

FISCAL IMPACT OF PROPOSED LEGISLATION

80th Oregon Legislative Assembly – 2019 Regular Session
Legislative Fiscal Office

Measure: HB 2003 - A14

*Only Impacts on Original or Engrossed
Versions are Considered Official*

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Measure Description:

Requires Oregon Department of Administrative Services with Department of Land Conservation and Development and Housing and Community Services Department to develop methodology to conduct regional housing needs analysis and, for certain cities and Metro, to inventory existing housing stock and to establish housing shortage analysis.

Government Unit(s) Affected:

Department of Land Conservation and Development (DLCD), Department of Consumer and Business Services (DCBS), Cities, Metro, Housing and Community Services Department (HCSD), Department of Administrative Services (DAS)

Summary of Fiscal Impact:

Costs related to the measure may require budgetary action - See analysis.

Analysis:

HB 2003 - A14 directs the Housing and Community Services Department (HCSD), the Department of Land Conservation and Development (DLCD, also encompassing the Land Conservation and Development Commission), and the Department of Administrative Services (DAS) to develop a methodology to assess existing housing stock and housing needs throughout the state. These three agencies are directed to conduct a regional housing needs analysis to identify the number of housing units needed to accommodate anticipated populations in a region over the next 20 years, and to estimate the housing necessary to accommodate population growth in cities and Metro. These analyses are to be done by September 1, 2020, and these agencies are to submit a report to the Legislative Assembly to summarize their findings and make certain recommendations by March 1, 2021.

Under this measure, cities with populations of more than 10,000 are directed to develop and adopt a housing production strategy, which is to be submitted to DLCD for review and approval. DLCD may review and identify cities with a population of greater than 10,000 that have not sufficiently achieved production of needed housing or implemented a housing production strategy, and take certain actions to bring cities into compliance. DLCD is also directed to develop a survey for cities on housing affordability in consultation with HCSD. Local governments may allow the development of housing on public property in certain cases, and must dedicate some of these units as affordable housing.

This measure includes blank General Fund appropriations for DLCD and HCSD to implement this act; and a separate General Fund appropriation of \$1.0 million for DLCD, to provide technical assistance to local governments.

Cities

Oregon cities anticipate a significant but indeterminate impact as a result of HB 2003. There are 49 cities that will be required to develop housing production strategies under this measure.

The League of Oregon Cities believes that this measure will create substantial work for city planners and attorneys, but the total costs to Cities are indeterminate until rulemaking for this measure is complete. They estimate the cost at approximately \$100,000 per city.

Funding is available for technical assistance to Cities under this measure, but it is unknown if funding will be continued past the 2019-21 biennium, which Cities contend could trigger an unfunded mandate.

HCSD

HCSD anticipates costs of \$655,274 General Fund in the 2019-21 biennium.

HCSD will need a permanent full-time Economist 3 position to develop the methodology used to calculate housing stock and housing needs, and to prepare the report for the Legislative Assembly. The position will also have ongoing responsibilities related to assisting local governments with creating housing plans in alignment with the new methodology. This position is anticipated to cost \$173,995 General Fund in 2019-21, and \$198,851 General Fund in 2021-23, with anticipated employee-related Services and Supplies costs of \$16,901 in 2019-21 and \$17,820 in 2021-23.

HCSD also estimates costs of \$150,000 to contract with research institutions, which will assist with estimates of existing housing stock, analysis of the housing shortage, and an estimate of the housing necessary to accommodate growth. Managing the research related to the methodology development and housing stock analysis required under the bill equates to 0.5 limited duration position for the 2019-21 biennium, at a cost of \$57,977, with accompanying services and supplies expenditures of \$6,401, General Fund.

At this point it is unclear if HCSD will be able to develop a methodology using existing department staff or if they will need to go through a procurement process to acquire software to use in calculations. This software would have an estimated cost of \$250,000 General Fund which is included in the total anticipated cost for HCSD's implementation of this bill. The Department of Administrative Services can administratively unschedule these funds until the need for them becomes clear.

DLCD

DLCD anticipates a total fiscal impact of \$2,013,261 General Fund in 2019-21 and \$1,941,106 General Fund in 2021-23.

DLCD anticipates Personal Services costs of \$591,172 related to four new permanent positions (3.00 FTE):

- A Planner 4 to manage and review housing needs analyses and housing production strategies.
- An Operations and Policy Analyst 3 position to work on development of the housing assessment methodology and assist with reporting to the Legislature in 2021, with ongoing responsibilities for technical assistance, enforcement, etc.
- An Operations and Policy Analyst 2 (part-time) and a Procurement and Contracts Specialist (part-time) to provide administrative support, and conduct public outreach and training, rulemaking, grant management, etc.

DLCD also anticipates Services and Supplies costs of \$422,089, which includes staff support for rulemaking, fees related to contracting and legal advice, employee-related services and supplies, enforcement activities, and a rulemaking facilitator.

The bill already includes an additional \$1.0 million in General Fund, to provide technical assistance to cities for implementation of this measure.

The fiscal impact to DLCD will vary based on other pending legislation. Should other housing-related measures such as HB 2001 be approved by the Legislature, then overlapping position responsibilities could decrease the funding and staffing levels DLCD has identified as needed for implementation of this measure.

Other agencies

There is no fiscal impact anticipated for the Department of Administrative Services, the Department of Consumer and Business Services, or Metro as a result of this measure.