

## HB 3368 -2 STAFF MEASURE SUMMARY

### House Committee On Housing

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**Prepared By:** Claire Adamsick, LPRO Analyst

**Sub-Referral To:** Joint Committee On Ways and Means

**Meeting Dates:** 3/25, 4/8

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#### WHAT THE MEASURE DOES:

Requires Housing and Community Services Department to make grant funding available to two shared equity homeownership pilot projects, one in an urban area and one in a rural area in an adjacent county. Allows grant moneys to be used to purchase and develop land or housing or provide support services to residents of the housing. Requires that each project must: consist of at least 15 dwelling units; be located on land owned by a religious or public benefit nonprofit corporation; and require that housing units are subject to a long-term ground lease between the nonprofit corporation and a separate business entity. Specifies that entity membership must only be granted and made attainable to low- or very low-income tenants. Allows department to adopt grant requirements which give preference to applications that provide innovative housing type and ownership structure, cost-effective construction methods, and ensure the greatest number of long-term affordable units for individuals who are homeless or at risk of becoming homeless. Requires department to report to interim committee of the Legislative Assembly on pilot projects no later than September 15, 2022, and September 15, 2024. Sunsets pilot projects January 2, 2025. Appropriates, for the biennium beginning July 1, 2021, \$5 million in General Fund moneys to the department for shared equity homeownership pilot project grants. Declares emergency, effective upon passage.

#### ISSUES DISCUSSED:

- Value of tiny homes and cottage clusters in providing smaller, affordable housing options for first-time homeowners
- Addressing racial inequalities in housing through third pilot project focused on homeownership among communities of color
- Wealth generation and family stabilization provided by collective homeownership model
- Definition of “innovative housing” specific to tiny homes and relationship to building codes and statutory requirements
- Background of shared equity co-op model and financial underpinnings
- Concern that zoning and siting requirements will be a barrier, particularly outside the urban growth boundary

#### EFFECT OF AMENDMENT:

-2 Provides a grant for a third pilot project to be awarded to a nonprofit corporation that has demonstrated success in supporting and increasing homeownership among communities of color. Appropriates, for the biennium beginning July 1, 2021, \$10 million in General Fund moneys to the department to provide and administer shared equity homeownership pilot project grants. Provides definitions for "loft" and "tiny home".

#### BACKGROUND:

According to the U.S. Census Bureau’s American Community Survey (ACS) five-year estimates from 2013-2017, homeownership rates are significantly lower for communities of color in Oregon than for white people. Among Oregonians of color, the homeownership rate is 32.2 percent for Black or African American, 44.8 percent for American Indian/Alaskan Native and 40.8 percent for Hispanic or Latino, compared to the white homeownership rate of 65.1%.

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Community land trusts and limited equity co-ops are the main components of a shared-equity homeownership model which aims to provide permanent affordability in owner-occupied housing. In this model, a community land trust acquires or purchases the underlying land and leases the land to a limited equity housing co-op. The co-op offers the housing at an affordable rate with limited equity to residents, and manages the housing as well as improvements on the land. A long-term ground lease agreement binds the two entities in a partnership.

House Bill 3368 allocates grant funding to the shared equity homeownership pilot program for one urban and one rural affordable housing project designated for low- or very-low income tenants. It appropriates, for the biennium beginning July 1, 2021, \$5 million in General Fund moneys to the department for shared equity homeownership pilot program grants.