for other regional/county entities. This section recognizes a coordinating role that regional governments play in housing planning and outlines the actions and tools that could be included in a Housing Coordination Strategy. Subsection (4) outlines the following actions that may be included in a Housing Coordination Strategy:

- The identification or coordination of resources that support the production of needed housing, including funding, staff capacity or technical support at the regional or state level.
- The identification of local or regional impediments to developing needed housing, including financial, regulatory, or capacity related constraints.
- Regional strategies that coordinate production of needed housing between local governments within a region and that are developed in consultation with impacted local governments.
- The identification of specific actions that cities in the region may consider as part of a housing production under ORS 197.290.
- Any other actions identified by rule of the LCDC that may promote the quantity or quality of developed housing in the region.

Subsection (5) clarifies that the Housing Coordination Strategy does not implicate Metro’s Regional Growth Management decision, it’s intended to describe what Metro is bringing to the table as a regional partner. Subsection (6)(7) mirror current provisions in the HPS document, adopted to apply to regional entities.

**SECTION 24 (1)-(8) HPS Submittal and Review Process:** Subsections (1)-(7) outlines the Housing Production Strategy submittal and review process which are unchanged from the current statute.

Technical Refinement: Subsection (8) is intended to remove analytical hurdles that can inhibit adoption of local policies that support housing production, affordability, and choice. However, this section may too broadly exempt strategies from these planning requirements. This section should be narrowed to delegate LCDC establishing a more specific set of circumstances in which concurrent transportation or economic analyses may be exempted.

**SECTION 25 (1)(2) Housing Accountability:** Amends the housing accountability statute (ORS 197.293) to reflect consideration of production targets in Goal 10 planning. Subsection 2 defines “unmet housing need” in relationship to housing production targets for each city over 10,000 population.

Policy Refinement: The current bill does not contain a policy approach to accountability that ensures applicable local governments adopt meaningful policies that improve housing production, affordability, and choice. This will be a critical area of policy refinement that articulates appropriate state and local actions in response to underproduction. Accountability is discussed in greater detail in the [OHNA Legislative Recommendations Report \(pg. 21\)](#).

### Urban and Rural Reserves (Sections 26-28)

**SECTION 26 (1)(2)(3)(4) Rural Reserves for non-Metro Cities:** Enables non-Metro jurisdictions to establish rural reserves. Subsection (4) clarifies that neither urban nor rural reserves have Measure 49 implications if they do not create new restrictions on property use, nor do they affect “right to farm” laws that protect farm and forest activities.

Technical Refinement: Staff is unclear why there is a 10,000-population threshold in this section. Cities below 10,000 population would also likely benefit from the adoption of rural reserves.

**SECTION 27 (1)-(8) Urban Reserves:** Amends the urban reserve statute mostly to clean up (“conform”) amendments. Subsection (4)(a) and (5) enables local governments to optionally establish urban reserves before pursuing a UGB amendment, rather than concurrently or after.

Technical Refinement: The conforming amendments may unintentionally change the underlying functionality of the statute, which would require Metro to utilize an older process that is challenging to implement.

**SECTION 28:** Ensures that changes to the Rural and Urban Reserve statute will not affect existing urban or rural reserves or require a jurisdiction to recomplete the process.

### Local Housing Reports (Sections 29-33)

**Section 29. Reporting Requirements:** Moves reporting requirements specific to DLCD to ORS Chapter 197 and focuses this statute on rent burden reporting and engagement under OHCS.

**SECTION 30 Conforming Amendments:** Moves sections 31 and 32 to ORS 197.286 to 197.314.

**SECTION 31 (1)(2)(3) Reporting Requirements:** Subsection (1) moves the annual local permitting reporting requirement for cities above 10,000 population to ORS Chapter 197. Requires reporting of accessible units. Clarifies that cities only need to report affordable housing that would not be captured on the OHCS affordable housing inventory. Subsection (3) requires DLCD to report production data to OHCS as they will be tracking and assessing the production of units in the OHNA.

**SECTION 32 Pre-HPS Survey:** Moves the pre-HPS survey requirement to Chapter 197. Makes minor timing modifications based on the housing capacity analysis deadline, rather than the housing production strategy.

**SECTION 33 Reporting Requirement Repealed:** ORS 197.178 – an outdated reporting requirement for quasi-judicial housing applications - is repealed.



### **Population Forecast (Sections 34-35)**

**SECTION 34 and 35 Population Forecast:** Modifies the population forecast statute to include projections by race/ethnicity, disability ,and for tribal lands.

### **Conforming Amendments (Sections 36-70)**

**Sections 36-70 Conforming Amendments:** Conforms statutory language with the policy changes above.