

A-Engrossed
House Bill 4015

Ordered by the House February 25
Including House Amendments dated February 25

Introduced and printed pursuant to House Rule 12.00. Pre-session filed (at the request of House Interim Committee on Rules for Representative Tina Kotek)

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure.

[Directs Housing and Community Services Department to study laws related to housing and to report to Legislative Assembly no later than September 15, 2020.]

Authorizes Housing and Community Services Department to grant moneys to nonprofit organization for ADU community pilot programs that develop accessory dwelling units that are for income-eligible homeowners or available for rent by income-eligible tenants. Requires department to report on ADU community pilot programs to interim committee of Legislative Assembly no later than September 15, 2023. Appropriates moneys for grant to be awarded to Hacienda Community Development Corporation.

Requires cities within Metro with population greater than 10,000 to conduct housing needs analysis. Replaces requirement that Metro allocate housing capacity among those cities with requirement that cities amend their land use regulations and housing production strategy if analysis shows housing need.

Extends date by which Land Conservation and Development Commission must adopt schedule for housing needs analyses to December 31, 2020. Expands allowable uses of specific department appropriation to allow provision of technical assistance to local governments to increase housing affordability and availability.

Declares emergency, effective on passage.

A BILL FOR AN ACT

1
2 Relating to housing; creating new provisions; amending ORS 197.290 and 197.299 and sections 7 and
3 22, chapter 640, Oregon Laws 2019; and declaring an emergency.

4 **Be It Enacted by the People of the State of Oregon:**

5 **SECTION 1. (1) As used in this section:**

6 (a) "Accessory dwelling unit" has the meaning given that term in ORS 215.501.

7 (b) "ADU community pilot program" means one or more programs established, imple-
8 mented and operated by a nonprofit organization to invest in developing accessory dwelling
9 units for eligible homeowners and available for lease by eligible tenants.

10 (c) "Area median income" has the meaning given that term in ORS 458.610.

11 (d) "Eligible homeowner" means a person or household that owns and resides in a home
12 and has an income at or below the area median income.

13 (e) "Eligible tenant" means a person or household with an income that is below 60 per-
14 cent of the area median income.

15 (f) "Nonprofit organization" means an organization or group of organizations that is de-
16 scribed in section 501(c)(3) of the Internal Revenue Code and is exempt from income tax
17 under section 501(a) of the Internal Revenue Code.

18 (2) The Housing and Community Services Department shall provide a grant to a nonprofit
19 organization to fund ADU community pilot programs developed by the organization or its

NOTE: Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted. New sections are in **boldfaced** type.

1 subgrantees that must:

2 (a) Assess the suitability of an eligible homeowner's property for siting and construction
3 of an accessory dwelling unit;

4 (b) Provide or assist with the financing, documentation, siting, construction and cleanup
5 of an accessory dwelling unit on an eligible homeowner's property;

6 (c) Identify, screen and enter into lease agreements with eligible tenants who will reside
7 in accessory dwelling units developed under the program on an eligible homeowner's prop-
8 erty;

9 (d) Provide professional property management services for the eligible homeowner; and

10 (e) Require that eligible homeowners maintain the accessory dwelling units as affordable
11 to eligible tenants for a period of no less than 10 years.

12 (3) The nonprofit organization receiving a grant under subsection (2) of this section may
13 distribute grant funds to subgrantees that are nonprofit organizations for ADU community
14 pilot programs described in subsection (2) of this section.

15 (4) Upon being awarded a grant under this section, the grant recipient shall enter into
16 an agreement with the department that:

17 (a) Indicates the purposes for which the grant funds may be used;

18 (b) Includes the repayment provisions set forth in subsection (5) of this section;

19 (c) Permits the department to conduct audits and monitoring of the grant recipient re-
20 garding the purposes for which grant funds have been used; and

21 (d) Requires the grant recipient to report on the use of funds in a manner described by
22 the department.

23 (5)(a) The grant recipient shall repay to the department, in whole or in part, grant funds
24 received under this section, to the extent that:

25 (A) The grant recipient does not use the grant funds in accordance with the provisions
26 of the grant agreement executed between the department and the grant recipient under
27 subsection (4) of this section; or

28 (B) The Director of the Housing and Community Services Department determines that
29 the grant recipient must repay all or part of the grant funds on grounds of misappropriation,
30 fraud or similar reasons after monitoring the grant recipient's operations and conducting
31 an administrative hearing under ORS 183.413 to 183.470.

32 (b) Funds received by the department under this subsection shall be paid into the State
33 Treasury and credited to the General Housing Account created under ORS 458.620.

34 **SECTION 2.** Section 1 of this 2020 Act is repealed on January 2, 2022.

35 **SECTION 3.** No later than September 15, 2023, the Housing and Community Services
36 Department shall provide a report to an appropriate interim committee of the Legislative
37 Assembly in the manner provided under ORS 192.245 on the ADU community pilot programs
38 established under section 1 of this 2020 Act, including the amounts expended and information
39 reported by the grant recipient.

40 **SECTION 4.** Section 5 of this 2020 Act is added to and made a part of ORS 197.286 to
41 197.314.

42 **SECTION 5.** (1) At least once every six years, by a date scheduled by the Land Conser-
43 vation and Development Commission, a city that is within a metropolitan service district and
44 has a population greater than 10,000 shall:

45 (a) Inventory the supply of buildable lands within the city and determine the housing

1 capacity of the buildable lands; and

2 (b) Conduct an analysis of the city's existing and projected needed housing and statewide
3 planning goals and rules related to housing by type, mix and density range to determine the
4 number of units and amount of land needed for each needed housing type for the next 20
5 years.

6 (2) The housing capacity and needed housing analysis conducted under this section must
7 be adopted as part of the city's comprehensive plan no later than one year after completion
8 of the needed housing analysis.

9 (3) If the housing capacity and needed housing analysis conducted under this section
10 demonstrate a housing need, the city shall amend its comprehensive plan or land use regu-
11 lations to include new measures that demonstrably increase the likelihood that development
12 of needed housing will occur for the type, mix and densities sufficient to accommodate
13 needed housing for the next 20 years.

14 **SECTION 6.** ORS 197.290 is amended to read:

15 197.290. (1) A city with a population greater than 10,000 shall develop and adopt a housing
16 production strategy under this section no later than one year after[:]

17 [(a)] the city's deadline for completing a housing capacity analysis under ORS 197.296 (2)(a)[,];
18 **or (10)(b) or section 5 of this 2020 Act.**

19 [(b) *The city's deadline for completing a housing capacity analysis under ORS 197.296 (10)(b); or*

20 [(c) *A date scheduled by the Land Conservation and Development Commission following the allo-
21 cation of housing capacity to the city by a metropolitan service district under ORS 197.299 (2)(d).*]

22 (2) A housing production strategy must include a list of specific actions, including the adoption
23 of measures and policies, that the city shall undertake to promote development within the city to
24 address a housing need identified under ORS 197.296 (6)(b) [*for the most recent 20-year period de-
25 scribed in ORS 197.296 (2)(b)*] **or (10)(b) or section 5 of this 2020 Act.** Actions under this sub-
26 section may include:

27 (a) The reduction of financial and regulatory impediments to developing needed housing, in-
28 cluding removing or easing approval standards or procedures for needed housing at higher densities
29 or that is affordable;

30 (b) The creation of financial and regulatory incentives for development of needed housing, in-
31 cluding creating incentives for needed housing at higher densities or that is affordable; and

32 (c) The development of a plan to access resources available at local, regional, state and national
33 levels to increase the availability and affordability of needed housing.

34 (3) In creating a housing production strategy, a city shall review and consider:

35 (a) Socioeconomic and demographic characteristics of households living in existing needed
36 housing;

37 (b) Market conditions affecting the provision of needed housing;

38 (c) Measures already adopted by the city to promote the development of needed housing;

39 (d) Existing and expected barriers to the development of needed housing; and

40 (e) For each action the city includes in its housing production strategy:

41 (A) The schedule for its adoption;

42 (B) The schedule for its implementation;

43 (C) Its expected magnitude of impact on the development of needed housing; and

44 (D) The time frame over which it is expected to impact needed housing.

45 (4) The housing production strategy must include within its index a copy of the city's most re-

1 cently completed survey under ORS 456.586 (2).

2 (5) The adoption of a housing production strategy is not a land use decision and is not subject
3 to appeal or review except as provided in ORS 197.291.

4 **SECTION 7.** ORS 197.299 is amended to read:

5 197.299. (1) A metropolitan service district organized under ORS chapter 268 shall complete the
6 inventory, determination and analysis required under ORS 197.296 (3) not later than six years after
7 completion of the previous inventory, determination and analysis.

8 (2)(a) The metropolitan service district shall take such action as necessary under ORS 197.296
9 (6)(a) to accommodate one-half of a 20-year buildable land supply determined under ORS 197.296 (3)
10 within one year of completing the analysis.

11 (b) The metropolitan service district shall take all final action under ORS 197.296 (6)(a) neces-
12 sary to accommodate a 20-year buildable land supply determined under ORS 197.296 (3) within two
13 years of completing the analysis.

14 (c) The metropolitan service district shall take action under ORS 197.296 (6)(b), within one year
15 after the analysis required under ORS 197.296 (3)(b) is completed, to provide sufficient buildable land
16 within the urban growth boundary to accommodate the estimated housing needs for 20 years from
17 the time the actions are completed.

18 (d) The metropolitan service district shall consider and adopt new measures that the governing
19 body deems appropriate under ORS 197.296 (6)(b). [*and shall allocate any housing capacity that is not*
20 *accommodated under this section to be accommodated by the application of ORS 197.296 (6)(b) by cities*
21 *within the metropolitan service district with a population greater than 10,000.]*

22 [*(e) Cities to which housing capacity is allocated under paragraph (d) of this subsection shall take*
23 *steps, at least once every six years as scheduled by the Land Conservation and Development Commis-*
24 *sion, to demonstrably increase the likelihood that residential development will occur at densities suffi-*
25 *cient to accommodate housing needs for the next 20 years as required by ORS 197.296 (6)(b).]*

26 (3) The commission may grant an extension to the time limits of subsection (2) of this section
27 if the Director of the Department of Land Conservation and Development determines that the met-
28 ropolitan service district has provided good cause for failing to meet the time limits.

29 (4)(a) The metropolitan service district shall establish a process to expand the urban growth
30 boundary to accommodate a need for land for a public school that cannot reasonably be accommo-
31 dated within the existing urban growth boundary. The metropolitan service district shall design the
32 process to:

33 (A) Accommodate a need that must be accommodated between periodic analyses of urban growth
34 boundary capacity required by subsection (1) of this section; and

35 (B) Provide for a final decision on a proposal to expand the urban growth boundary within four
36 months after submission of a complete application by a large school district as defined in ORS
37 195.110.

38 (b) At the request of a large school district, the metropolitan service district shall assist the
39 large school district to identify school sites required by the school facility planning process de-
40 scribed in ORS 195.110. A need for a public school is a specific type of identified land need under
41 ORS 197.298 (3).

42 (5) Three years after completing its most recent demonstration of sufficient buildable lands un-
43 der ORS 197.296, a metropolitan service district may, on a single occasion, revise the determination
44 and analysis required as part of the demonstration for the purpose of considering an amendment to
45 the metropolitan service district's urban growth boundary, provided:

1 (a) The metropolitan service district has entered into an intergovernmental agreement and has
2 designated rural reserves and urban reserves under ORS 195.141 and 195.145 with each county lo-
3 cated within the district;

4 (b) The commission has acknowledged the rural reserve and urban reserve designations de-
5 scribed in paragraph (a) of this subsection;

6 (c) One or more cities within the metropolitan service district have proposed a development that
7 would require expansion of the urban growth boundary;

8 (d) The city or cities proposing the development have provided evidence to the metropolitan
9 service district that the proposed development would provide additional needed housing to the
10 needed housing included in the most recent determination and analysis;

11 (e) The location chosen for the proposed development is adjacent to the city proposing the de-
12 velopment; and

13 (f) The location chosen for the proposed development is located within an area designated and
14 acknowledged as an urban reserve.

15 (6)(a) If a metropolitan service district, after revising its most recent determination and analysis
16 pursuant to subsection (5) of this section, concludes that an expansion of its urban growth boundary
17 is warranted, the metropolitan service district may take action to expand its urban growth boundary
18 in one or more locations to accommodate the proposed development, provided the urban growth
19 boundary expansion does not exceed a total of 1,000 acres.

20 (b) A metropolitan service district that expands its urban growth boundary under this sub-
21 section:

22 (A) Must adopt the urban growth boundary expansion not more than four years after completing
23 its most recent demonstration of sufficient buildable lands under ORS 197.296; and

24 (B) Is exempt from the boundary location requirements described in the statewide land use
25 planning goals relating to urbanization.

26 **SECTION 8.** Section 7, chapter 640, Oregon Laws 2019, is amended to read:

27 **Sec. 7.** No later than December 31, [2019] **2020**, the Land Conservation and Development Com-
28 mission shall adopt a schedule by which metropolitan service districts and cities described in ORS
29 197.296 (2)(a)(B) and (10)(c)(B) **and section 5 of this 2020 Act** shall demonstrate sufficient buildable
30 lands. Dates in the schedule may not be earlier than two years following the commission's creation
31 of rules implementing [sections 4 to 6 of this 2019 Act] **ORS 197.290, 197.291 and 197.293** and the
32 amendments to ORS 197.296 and 197.299 by sections [8] **8a** and 9 [of this 2019 Act], **chapter 640,**
33 **Oregon Laws 2019.**

34 **SECTION 9.** Section 22, chapter 640, Oregon Laws 2019, is amended to read:

35 **Sec. 22.** In addition to and not in lieu of any other appropriation, there is appropriated to the
36 Department of Land Conservation and Development, for the biennium beginning July 1, 2019, out
37 of the General Fund, the amount of \$1,000,000, to provide:

38 (1) Technical assistance to local governments to implement [sections 4 to 6 and 15 of this 2019
39 Act] **ORS 197.290, 197.291, 197.293 and 197.779** and the amendments to ORS 197.296, 197.299,
40 197.303, 197.319, 197.320, 215.416, 215.441, 227.175, [and] 227.500 and [section 1, chapter 47, Oregon
41 Laws 2018,] **456.586** by sections [8] **8a, 9, 10a and 11** to 13 and 17 to 20, **chapter 640, Oregon Laws**
42 **2019; and [of this 2019 Act.]**

43 (2) **Technical assistance to local governments to increase the affordability and availability**
44 **of housing within their jurisdictions.**

45 **SECTION 10.** In addition to and not in lieu of any other appropriation, there is appro-

1 **priated to the Housing and Community Services Department, for the biennium ending June**
2 **30, 2021, out of the General Fund, the amount of \$960,000, to award a grant under section 1**
3 **(2) of this 2020 Act to the Hacienda Community Development Corporation.**

4 **SECTION 11. This 2020 Act being necessary for the immediate preservation of the public**
5 **peace, health and safety, an emergency is declared to exist, and this 2020 Act takes effect**
6 **on its passage.**

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