

HB 3414 STAFF MEASURE SUMMARY

House Committee On Housing and Homelessness

Action Date: 04/04/23

Action: Without recommendation as to passage, be referred to Rules, and then to Ways and Means by prior reference.

Vote: 10-0-1-0

Yeas: 10 - Cate, Dexter, Fahey, Gamba, Hartman, Helfrich, Helm, Javadi, Levy E, Wright

Exc: 1 - Boice

Fiscal: Fiscal impact issued

Revenue: No revenue impact

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Meeting Dates: 3/23, 4/4

WHAT THE MEASURE DOES:

Limits conditions under which local government may deny an application for a variance from land use regulations of a residential development within an urban growth boundary (UGB) and on lands zoned for residential uses, unless denial is necessary for health, safety, or habitability issues, or if the variance request is related to density, height, or floor-area ratio of the development. Directs Department of Land Conservation and Development (DLCD) and Department of Consumer and Business Services (DCBS) to establish Housing Accountability and Production Office (Office). Describes duties of Office in providing technical assistance for local jurisdictions and housing developers to address barriers to housing production and to investigate and respond to violations of housing laws as defined by Act. Allows Office to take enforcement actions upon a local government's continued violation of housing laws, including actions in conjunction with enforcement measures taken by DLCD or the Land Conservation and Development Commission. Requires Office, through third-party contractor, to submit, on or before September 15, 2024, a report to interim committee of Legislative Assembly, identifying improvements to local government approval process in support of increased housing production. Appropriates, for the biennium beginning July 1, 2023, \$1.1 million in General Fund moneys to DLCD and \$1.1 million to DCBS to carry out provisions of Act.

ISSUES DISCUSSED:

- Costs and delays related to variance review and denial
- Balancing production needs with local government control
- Local government application of clear and objective standards

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

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. DLCD 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.

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In 2021, the Legislative Assembly enacted Senate Bill 8, which restricted local governments from denying or limiting the approval of affordable housing applications, subject to certain zoning and property ownership conditions. The measure established density standards and conditions under which local governments must approve affordable housing applications.

House Bill 3414 limits the conditions under which a local government is allowed to deny an application for a land use variance on a residential development within the UGB and on land zoned for residential use. It directs DLCD and the Department of Consumer and Business Services (DCBS) to jointly establish the Housing Accountability and Production Office to provide technical assistance and take necessary enforcement measures to assist local jurisdictions in identifying and reducing permitting and land use barriers to housing production. The measure appropriates a total of \$2.2 million, divided equally among DLCD and DCBS, to establish and implement the Housing Accountability and Production Office.