



Oregon

Tina Kotek, Governor

HPAC Finance Work Group Recommendation

Recommendation:

Create a new cabinet-level oversight body, and/or a new administrative coordinating agency within the executive branch to coordinate, collaborate, and solve problems within state government to support housing production across the entire market spectrum. This new entity should be charged with clearly articulating the tools, actions, and policies the state will employ to meet housing production targets. This recommendation was outlined in the [Oregon Housing Needs Analysis Legislative Recommendations](#).

Related Work Plan Topics:

Housing Finance Agency creation
Middle Income Housing Finance
Housing Production Accountability Office creation
Leveraging State-Owned Property

Adoption Date:

9-20-23

Method of Adoption:

Meeting consensus followed by email confirmation

Co-chairs Guidance: Standards for Analysis

1. Clearly describe the housing production issue that the recommended action(s) will address.

Significant portions of the Oregon Housing Needs Analysis (OHNA) Legislative Report from December, 2022 were incorporated into HB 2001 (2023). One top line OHNA recommendation – Commit to Working Together with Urgency – was not taken up by in that bill. Per the OHNA,

“Housing underproduction is a systemic problem that no one actor can resolve. Public, private, local, and statewide entities all have a role to play and can become obstacles when not coordinated. There is no one entity or person responsible for the public sector role in housing production at the state level. For our state to have an effective system

to accelerate housing production, we must have coordinated administrative systems that can deliver.”

Other, related production issues include significant data gaps and housing-focused policy and economic analytics. Oregon does not today have an accurate picture of how much housing exists or is being produced statewide, and this lack of basic data is problematic to policymakers. Moreover, because the housing system is tied to so many other complex systems (tax policy, land policy, jobs and the economy, health, social welfare), avenues to analyze and then work holistically on removing barriers is critical to long-term success.

“Currently, there is no specific agency of state government responsible for overall housing production, and many of the available regulatory tools are better suited to preventing unwanted developments than to encouraging those that are needed. As a result, the policy response to the current housing shortage has been disjointed, with siloed policy discussion and action occurring at several agencies without meaningful, systemic coordination between them or with local and regional partners.

A comprehensive, production-focused system needs leadership and coordination across the many entities engaged in some aspect of housing production. Simply put: someone needs to be in charge, to: (1) ensure coordination of available funding sources and regulatory authorities (currently spread across many agencies) toward meeting production targets, and (2) implement the OHNA model, including ongoing management of the data that measure progress toward targets.”

A new governance model and/or administrative entity could assume responsibility for working across systems and developing comprehensive strategies for how state government will use its financial and regulatory tools to remove barriers and accelerate housing production. In short, the state can and should take responsibility for a statewide Housing Production Strategy that parallels the HPS requirements that now fall to local governments under HB 2001 (2023).

Figure 6. State agency roles in housing production.

Agency	Roles in Housing Production
Oregon Housing and Community Services	Affordable Housing Finance, Fair Housing
Department of Land Conservation and Development	Planning & Zoning Rules, Public Facilities Planning, Land Use Regulation
Department of Administrative Services	Economic Analysis
Oregon Department of Transportation	Integrated Transportation and Land Use, Transportation Infrastructure and Planning
Department of Environmental Quality	Water and Wastewater Infrastructure, Environmental Regulation
Business Oregon	Infrastructure & Capital Improvements Funding, Economic Development, Community Development Block Grants, Brownfields Redevelopment
Bureau of Labor and Industries	Occupational Licensing, Fair Housing
Department of Consumer and Business Services	Building Codes, Lending & Financial Regulation

The Finance Committee recommends adding the following agencies/offices to the list:

Dept. of Human Services
 Oregon Health Authority
 Higher Education Coordinating Committee (HECC)
 State Treasury
 Department of Revenue

2. Provide a quantitative, if possible, and qualitative overview of the housing production issue.

See above. Silos within state government create unnecessary – if unintentional – barriers to production.

3. To assess the issue and potential action(s), include subject matter experts representing all sides of the issue in work group meetings, including major government, industry, and stakeholder associations.

Lorelei Juntunen, President and CEO of ECONorthwest, 9/20/23. In addition, the Finance Committee notes the considerable list of SMEs involved in production of the OHNA.

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4. Provide an overview of the expected outcome of the recommended action(s), including quantitative/qualitative context if available.

As identified in the OHNA, state government – its leaders and agency structures – can and should adopt an orientation towards Housing Production as a priority. Doing so will be challenging but will ultimately pay dividends in terms of agency responsiveness and collaborative problem solving.

5. Estimate of the time frame (*immediate, short, medium, long-term*), feasibility (*low, medium, high*), and cost (*low, medium, high*) for implementation of the recommended action(s).

Time Frame	Feasibility	Cost
<input type="checkbox"/> Long-term	<input type="checkbox"/> High	<input type="checkbox"/> High
<input checked="" type="checkbox"/> Medium-term	<input checked="" type="checkbox"/> High	<input type="checkbox"/> Medium
<input type="checkbox"/> Short-term	<input type="checkbox"/> Medium	<input checked="" type="checkbox"/> Low
<input type="checkbox"/> Immediate	<input type="checkbox"/> Low	

Declaring both Executive and Legislative Branch leadership intent to focus on challenges associated with governance and structure within state agencies could be achieved fairly quickly. What will take time will be the required organizational development and change management processes, and overcoming resistance to those within agencies who prefer the status quo.

6. Provide a general overview of implementation, the who and how for the recommended action(s).

For purposes of this recommendation, the HPAC Finance Workgroup largely defers to the OHNA:

“Coordinated statewide action would require sufficient authority to (a) convene agency leadership, (b) develop and refine policies to achieve desired housing production outcomes, (c) administer programs with accountability in housing production as well as fiscal and budget, contracting, HR, and IT services, (d) provide specialized housing production expertise to local partners, (e) direct funding for housing and public infrastructure, and (f) provide regular reporting to the Legislature and Governor's office.

The OHNA goes on to recommend creation of an inter-agency Housing Production Team, noting that implementation of the OHNA,

“will require a high degree of trust, communication, and transparency, as jurisdictions become accustomed to the new methodology. The establishment of a coordinated statewide administrative structure and Housing Production Team may necessitate phasing, recognizing the substantial challenge of reorganizing power and responsibility among state government agencies.”

“Recognizing an urgent need to begin addressing housing production barriers, we recommend establishing an interagency Housing Production Team and administrative leadership position. The leadership of this team should be housed at the coordinated statewide administrative entity, and staff assigned to the team should be drawn from multiple agencies, leveraging the expertise and programmatic knowledge of each agency. This team should respond to a legislative mandate that directs agencies to coordinate their existing and potential new funding sources and regulatory authorities toward the goal of housing production. This provides a clear focal point for communicating and partnering with local governments.

“The Housing Production Team should have (or be able to contract for) expertise in affordable housing finance, market rate development, permitting and building code, land readiness, fair housing law, community engagement, and development policy analysis. The team would deliver a commitment to federal and state requirements for fair housing, including anti-displacement tools and other housing equity strategies. This would also facilitate better coordination of housing production with broader policy initiatives, including transportation, equity, infrastructure, environmental quality, and climate. This team would function in two ways:

1. As technical experts that can be called on to address specific site development challenges or policy questions in partnership with local governments. Local jurisdictions face numerous constraints that inhibit the development of sites that would otherwise support housing production and receive minimal support from the state in technical or financial assistance to address such constraints. This team would provide varied and specialized housing production expertise that can diagnose and overcome development barriers through policy and investment interventions. It should also be able to deploy technical assistance and consultant support to ensure that it can help unstick complex development sites or evaluate thorny policy questions.
2. As an accountability and review team, to oversee progress toward goals in HPSs. The team would recommend actions that may be missing in local strategies or need more attention on a regular review cycle. In its accountability function, we

recommend that the inter-agency Housing Production Team incorporate the existing staff review of HPS documents. This will enable the team to partner with local jurisdictions on specific actions identified in the HPS to ensure they have the resources and state coordination needed for implementation. If necessary, they would also be able to recommend enforcement orders for cities that are not meeting targets and are not taking sufficient action to address those deficits.”

HPAC Finance Workgroup recognizes that Governor Kotek plans to create a Housing Production Accountability Office, and further that Dept of Land Conservation and Development has developed an internal Housing Production Team. These are important steps in the right direction. But neither goes as far as the Workgroup believes is necessary for the magnitude of change that is necessary within the executive branch. For this reason we recommend that the Governor consider also convening agency heads from the departments listed above on a regular basis to ensure executive-level alignment around removing barriers and solving problems related to housing production, while continuing to study the possibility of a new administrative entity with dedicated staff from a variety of disciplines beyond DLCDC and Building Codes.

Consideration of these governance and service delivery recommendations can also be paired with concepts related to creation of a quasi-independent Housing Finance Agency, as well as the HPAC recommendation related to leveraging state-owned property for housing.

7. Outline the data and information needed for reporting to track the impact and implementation of the recommended action(s).

Trends in building permit data

8. Identify any major externalities, unknowns, tradeoffs, or potential unintended consequences.

This concept was vetted to a limited degree through the extensive OHNA process. Implementing the recommendation would be a significant undertaking, but aspects of it could be implemented in phases – especially a convening of agency heads as has been done for COVID-response, wildfire recovery, and Regional Solutions.

Tradeoffs will be mostly with agency culture, business operations, and realignment of same. Oregon statutes dictate authorities of agencies, and some of these may eventually require amendments, but initial coordination steps should not require legislative action.