



ACCELERATE HOUSING PRODUCTION TO IMPROVE AFFORDABILITY AND REDUCE HOMELESSNESS

The Opportunity and Why It's Important

Oregon has a mandate to tackle an interrelated housing affordability and homelessness crisis that has extended over a decade. The crisis is rooted in an overregulated market that produces too few housing units relative to population and job growth. A study ordered by the Legislature found that Oregon's housing supply is underbuilt by 140,000 units. This shortage puts upward pressure on prices and rents, outpacing income growth and putting a large share of Oregon households in cost-burdened or severely cost burdened status. People in cost burdened status spend 30 percent of their income on housing. People severely cost burdened spend over 50 percent.

Current Status

The state's 2019 strategy to address the housing crisis, embodied in House Bill 2003, is on the right track, but it will take years to execute. The vision of the legislation is sound, yet its implementation will be challenging. A state-level housing supply agenda will have to be worked out at the local level, where there are likely to be differing perspectives among elected officials and neighborhoods on zoning changes and individual development projects.

Recommendations

- **Codify new methods to project regional housing needs.** The first phase of HB 2003's implementation demonstrated new methods to calculate regional housing needs. Under current law, localities consider needs for only future population growth with no consideration for current market conditions and a legacy of underproduction. The new methods consider elevated prices, overcrowding, and homelessness.
- **Tie the new regional housing need projections to binding local production strategies and land use plans.** The state will need to provide resources to localities to update their housing strategies and land use plans and recognize the higher need uncovered in the HB 2003 method. New rules should commit localities to their share of HB 2003-aligned production levels--about 30,000 units annually for 20 years--and incorporate meaningful regulations and incentives tied to implementation.