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Housing Production Legislation

House Committee on Housing and Homelessness to Joint Committee on Ways and Means

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Housing Needs and the Oregon Context



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Housing Needs in Oregon

- Current housing unit deficit of 100,000, with an additional 400,000 in future needs projected for the next 20 years
 - *89% of current deficit is units for households under 80% AMI*
 - *48% of future need is units for households under 80% AMI*
 - *EO 23-04 set a 36,000 unit per year production goal*
- Median sales prices of homes are increasing at 7.1x the rate of median wages
- More than half of all renters and more than a third of homeowners in Oregon are cost burdened, meaning that they spend more than 30% of their income on housing costs
- Racial gaps in homeownership opportunities are increasing for Black and Native communities



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Current Housing Production Challenges:

- If the same building plan is used across multiple jurisdictions, or even across neighborhoods within a single jurisdiction, that plan is subject to local review each time it is submitted, increasing costs for housing providers
- Housing providers face long, unpredictable permitting processes due to varying local design, land use, and building requirements, even if the lot is considered an infill lot or even if the building plan was previously permitted by a local jurisdiction
- Lengthy review processes can stall or block projects from ever getting built
- Current zoning practices leave thousands of lots across Oregon that still have restrictions on middle housing development
- Oregon has outdated, failing, and overcapacity infrastructure throughout the state

Housing Production Legislation

House Committee on Housing and Homelessness to Joint Committee on Ways and Means



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2025 Housing Production Legislation for Discussion

House Bill 2138A

Expands middle housing and infill development

House Bill 2258A

Establishes a statewide pre-approved land use and building plan program

House Bill 3031A

Establishes an infrastructure fund for housing program

Building on Policy Successes

House Bill 2138A



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What is middle housing?

- Middle housing includes duplexes, triplexes, quadplexes, townhouses, and cottage clusters
- Well suited for infill and redevelopment projects, in addition to new development areas
- Often has a smaller footprint and results in denser developments and walkable neighborhoods
- Can provide more affordable rental and homeownership options



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Middle Housing Background in Oregon

2019: The Legislature passed HB 2001, which legalized duplexes on single-family lots in cities with 10,000+ population and all middle housing in single-family residential areas in cities with 25,000+ population



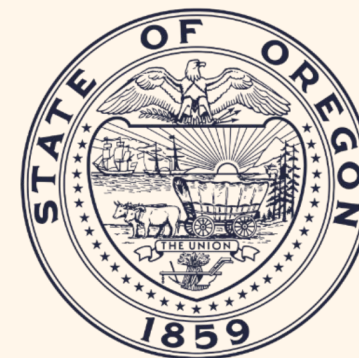
2020: DLCD adopted rules to guide how cities implemented the new middle housing law



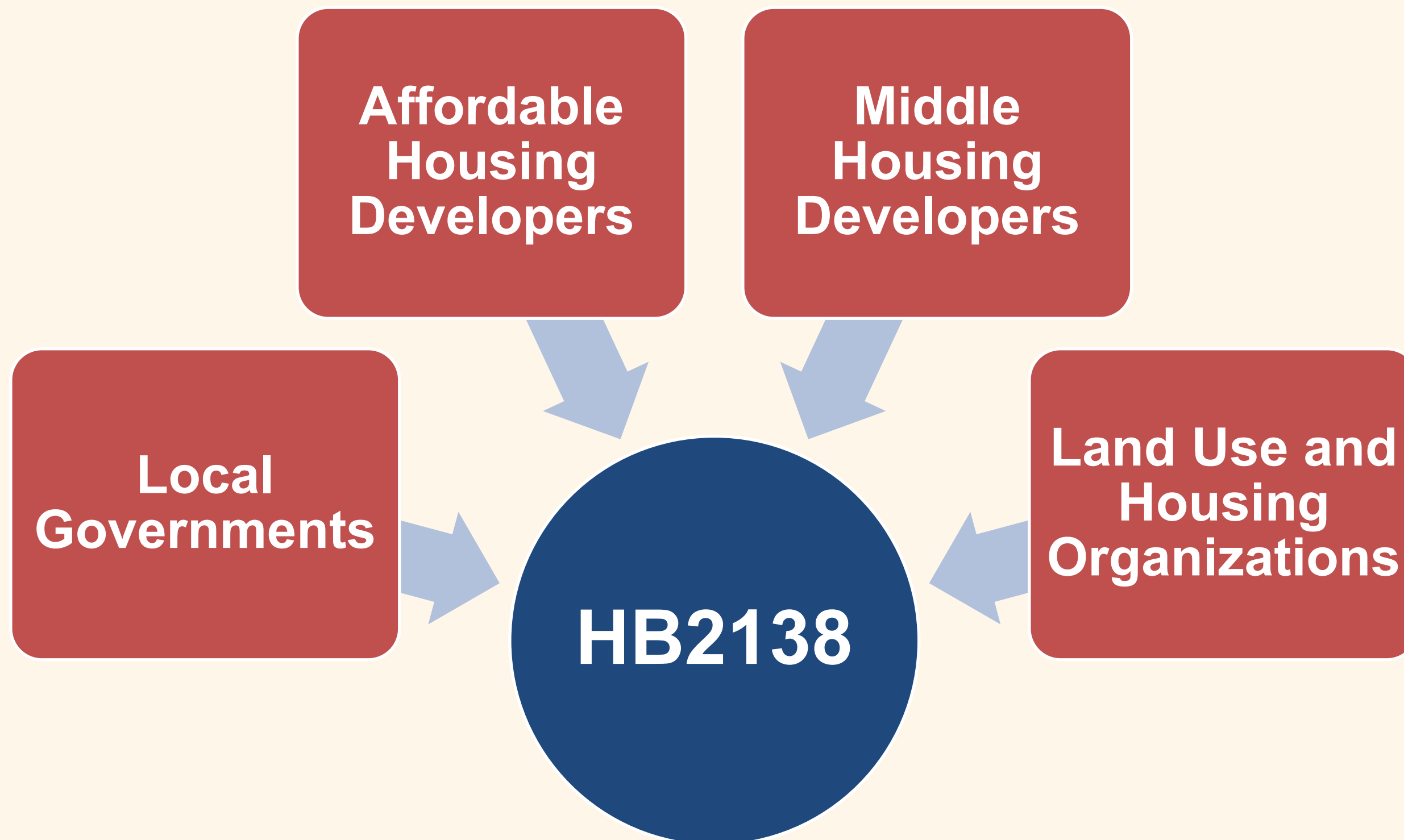
2021: The Legislature passed SB 458, which provided a simplified land division process for middle housing units to expand homeownership opportunities around these housing types



2023: The Legislature passed HB 3395, which extended the duplex siting requirements to cities with 2,500+ population



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Core Policy Goals

To reduce housing prices and increase homeownership

- **Legalize thousands of new housing units** by allowing additional duplexes, triplexes, quadplexes, cottage clusters, and townhouses across Oregon
- **Eliminate barriers to development** for additional middle housing in every community
- Require incentives for **accessible homes** and **affordable homeownership**

Legalize thousands of
new housing units





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Current Issues:

Thousands of lots across Oregon still have restrictions on middle housing development:

- Lack of middle housing allowance in all urban areas
- Restrictions on adding middle housing on lots with existing units
- Private restrictions not allowing property owners to build middle housing



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Policy Changes:

- Legalize middle housing in all urban areas
 - *Urban services capacity required*
- Require cities to allow middle housing on lots with existing single-family units, accessory dwelling units, or duplexes
- Invalidate private restrictions not allowing property owners to build middle housing
 - *Modeled after AB 670 (California, 2019)*
- Require cities to allow duplexes, triplexes, and quadplexes as attached or detached
 - *Detached units expand the number of middle housing builders*
 - *Facilitates a housing product Oregonians seek at middle housing densities*
 - *Enables increased fee-simple homeownership*

Eliminate barriers to development





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Current Issues:

Process and development requirements continue to exist that add time and cost which slow or stop new middle and small unit housing:

- Middle housing in new area developments require two land division processes
- Middle housing land divisions require public notice and allow for local appeals
- Middle housing and small units are subject to more onerous and exacting requirements than detached single unit development



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Policy Changes in Statute:

- Combining the subdivision and land division processes for middle housing
- Eliminate notice and appeals requirements for new middle housing land divisions
- Eliminate traffic impact analyses and non-adjacent traffic-related exactions for infill middle housing developments
- Reduce parking requirements for single-room occupancies



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Policy Changes in Rule:

- Prohibit siting and design standards that have the effect of preventing manufactured middle housing siting
- Establish siting and design standards for ADUs and SROs that facilitate new housing unit production
- Amend existing siting and design standards for middle housing from lessons learned to facilitate additional new housing unit production
- Facilitate additional flexibility in front setbacks, parking, and other development requirements

Accessible and affordable homes





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Current Issues:

Over half of the current housing production deficit and future need is for affordable or accessible housing:

- Affordable homeownership opportunities are needed to increase homeownership rates and reduce homeownership disparities
- Type A accessible housing in middle housing types is mostly at the discretion of the housing developer



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Policy Changes in Statute:

- Statewide required density bonus on a middle housing development if one unit is built to Type A accessibility standard or one unit is offered for sale to households under 120% AMI
 - *One additional unit in duplex or triplex, or two additional units in townhouse, quadplex, or cottage cluster*
 - *Local governments may enact stronger programs for density bonus*
 - *Affordable homeownership developers always receive additional density*
 - *Market rate developers are incentivized to add affordability or accessibility*

Statewide Pre-Approved Land Use and Building Plans

House Bill 2258A



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What is Oregon Homes?

A statewide pre-approved building plan and land use program that would:

- Provide a series of building plans for single units, duplexes, triplexes, quadplexes, townhomes, and apartments 12 units or less developed by the Building Code Division
- Create land use and design standards to be applied to the building plans as developed by the Department of Land Conservation and Development
- Develop a list of specific eligible sites for application that would encourage development in suitable environments



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Core Policy Goals

To reduce housing costs and increase housing choice in Oregon

- **Eliminate barriers to development** for additional middle housing and homeownership opportunities in every community
- **Provide clarity and predictability** for land use and design standards while reducing burden for review on local jurisdictions
- **Reduce costs and lengthy reviews** for building plans approved by the state allowing more housing to be built quickly

Eligible Sites





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Policy Changes in Statute:

Eligible sites for the Oregon Homes program are:

- Lawfully established units of land within an urban growth boundary;
- At least 1,500 square feet but not larger than 20,000 square feet;
- Vacant or with a non-residential structure that is nonconforming or not suitable for any lawful use;
- Not covered by slopes averaging more than 15 percent;
- Zoned to allow residential use;
- Not within areas identified as environmentally sensitive, natural hazard areas, or open space or scenic areas



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Policy Changes in Statute:

Additional site eligibility requirements include:

- Prohibiting the removal of heritage trees or trees 20 inches or more in diameter at breast height (DBH)
- Requiring the replacement or replanting on or adjacent to the developed lot or parcel for every removed tree that is:
 - Locally designated as a protected species;
 - Not deemed unhealthy by a certified arborist; and,
 - Has a DBH of 12 inches or more
- Sites with demolition permits in the last 5 years that would produce net new units by utilizing a pre-approved building plan;



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Policy Changes in Rule:

The following would be developed in rule by the Department of Land Use and Conservation and would inform which sites are eligible for specific pre-approved building plans:

- Limits on land use, including establishing appropriate minimum or maximum setbacks, parking requirements, floor-to-area ratios or minimum dwelling units per acre, or standards for tree removal, replacement, or planting
- Allowable variations or adjustments from the specific approval

Processes that the local governments may apply to the development, except for public facilities or traffic impact analyses which the local government may establish and implement, will also be determined in rulemaking

Eligible Housing Types





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Policy Changes in Statute:

Housing types eligible for this program are:

- Attached or detached single unit dwellings, duplexes, triplexes, quadplexes, townhomes, cottage clusters, and multi-unit dwellings with more than six or fewer than 12 units.
- ADUs, and prefabricated or modular housing.

Unit sizes that may be approved only include:

- 2,200 square feet or less per unit for single unit dwellings, duplexes, triplexes, quadplexes or townhomes.
- 1,400 square feet or less for cottage clusters or multi-unit dwellings.

Mandatory adjustments under SB 1537 do not apply to homes authorized under Oregon Homes



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Policy Changes in Statute:

Developers and housing providers may submit building plans to BCD for review and approval as part of the existing Master Plan Program created by ORS 455.685. If utilizing the Oregon Homes process, developers and housing providers can get their plans pre-approved by BCD to be used statewide for sites eligible for Oregon Homes. Building plans approved as part of the Oregon Homes process through the Master Plan Program would be subject to the same land use and design standards as the Oregon Homes building plans.



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Policy Changes through Designated Process:

The following would be developed by the Building Codes Division:

- Building plans for use in sites meeting the eligibility requirements;
- The process by which an applicant for a building permit eligible for Oregon Homes may receive building construction plan approval from the local jurisdiction.

Infrastructure for Housing

House Bill 3031A



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HB 3031: A programmatic approach

Establishes a program at Business Oregon and invests \$100 million to provide loans, forgivable loans, and grants to fund:

- Transportation, water, wastewater, or stormwater
- Site development

Coordinated with other funding sources, including Business Oregon, DEQ, and federal funding sources.



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HB 3031: Strategic Investments

Invests in the full continuum of housing needs with:

- Grants and forgivable loans for regulated housing serving under 120% AMI
- Loans for unregulated projects, including market rate housing

Contains density standards linked to population areas.

Allows for capacity upgrades linked to specific projects.

Includes set asides for rural communities.

Expanding the Tools





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Adding Production Tools

- Existing production tools

- *Land, land acquisition, and land readiness programs*
- *Mandatory flexibility in design and development standards*
- *Planning and permitting process improvements*
- *Infrastructure funding for new housing*
- *Affordable housing financing program reform and expansion*
- *Moderate income housing revolving loan fund*
- *Housing Accountability and Production Office*

- Expansion of tools

- *Middle housing and infill policy reform, infrastructure for housing program, statewide preapproved plans, and more...*
- *\$1.5 million in local government technical assistance for middle housing, \$7 million overall*



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Thank you!
