

HB 2316 -4 STAFF MEASURE SUMMARY

House Committee On Housing and Homelessness

Prepared By: Iva Sokolovska, LPRO Analyst

Sub-Referral To: Joint Committee On Ways and Means

Meeting Dates: 2/10, 3/26, 4/2, 4/7

WHAT THE MEASURE DOES:

The measure creates a program called Home Start Lands to develop affordable housing on certain state and locally designated lands. It allows the state to identify unused public land and convert it into housing, while also letting local governments nominate eligible properties near urban areas. The measure creates a random lottery system will be created to give first-time homebuyers priority access to purchase these homes at fair market prices, with restrictions requiring them to live in the home for at least five years. The measure also provides a five-year property tax exemption on the land value. The measure requires the program to begin by 2027, with tax benefits available through 2034.

Detailed Summary:

Definitions

- Defines “Home Start Lands” as lands designated by the Oregon Department of Administrative Services or nominated by a local government under the provisions in sections two and three of the measure.
- Defines “Local government” as the governing body responsible for the land, specifying that it refers to a city for land within city boundaries and a county for all other lands outside city limits.

State designation of Home Start Lands

- Allows the Oregon Department of Administrative Services (DAS) to identify and designate state-owned lands that are not committed to permanent state use for housing development.
- Allows DAS to also identify real property owned by the state for exchange for real property of approximately equal aggregate value that will be designated as Home Start Lands after it confers with any state agency that owns, manages, operates or is authorized to act on behalf of the state regarding the real property.
- Exempts Home Start Lands from public lands laws governing the state or any agency’s use, management or operation of lands owned or operated by the state.
- Permits DAS to adopt rules to administer these provisions.

Housing and Community Services Department designation of Home Start Lands

- Permits the Oregon Housing and Community Services Department (OHCS) to designate real property as Home Start Lands if local governments and property owners have identified a plan or funding source that is substantially likely to increase the supply of affordable housing in this state.
- Permits local governments to nominate land for Home Start designation if the land is adjacent to an urban growth boundary, subject to an affordable housing covenant for at least 30 years, and has owner consent.
- Permits DAS to adopt rules to administer these provisions.

Planning and uses of Home Start Lands

- Restricts Home Start Lands to single-family housing development, with local governments allowed to adopt siting and development regulations.
- Exempts Home Start Lands from most land use regulations, including state land use planning laws, local comprehensive plans, and zoning rules, except for land division procedures.
- Requires local governments to approve or reject development applications for Home Start Lands within 100 days, with appeals limited to a writ of review.

HB 2316 -4 STAFF MEASURE SUMMARY

- Clarifies that an approval of such application becomes void four years after the date it is issued.

Termination of Home Start Lands designation

- Terminates the designation of real property as Home Start Lands if the property has not received authorization from the local government to use the property for residential development; and if DAS, OHCS, or the local government has issued an order terminating the designation.

State housing development on Home Start Lands

- Directs the Oregon Department of Administrative Services to develop Home Start Lands by preparing the land, installing infrastructure, and constructing single-family housing.
- Prohibits Home Start Lands from being included in planned communities and require open spaces or infrastructure areas to remain publicly owned.

State housing portal and lottery

- Establishes an online portal for first-time homebuyers to register for purchasing homes on Home Start Lands.
- Directs DAS to create and maintain portal by January 1, 2027.
- Establishes a random lottery system to assign priority numbers to eligible buyers of housing on Home Start Lands.
- Sets eligibility criteria for lottery participation, requiring applicants to be Oregon residents, first-time homebuyers, and have a qualifying income.
- Directs DAS to administer lottery program and to assign first priority numbers by July 1, 2027.

Conveying state owned dwellings on Home Start Lands

- Establishes a structured process for selling state-built homes, including setting fair market prices, and offering properties to lottery participants based on their assigned priority number.

Occupancy requirements for dwellings sold by state

- Mandates that buyers use the home as their primary residence for at least five years, with an option for the state to repurchase the home at the original price if the buyer fails to comply.

Property taxes for dwellings on Home Start Lands

- Provides property tax relief for first-time homebuyers on Home Start Lands, exempting the land's real market value from taxation for five years.
- Applies property tax exemptions starting with the 2028 tax year and ending in 2034.
- Restarts the five-year property tax exemption if a property is repurchased by the state and resold under the Home Start program.

ISSUES DISCUSSED:

- Changes to concept to make state lands available for housing within urban growth boundaries
- Broadening to variety of housing types and housing projects
- Number of parcels available for program
- Property and land tax timelines on housing developments

EFFECT OF AMENDMENT:

-4 The amendment replaces the measure and establishes a program to designate certain state and local properties within urban growth boundaries as Home Start Lands specifically for affordable housing development. It provides a framework for local governments to nominate and have designated real property as Home Start Lands. It outlines how Home Start Lands are to be planned, zoned, and developed. It establishes the Home Start Lands Fund. It also provides a property tax exemption for land designated as Home Start Lands, subject to specific conditions and time limits.

Detailed Summary:

State Designation of Home Start Lands

- Directs the Oregon Department of Administrative Services (DAS) to identify lands owned by the state and designate the property as Home Start Lands if, in the department's discretion, the lands have not been used or committed for any permanent state purpose and are, or could be made, better suited for the development of housing.
- Requires DAS to evaluate state lands to determine if they are underutilized or can be combined with adjacent parcels to support middle housing development.
- Allows DAS to identify real property owned by the state for exchange for real property within urban growth boundaries of approximately equal aggregate value that will be designated as Home Start Lands.
- Requires DAS to confer with any state agency that owns, manages, operates, or is authorized to act on behalf of the state regarding the real property prior to designation.
- Specifies that lands designated as Home Start Lands are not subject to State Real Property regulations.
- Allows DAS to adopt rules to implement state designation of Home Start Lands.

Nomination of Lands by Local Governments

- Allows the Oregon Department of Administrative Services to designate real properties as home start lands if they meet the criteria and if there is a plan or funding in place from local governments or property owners to boost affordable housing supply.
- Allows local governments to identify property within urban growth boundaries for designation as Home Start Lands if the property is all or part of a tract under an affordable housing covenant that restricts development to:
 - - housing that will be made available for homeownership, for a period of not less than 30 years from the date of the first sale to a homeowner, to moderate- or low-income households at a sales price that is affordable to such households; or
 - rental housing that will be made available for rent, for a period of not less than 30 years from the date the rental housing is first occupied, to moderate- or low-income households at a rent that is affordable to such households.
- Requires all property owners of the identified properties to have agreed to the designation as Home Start Lands.
- Allow local governments to adopt, by ordinance, regulations for identifying real property that is eligible for designation as Home Start Lands.

Planning and Uses of Home Start Lands

- Requires Home Start Lands to be zoned, divided, developed, and used only for one single-family dwellings, duplexes, triplexes, quadplexes, cottage clusters or townhouses.
- Allows a local government to adopt ordinance regulations for application approval, siting, or development regulations for the specific purpose of regulating Home Start Lands.
- Allows properties designated as Home Start Lands to proceed with residential development, even if a property would normally require a zone change or conditional use permit, unless:
 - the property cannot be adequately served by water, sewer, storm water drainage or streets, or will not be so served adequately when the development on the property is complete;
 - the land has a slope of 25% or greater;
 - the land is in a 100-year floodplain; or
 - there are land use constraints based on statewide planning goals concerning natural disasters or natural resources (excluding open spaces or historic resources).

HB 2316 -4 STAFF MEASURE SUMMARY

- Requires that developments meet minimum density requirements for middle housing (if applicable) and comply with clear and objective standards, conditions, and procedures regulating the development of housing.
- Requires local governing bodies to approve or reject applications for development of Home Start Lands within a timeframe set by the local government.
- Requires decisions by local governments to be accompanied by statements that provide a detailed explanation of the criteria and standards considered relevant to the decision, the facts relied upon in rendering the decision and explains the justification for the decision based on the criteria, standards and facts set forth.
- Requires applicants to receive written notice that includes the decision on the application and include an explanation of appeal rights.
- Makes any final decision of a local government on an application for development of Home Start Lands a land use decision subject to review by the Land Use Board of Appeals.
- Deems void an approval of a development application four years after the date it is issued.

Termination of Home Start Lands Designation

- Terminates designation of real property as Home Start Lands if a development application for the property has not been approved by the local government within three years of the property's designation as Home Start Lands and either:
 -
 - DAS has issued an order terminating the designation; or
 - local government has adopted an ordinance terminating the designation.

Disposition of Lands Designated as Home Start Lands

- Allows the state, through DAS, to sell, transfer, or lease all real property designated as Home Start Lands, for up to 99 years, to housing developers for the purpose of facilitating the development of affordable housing on Home Start Lands.
- Allows DAS to lease property it does not currently own, with leases conditioned on the subsequent acquisition of the leased interest.
- Requires that property be appraised by a state-registered appraiser in accordance with rules established by DAS before any sale, transfer, or lease.
- Requires any property sold, transferred or leased to carry an affordable housing covenant and for at least 30 years, the property (or any subdivided lots) is used exclusively for:
 - Homeownership housing for moderate- or low-income households,
 - Homeownership under a shared equity model via a community land trust, or
 - Rental housing affordable to moderate- or low-income households.
- Requires DAS to conduct a bidding process that evaluates which developer is best able to deliver the intended affordable housing services if multiple housing developers are interested in a property.
- Requires DAS to publish a notice of a proposed sale of these properties in local newspapers at least once a week for three consecutive weeks with general description of the property, its legal subdivision, and the asking price.
- Allows DAS to accept or reject any proposal.

Development on Home Start Lands

- Mandates that developers partition, subdivide, and physically prepare the site, including necessary grading, surveying, and infrastructure installation, before building either single-family or middle housing units.
- Requires developers to transfer homes in line with affordable housing covenants and deed restrictions for properties sold for homeownership.
- Requires that leases must adhere to affordability restrictions for rental housing.

HB 2316 -4 STAFF MEASURE SUMMARY

- Assigns responsibility to developer for capital improvements to ensure adequate infrastructure if a property is sold at a nominal amount, in addition to or in lieu of the developer's payment of system development charges.
- Requires DAS to disburse or lend moneys for purposes of capital improvements, as necessary, to ensure sufficient infrastructure capacity for anticipated housing on the land if the real property is sold, transferred, or leased to a housing developer at market rate (in addition to or in lieu of system development charges).
- Allows housing on home start lands to be integrated into a planned community if the state or developer retains ownership and responsibility for the land.
- Allows DAS to provide grants and loans to assist in the development of affordable housing on these lands.

Proceeds of sale

- Directs that after covering costs, the funds generated from the sale of real property be credited to and deposited in the Home Start Lands Fund.
- Directs that any revenue from the rental or lease of Home Start Lands to be credited to and deposited in the Home Start Lands Fund.
- Allows an agency to negotiate with DAS to apply the proceeds from a sale, transfer, or lease of Home Start Lands to support another capital acquisition.

Home Start Lands Fund

- Establishes the Home Start Lands Fund, a dedicated account in the State Treasury that is separate from the General Fund.
- Appropriates funds from the Home Start Lands Fund to DAS, continuously, to implement the Home Start Lands initiative, including providing grants and loans to support affordable housing development on Home Start Lands.
- Occupancy Requirements for Dwellings Sold on Home Start Lands
- defines "primary residence" as housing occupied as an individual's main home for at least nine cumulative months per calendar year, with the intention to maintain it as such.
- Requires any Home Start Lands property deed to:
 -
 - require that the home is used as the buyer's primary residence for a minimum of five years, enforceable by local government and DAS; and
 - grant to the state, through DAS, a right of first refusal to purchase the property that shall run concurrent with the applicable affordable housing covenant.

Collaboration on Implementation

- Mandates inter-agency collaboration to effectively implement the Home Start Lands initiative by requiring DAS to work with the Department of State Lands and the Housing Accountability and Production Office to assist in establishing program guidance at DAS's request.
- Permits DAS to enter into contracts or agreements to secure expert consultation and obtain necessary real property appraisals by a registered appraiser.

Property Taxes for Home Start Lands

- Exempts land from ad valorem property taxes if it qualifies as Home Start Land, has been sold, transferred, or leased as Home Start Land, and is used or held for use as Home Start Land.
- Grants exemption for up to two consecutive tax years by default, with a possibility of extending it for up to three additional consecutive tax years if affordable housing construction begins on the land no later than the end of the second property tax year of the exemption and continues or is completed in each succeeding property tax year.
- Requires applicants to file for certification with DAS to seek tax exemption for land on the terms of Home Start lands.

HB 2316 -4 STAFF MEASURE SUMMARY

- Requires applicant to use a form provided by DAS on or before March 1 of each assessment year for which the certification for exemption is sought, except that when the land is acquired after March 1 and before July 1, the application for that year must be filed within 30 days following the date of acquisition.
- Requires applications to include:
 -
 - description of the land for which the certification is sought;
 - information and documentation DAS requires for the purpose of determining the eligibility of the land for the certification; and
 - written declaration made by the applicant, subject to penalties for false swearing, that all information and statements included in the application are true.
- Requires DAS to approve or deny each application for certification, notify applicants of approval or denial, certify eligible lands for the exemption to county assessors, and notify the county assessor of any information for each denied application for land that had previously been granted exemption.
- Makes final any denial of an application for certification.
- Requires county assessors to exempt the land from ad valorem property taxation in accordance with the certification upon receipt of certification.
- Requires county assessors to enter on the assessment roll the land's assessed value as if not exempt and the corresponding taxes due, along with a notation indicating its exemption status and potential for additional taxes.
- Terminates exemption at the earlier of the fifth tax year or when eligibility is lost.
- Disqualifies from exemption any ineligible land later discovered to have received the exemption and applies additional taxes equal to the tax savings for the affected years, along with a penalty of up to five percent unless the error was unintentional.
- Allows DAS to adopt rules to implement the tax exemption process.

BACKGROUND:

In the 13 Western states—including Hawai'i and Alaska—the U.S. government holds [roughly](#) 49% of the land, excluding additional holdings by state, local, and military entities. Concurrently, the region is grappling with an acute [housing shortage](#); seven out of the ten states facing the most significant deficits are located in the West.

There are two main avenues for developing housing projects on public lands:

- **Developments on Land Owned by States and Municipalities**
Typically situated in urban settings, these projects often emerge when a local agency (such as a school district or transportation authority) determines that it no longer requires a particular piece of land. California exemplifies this approach by recently amending its regulations to give affordable housing developers [priority access](#) to surplus public land.
- **Developments on Federally Owned Land**
In these cases, a federal agency like the Bureau of Land Management (BLM) facilitates development by selling, leasing, or trading land parcels. Because federal lands are generally located on the periphery of communities, projects on these parcels tend to be on the outskirts. For example, in Nevada, the BLM has been [selling land](#) near Las Vegas to local developers since 1998, with the profits benefiting the state. Moreover, [pending legislation](#) could make almost 16,000 additional acres—primarily federally owned—available for housing developments in the Reno area.

Additionally, the Forest Service in Colorado, which operates under the Department of Agriculture rather than the Interior, has [begun arranging deals](#) to sell or lease land for residential projects in mountain towns. In April of last year, an agreement between the Forest Service and Dillon, Colorado—facilitated by provisions in the 2018 Farm Bill—paved the way for developing 177 rental units on Forest Service property, with ten units designated for forest staff.

Similarly, Steamboat, Colorado, is in the [process of acquiring](#) an eight-acre parcel of Forest Service land to construct approximately 100 housing units, reserving 25% of these for Forest Service employees, many of whom are increasingly unable to afford local housing. A parallel [initiative](#) in Ketchum, Idaho, involving negotiations for 80 housing units on U.S. Forest Service land, is also underway.

PRELIMINARY