

HB 2001 A STAFF MEASURE SUMMARY

House Committee On Housing and Homelessness

Action Date: 02/28/23

Action: Do pass with amendments and be referred to Ways and Means. (Printed A-Eng.)

Vote: 6-2-3-0

Yeas: 6 - Boice, Dexter, Fahey, Helm, Javadi, Levy E

Nays: 2 - Cate, Wright

Exc: 3 - Gamba, Hartman, Helfrich

Fiscal: Fiscal impact issued

Revenue: Revenue impact issued

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Meeting Dates: 2/14, 2/28

WHAT THE MEASURE DOES:

OREGON HOUSING NEEDS ANALYSIS

Establishes Oregon Housing Needs Analysis within Housing and Community Services Department (OHCS), with stated purpose of furthering housing production and housing choice at all levels of affordability. Directs Department of Land Conversation and Development (DLCD) and OHCS to assist Department of Administrative Services (DAS) in carrying out requirements of Act. Appropriates unspecified General Fund moneys to DLCD, OHCS, and DAS to implement specified components of Oregon Housing Needs Analysis.

Statewide housing analysis. Directs DAS to conduct annual statewide estimate of needed housing by region, and allocate to local governments outside Metro and unincorporated urbanized areas within Metro, housing need that considers: current underproduction; forecasted population growth; regional job growth; the needs of individuals experiencing homelessness; vacation or second homes; and equitable distribution of housing across specified income levels. Directs DAS to conduct initial statewide estimate and housing allocation no later than January 1, 2025. Directs DLCD to adopt housing production target allocation schedule by March 1, 2024. Clarifies housing production target schedule adopted by DLCD is not a land use decision and is not subject to appeal.

Housing production targets. Directs DAS to establish six-year housing production targets for cities with population greater than 10,000 and unincorporated urbanized areas within Metro, and eight-year housing production targets for cities greater than 10,000 or unincorporated urbanized area outside of Metro. Clarifies targets must be separated into total production target and target for publicly supported housing affordable to specified income levels less than 80 percent of area median income. Allows DAS to adjust allocation of needed housing to accommodate people experiencing homelessness and underproduction; directs DAS to align allocation with housing production strategy schedule developed by DLCD.

Housing production dashboard and equity indicators. Requires OHCS to develop and maintain, beginning January 1, 2025, a publicly available statewide housing production dashboard, to be updated annually with data on regional progress toward housing production targets by affordability level for cities with population greater than 10,000. Clarifies deadlines and reporting requirements for local governments in submitting annual housing production data to DLCD. Directs OHCS to develop, by January 1, 2026, and periodically update a statewide equity indicator including: available data on housing outcomes for identified demographic groups; accessibility and visitability; displacement risk; housing segregation by race and income; environmentally just housing outcomes; residential tenants who are rent-burdened; and other factors. Expands requirements of local government's

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housing production strategy to align with equitable housing outcomes, and expands actions that may be contained in a housing production strategy, including but not limited to actions that increase housing choice, reduce project cost or delay, or prepare land for development and redevelopment.

Urbanization. Directs Land Conservation and Development Commission (LCDC), in adopting or implementing rules related to urbanization, to follow specified guiding principles related to housing choice, equitable housing outcomes, and collaboration with local governments to address and eliminate local housing barriers. Directs public bodies to use authority to remove barriers and create pathways to development at rate commensurate with housing need.

Directs LCDC to adopt rules and amendments related to urbanization which provide greater flexibility, options, and certainty for local governments in amending urban growth boundaries or adopting comprehensive plan amendments or land use regulations to support their housing production strategies. Specifies priorities LCDC must consider in rulemaking, to accommodate local housing production strategies. Allows LCDC to postpone provisions of Act related to urbanization for certain cities outside Metro to avoid interference with current planning activities. Prohibits appeals to local government amendments to a land use regulation or comprehensive plan amendment if local government has utilized the Oregon Housing Needs Analysis methodology. Directs local governments to identify, as part of buildable lands inventory, specified development-ready lands, and take actions to prepare lands for development or redevelopment. Appropriates \$1 million in General Fund moneys to LCDC to adopt rules related to urbanization.

Housing production accountability. Describes DLCD responsibilities to partner with public bodies to increase housing production and to develop proportional responses to underperformance or deliberate noncompliance by a local government with regard to housing targets. Clarifies terms by which the department may refer a city to department's housing acceleration program. Describes components of housing acceleration program, including department-conducted audit of a city's housing barriers, identification of available resources and available department or other public funding assistance, and agreement by city to adopt amended housing production strategy within six months. Directs DLCD and other state agencies to assist cities in completing actions contained in housing acceleration agreement. Allows DLCD to request enforcement order without prior approval from Land Conservation and Development Commission (LCDC). Requires Land Conservation and Development Commission to issue enforcement order to cities with a population of 10,000 or greater that: have a pattern or practice of violating statutes which cause unnecessary cost or delay to housing production; have a pattern or practice of creating adverse impacts to protected classes in equitable access to housing; or have failed to enter into or have breached terms of a housing acceleration agreement. Expands requirements LCDC may impose on a city as part of an enforcement order, including imposing model ordinances, reducing development review timelines, or forfeiting grant funds. Makes operative provisions of Act related to housing production accountability on January 1, 2025.

Urbanization outside Metro. Clarifies necessary actions by cities outside Metro with a population greater than 10,000 in conducting inventory of buildable lands and determining capacity for needed housing. Defines "needed housing" as housing by affordability level, type, characteristics, and location that is necessary to accommodate a city's allocated housing need over the specified 20-year planning period. Requires a local government to amend its urban growth boundary or amend other land use regulations when identified needed housing exceeds current capacity. Allows cities outside Metro with population greater than 10,000 to adopt rural reserves as defined in statute; clarifies properties within urban and rural reserves are not subject to compensation under statute unless the designation and protection imposes a new use restriction on or reduces the fair market value of the property. Clarifies provisions of Act do not apply to urban reserves or rural reserves acknowledged prior to effective date of the Act.

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Urbanization within Metro. Directs Metro to conduct estimate of needed housing for cities within Metro and allocate to these cities a housing need that considers: housing underproduction; forecasted population growth; regional job growth; the needs of individuals experiencing homelessness; vacation or second homes; and equitable distribution of housing across specified income levels. Distinguishes buildable lands requirements for cities within Metro. Directs Metro to develop and adopt housing coordination strategy identifying regional strategies and impediments to producing needed housing within one year of completing a housing capacity analysis.

YOUTH HOMELESSNESS

Expands uses of Emergency Housing Account funds to include services and assistance to school-aged children or their families who are experiencing homelessness or are at risk of experiencing homelessness. Allows Housing and Community Services Department to award grants to organizations providing evidence-based services for youth experiencing homelessness in underserved areas. Expands the use of grant moneys for eligible host home projects to include funding for continued operations.

TERMINATION OF RESIDENTIAL TENANCY FOR NONPAYMENT

Extends, for residential tenancies, the 72-hour timeline for issuance of notice of intention to terminate rental agreement based on nonpayment to 10 days, and extends 144-hour timeline to 13 days. Requires landlord to deliver notice to tenant specifying rights and resources, subject to court dismissal of complaint for possession if landlord fails to deliver notice or tender rent owed by the tenant. Directs Judicial Department, in consultation with Housing and Community Services Department, to regularly update and translate notice form into specified languages other than English. Clarifies responsibilities of public bodies distributing rental assistance. Specifies requirements for scheduling first appearance in court summons for nonpayment. Clarifies conditions for default judgment in favor of plaintiff bringing tenancy termination complaint. Requires circuit courts to annually set aside eviction-related judgments and seal court records, subject to certain court findings and provided that the judgment occurred after January 1, 2014.

MODULAR HOUSING FUNDING

Allocates, for the biennium beginning July 1, 2023, \$20 million in General Fund moneys to the Housing and Community Services Department for the provision of grants or loans to entities developing modular housing or related components, under advisement from a temporary advisory committee. Requires grant or loan recipients to prioritize, in order, disaster recovery, low-income, and middle income housing construction.

MODERATE INCOME HOUSING PREDEVELOPMENT LOANS

Allocates, for the biennium beginning July 1, 2023, \$3 million in General Fund moneys to the Oregon Facilities Authority for the provision of financing or refinancing support for local governments or housing developers for infrastructure development and predevelopment costs for moderate income projects. Requires that eligible projects must be rented as a primary residence, and must remain affordable to moderate income households for no less than 25 years. Stipulates that funding is limited to \$500,000 per eligible project, must charge interest of three percent or lower, and clarifies eligibility for financing based on proportion of funding to project cost and scale. Repeals provisions of loan program January 2, 2026.

AGRICULTURE WORKFORCE HOUSING GRANTS

Directs Department of Agriculture to provide grants to improve health and safety conditions of existing agriculture workforce housing. Directs department, or a third party contractor, to administer and prioritize grants for housing that are in compliance with rules under consideration by the department's agricultural labor housing rulemaking advisory committee. Specifies criteria for grant eligibility. Directs Occupational Safety and Health Division of the Department of Consumer and Business Services to assist department in establishing application, criteria, and determining grant eligibility. Repeals provisions of grant program January 2, 2026. Appropriates, for the biennium beginning July 1, 2023, \$5 million for agriculture workforce housing grants.

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EMERGENCY USE OF APPROPRIATIONS

Grants emergency procurement authority to the Housing and Community Services Department for expenditures of any appropriation for the biennium beginning July 1, 2023, that is made to address homelessness in communities within the OR-505 Oregon Balance of State Continuum of Care; or supports increasing shelter capacity, rapid rehousing initiatives, capacity support for culturally responsive organizations, and provide sanitation services for these communities.

Declares emergency, effective on passage.

ISSUES DISCUSSED:

- Timeline for landlord recovery of residential unit when tenant has not paid rent
- Requirements for translation of tenant notice and forms into languages other than those specified in measure
- Sufficiency of Oregon timber supply in meeting development needs
- Quality of modular construction relative to “stick-built” homes
- Market demand for modular-style housing for middle income households
- Definition of homeless youth to include individuals up to age 24
- Accountability structure to ensure cities address housing need
- Utilizing available state resources to support local jurisdictions in meeting production targets

EFFECT OF AMENDMENT:

Replaces the measure.

BACKGROUND:

OREGON HOUSING NEEDS ANALYSIS

According to the Department of Land Conservation and Development (DLCD), Oregon needs to develop more than 550,000 new housing units across income levels to accommodate 20 years of population growth and to account for current underproduction and the lack of units for people experiencing homelessness. DLCD estimates that approximately 49 percent of this housing will require public subsidy. The department reported in its February 2021 Regional Housing Needs Analysis report that underproduction may be attributed to high land and construction costs, inadequate infrastructure, and limited local government capacity, among other factors. The Oregon Office of Economic Analysis has reported on the longer-term impacts of housing production, including slowing economic growth and potential increased displacement of Oregonians who cannot afford to rent or buy a home.

Oregon's land use planning system is based on a set of 19 statewide land use goals that express the state's land use policies. Goal 10, requires each local government to inventory its buildable residential lands, anticipate its future needs for such lands projected 20 years into the future, and plan and zone enough buildable lands to expand capacity for needed housing development.

In 2019, the Legislative Assembly enacted House Bill 2003, which required each city with a population greater than 10,000 to conduct a housing needs analysis, and to develop and adopt a housing production strategy to address unmet housing needs. The measure also allocated funding to the Department of Land Conservation and Development (DLCD) to create a new methodology, known as the Regional Housing Needs Analysis, for a statewide approach to address housing need across income levels, while reducing geographic disparities in access to housing. Subsequent legislation in 2021 and 2022 directed DLCD to study and make legislative recommendations on the incorporation of a regional housing needs analysis into state and local planning programs, and to convene local government, development, and community-based and culturally specific stakeholders to make recommendations to address housing needs and land supply issues throughout the state. The result of this work is the Oregon Housing Needs Analysis policy recommendations, which DLCD submitted to the legislature in December 2022.

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House Bill 2001 A establishes the Oregon Housing Needs Analysis within Oregon Housing and Community Services (OHCS), with stated purpose of furthering housing production and housing choice at all levels of affordability. Directs the Department of Land Conservation and Development (DLCD) and OHCS to assist the Department of Administrative Services (DAS) in carrying out requirements of Act. Appropriates unspecified General Fund moneys to DLCD, OHCS, and DAS to implement components of Oregon Housing Needs Analysis.

YOUTH HOMELESSNESS

According to the 2022 Annual Homelessness Assessment Report, on a given night in 2022, 17,959 Oregonians experienced homelessness. Of that number, more than 1,066 are youth between the ages of 14 and 24, and over half of youth experiencing homelessness in Oregon are unsheltered -- and this number is likely higher due to undercounting youth who stay short-term or double up with friends or family on a given night. The Voices of Youth Count program at the University of Chicago reports that in addition to unmet food and shelter needs, youth experiencing homelessness are vulnerable to numerous threats, including lack of treatment for mental health or substance use disorders, and increased risk for being physically assaulted, or committing suicide. Many factors increase a young person's odds of experiencing homelessness, including being Hispanic or Black; being a single parent; or being LGBTQ, with LGBTQ youth having more than twice the risk of experiencing homelessness than their cisgender or heterosexual peers.

In 2021, the Legislative Assembly enacted House Bill 2544, which allocated \$4.4 million to the Department of Human Services for two-year grants to expand host homes and existing shelter and support services for youth experiencing homelessness. The Department of Human Services describes a "host home" as a safe environment offered by local community members in private homes that provide temporary housing for youth experiencing homelessness. The grant programs established by the 2021 legislation sunset June 30, 2023.

House Bill 2001 A expands the uses of Emergency Housing Account funds to include services and assistance to school-aged children or their families who are experiencing homelessness or are at risk of experiencing homelessness.

TERMINATION OF RESIDENTIAL TENANCY FOR NONPAYMENT

The 2021 Census American Community Survey estimates nearly half of Oregon's renters are cost-burdened. The COVID-19 pandemic had a variety of economic effects impacting many renters' ability to afford housing including those who are cost-burdened. An eviction can affect a renter's ability to qualify for another rental and can have downstream effects on homelessness and transitory housing arrangements, health, and/or employment.

In June 2021, the Legislative Assembly enacted Senate Bill 278, directing the creation of the Oregon Emergency Rental Assistance Program (OERAP). Oregon Housing and Community Services (OHCS) reports, as of December 2022, that OERAP paid \$426 million in rental assistance to 67,522 Oregon households. Funding for the program has since been exhausted. OHCS credits the program with keeping recipients stably housed but suggests need remains high.

House Bill 2001 A extends notification time frames of nonpayment-based evictions, requires landlords to deliver notice to tenants specifying rights and resources, and directs Judicial Department to translate notice form into specified languages other than English. The measure also clarifies responsibilities of public bodies distributing rental assistance. Finally, the measure adds requirements for court summons involving evictions and conditions for default judgment in favor of the plaintiff, and provides for setting aside judgments and eviction-related court records.

MODULAR HOUSING FUNDING

According to the Department of Land Conservation and Development (DLCD), Oregon needs to develop more than 550,000 new housing units across income levels to accommodate 20 years of population growth and to account

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for current underproduction and the lack of units for people experiencing homelessness. DLCD estimates approximately 49 percent of this housing will require public subsidy. The U.S. Department of Housing and Urban Development's (HUD's) Office of Policy Development and Research notes modular and prefabricated, factory-built housing transported to the housing site offers the potential for reducing both construction time and housing cost. HUD notes that challenges to modular housing production have included zoning, negative perception, and project financing barriers.

House Bill 2001 A allocates, for the biennium beginning July 1, 2023, \$20 million in General Fund moneys to Oregon Housing and Community Services for the provision of grants or loans to entities developing modular housing or related components, and requires grant or loan recipients to prioritize, in order, disaster recovery, low-income, and middle income housing construction.

MODERATE INCOME HOUSING PREDEVELOPMENT LOANS

The Oregon Facilities Authority is a state agency geared toward aiding nonprofit organizations access financing for capital projects through the issuance of tax exempt conduit revenue bonds. Interest on these bonds is exempt from federal and state personal income taxes, reducing borrowing costs in financing capital projects. The December 2022 Oregon Housing Needs Analysis legislative recommendation report notes that infrastructure cost and availability can make affordable housing prohibitively expensive to develop. Moderate income households are defined as those making more between 80 percent and 120 percent of the area median income.

House Bill 2001 A allocates, for the biennium beginning July 1, 2023, \$3 million in General Fund moneys to the Oregon Facilities Authority for the provision of financing or refinancing support for local governments or housing developers for infrastructure development and predevelopment costs for moderate income housing projects.

AGRICULTURE WORKFORCE HOUSING GRANTS

There are two primary types of housing for agricultural workers: farm-based and community-based. Seasonal and migrant farmworkers often live in housing on or near the farm where they work. Agricultural employers and labor camp operators are required to annually register their farm-based farmworker housing facilities with the Oregon Occupational Safety and Health Division (OR-OSHA). There were 400 registered farmworker housing facilities in 2022, with an estimated occupancy of over 10,000 workers. These farmworker housing facilities must comply with minimum health and safety standards adopted by OR-OSHA.

House Bill 2001 A directs the Department of Agriculture to provide grants to improve health and safety conditions of existing agriculture workforce housing, in compliance with rules adopted by Oregon's Occupational Safety and Health Division. The measure appropriates, for the biennium beginning July 1, 2023, \$5 million for agriculture workforce housing grants.

EMERGENCY USE OF APPROPRIATIONS

On January 10, 2023, Governor Tina Kotek issued Executive Order, 23-02, declaring a state of emergency due to homelessness in areas of the state that have experienced an increase in unsheltered homelessness of 50 percent or greater since 2017. The designated emergency areas were identified by Continuum of Care (CoC) regions, and included all areas of the state except for the Balance of State CoC (OR-505), which includes parts of Eastern Oregon, the Columbia River Gorge, and portions of Southern Oregon and the southern coast. According to the U.S. Department of Housing and Urban Development 2022 Point-in Time Count, 4,000 individuals experiencing homelessness reside in the Balance of State CoC. Executive Order 23-02 further directed Oregon Housing and Community Services to repurpose \$40 million in existing funds and granted the agency emergency procurement authority to distribute funds to Continuums of Care (CoCs) identified in the executive order.

House Bill 2001 A grants emergency procurement authority to the Housing and Community Services Department for expenditures of any appropriation for the biennium beginning July 1, 2023, that is made to address homelessness in communities within the OR-505 Oregon Balance of State Continuum of Care.