

HOUSING INNOVATION PARTNERSHIP

Developing tools and taking action to eliminate Oregon's housing deficit.

The Goal: Increasing Housing Production

The Housing Innovation Partnership, a collaborative of 35 public, private, civic sector organizations, formed in early 2022 with one shared goal: addressing Oregon's housing needs. As a state, Oregon needs to produce 360,000 units of housing in the next decade. Current methods for producing housing are inadequate to meet that benchmark. Adequate housing stock is a necessary, crucial component of a vibrant economy, and Oregon's gap is hindering the state's economic, social, and livability measures.

Research & Discussion

Through research and discussion, the Partnership identified the top barriers to housing production in the state. These include lack of local capacity to navigate the complex permitting and financial hurdles, low capacity for off-site built construction such as modular housing or panels, and a lack of financial capital and tools to build housing.

Especially notable is the vast gap of housing production at the workforce housing income level. This is defined as 60-120% area median income and is housing for teachers, hospitality workers, mill workers, bus drivers—folks that are part of the fabric of every vibrant community. In current market conditions, it is not financially feasible for developers to build workforce housing. As a result, it is vastly underproduced, creating strain on the continuum of housing in Oregon.

Finding Solutions

Through multi-sector convening and collaboration, the Partnership created a suite of tools to overcome the barriers. These include grant and loan programs for land acquisition and predevelopment work, as well as funds to increase local capacity at the city and county level to navigate the complex system of development. One innovative proposed solution is a tax-increment financing tool that would be capitalized across the state, creating a durable fund with lasting impact in housing production.

Taking Action

The result of the Partnership's year of work is three sets of tools that offer rapid solutions to increasing housing production to help meet our state's goals. These tools will enable Oregon communities—urban and rural alike—to build ample housing and support the Governor's ambitious goal of creating 36,000 units of housing annually.

Join us in this effort to ensure adequate housing – and an abundant economic future – for Oregon.

Housing Innovation Partnership

HB 2981

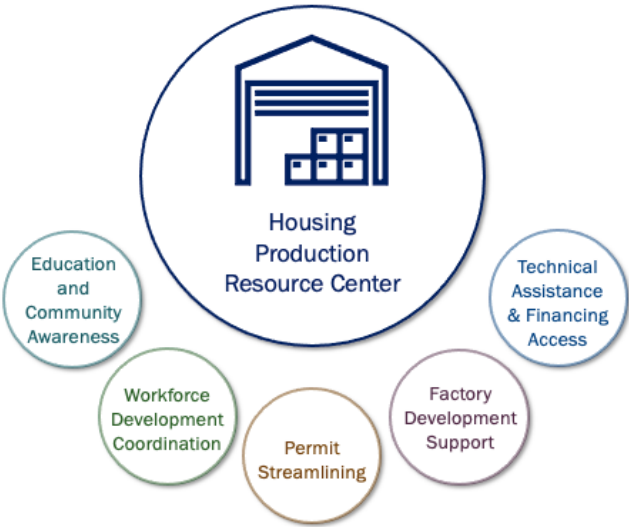
HOUSING PRODUCTION

Housing Production Center

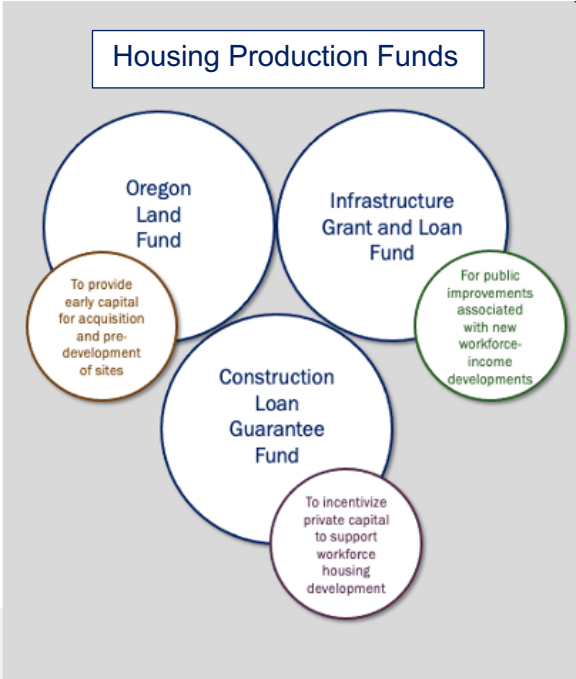
Housing production can be enhanced by creating capacity for off-site construction, which is currently limited in Oregon. There is a clear need to deal with the regulatory, distribution, workforce, and market acceptance issues affecting off-site construction housing types, and to implement a strategy for greater use of modular and panelized construction. The creation of a Housing Production Resource Center is proposed. The Center would help coordinate specialized workforce training, help developers and jurisdictions access financing, break down barriers, support permit streamlining and address challenges in all sectors, supporting and bringing factory-built housing, panels, and other needed housing to scale. Budget; \$5,000,000.

Workforce Housing

Housing production can also be spurred through the development of innovative financing models serving those with incomes that do not allow them to access public assistance but who need housing the market is not able to provide at affordable prices. Workforce housing is not recognized as critical housing type in Oregon and is not currently supported through any public incentives. The creation of an Infrastructure Grant and Loan Fund, Oregon Land Fund, and Construction Loan Guarantee Fund are proposed. Budget; \$20,000,000 each Fund.



**The mission of a HPRC is to support the owners, developers, suppliers, investors, employees, and customers of needed housing in this state.*



Housing Innovation Partnership

HB 3174

CAPACITY BUILDING

Oregon's Housing Problem

Solving the current housing crisis will require a strong collaboration between the State of Oregon and its local government partners. Increasing the capacity and ability of local governments to carry out community development and housing construction activities is essential to increasing the state's overall production of needed housing. In order to deal with Oregon's dramatic deficit in needed housing, the following legislative solutions are proposed to build sustainable funding capacity and accountability for Local Governments to process permits and make modifications to plans and ordinances that will result in housing production.

Technical Experts

Most Local Comprehensive Plans were adopted over 45 years ago and need to be updated in many cases. To achieve an increase in Oregon's production of needed housing by at least 50%, Oregon's cities and counties need staff that is not currently present. The Office of Economic Analysis estimates that approximately 450 on-the-ground technical experts in the areas of land use planning, community development, construction inspections, and infrastructure will be needed. This legislation would add that capacity over time. Budget; \$45,000,000.

Housing Coordinators

Provide each of Oregon's 12 regions with sustainable funding to recruit and hire a housing coordinator. These regional housing coordinators will, at a systems level, partner and consult with local governments, developers, financiers, and other interested partners to bridge any information gaps, identify and secure needed resources, and enable local governments to develop needed housing. Grants under this program will be administered by the Oregon Department of Administrative Services in consultation with DLCD and OHCS. Budget; \$3,600,000.

Education Programs

Create a statewide education program designed to explain Oregon's unique land use system, as well as the causes of Oregon's housing crisis and the potential solutions to overcoming it. Understanding Oregon's land use system, as well as the housing crisis, requires specialized education, the provision of which is not readily available to local government officials across the state of Oregon. The program would be administered by AOC and LOC in consultation with DLCD. Budget; \$500,000.

State Liaisons

Provide The Association of Oregon Counties and League of Oregon Cities each with sustainable funding to recruit and hire their own State Housing Liaison. The two state liaisons will serve as a conduit between their respective local government members, housing coordinators, the housing production team, state agencies, the governor's office, and the legislature. Budget; \$600,000.

Accountability & Outcomes

To ensure that process costs are tracked for the purpose of identifying opportunities and informing efforts for cost reduction and production time acceleration, a report from the Office of Economic Analysis shall be prepared in consultation with DLCD and OHCS on an annual basis. The report should detail staff time required to complete housing permits; conditional use permits; building inspections; needed comprehensive plan revisions; needed zoning ordinance changes; and time taken to process appeals of local decisions. Budget; \$100,000.

The purpose of the capacity increases in this bill are to dramatically increase housing production. While initial investments can be made in local government capacity, they should only be continued at the level that produces results in reducing Oregon's housing deficit. These investments should also result in the acceleration of permitting and the streamlining of local process which can reduce processing time for local developers and homebuilders.

Housing Innovation Partnership

HB 2980

REVOLVING LOAN FUND

Oregon's Housing Problem

Oregon's dramatic housing shortage is a threat to our residents, communities, and economy. ECONorthwest estimates that the state has a deficit of 140,000 homes statewide. Current housing production is not keeping up with demand, much less making progress on the deficit.

Approximately 30% of this shortfall is for housing serving households earning 60-120% AMI. Without subsidy, housing developments serving these households are not economically feasible. Even with successful improvements to regulatory barriers such as zoning approvals and permitting timelines, a financial gap will prevent production at scale. Currently, no sustainable gap funding resource exists. HB 2980 is designed to fill that need and rapidly boost housing production.

The Revolving Loan Fund

HB 2980 establishes a state revolving loan fund to fill housing financing gaps. Local jurisdictions access the fund to boost development of needed housing in their communities. Eligible housing can be rental or homeownership, multi-family or single family. The goal of this fund is housing production that could not otherwise be produced.

Local jurisdictions control project selection and borrow from the fund to make grants to local developments. These grants fill critical project funding gaps. The jurisdictions then pledge the amount of revenue from a fee based on the improvements to repay the loan over 10 years. After loans are repaid, full property taxes are retained by local jurisdictions.

To accommodate technical challenges of our property tax system, this program will use a 10 year tax abatement on the improvements and add an equivalent fee that will repay the loan.

- Revolving Loan Fund: \$300 million
- Units Produced: 12,000 (plus ongoing from reinvestment)
- Target Population: 60-120% AMI
- Subsidy per Unit: \$15,000-\$35,000 (est.)
- Project Control: Local jurisdictions with State support
- Eligible Housing: Single and multi-family; rental or ownership Fully funded
- Fire Districts: Fully funded
- Fund Leverage: \$4.5 billion* in other funding

*Assumes \$400,000/unit cost and \$25,000/unit subsidy averages.