



Memorandum Date: June 13, 2023

Order Date: July 27, 2023

TO: Board of County Commissioners
DEPARTMENT: County Administration,
PRESENTER: Steve Adams Policy Director

AGENDA ITEM TITLE: Affordable Housing Update and 2023 Oregon Legislative Housing Policy Update

I. MOTION

None

II. AGENDA ITEM SUMMARY

Quarterly update on development of Affordable Housing strategies.

III. BACKGROUND/IMPLICATIONS OF ACTION

A. Board Action and Other History

Adoption of the Lane County Affordable Housing Action Plan in 2020.

Adoption of the Lane County Strategic Plan for 2022-2025

B. Policy Issues

I. Issue

Lane County is experiencing a housing crisis. Several decades of underproduction have driven up home prices and rents and left too many residents are without adequate housing choices. Too often, residents and those desiring to move to Lane County find it difficult to afford housing at all. Further, the people suffering most acutely from the housing shortage are disproportionately lower income households. The county's economic success, and individual and family housing stability, health, and economic opportunity is at stake. Addressing this issue requires the substantial increase in housing supply.

A historic investment in affordable housing has been made as advocated by the Governor and approved by the legislature that will invest over \$1 billion dollars in housing bonds to increase the number of new homes as well as other significant investments to address homelessness. Lane County should take steps to convene interdepartmental county staff and stakeholders and assist in the development of strategies to leverage the maximum amount of this new investment into the County for affordable housing development.

The Lane County Board of Commissioners have an opportunity to provide direction on the roles and strategic goals for county government in the provisioning of a higher volume of housing units needed to meet regional shortfalls. That direction should include the scope, level and type of internal infrastructure and services, external partnerships, and resources needed to facilitate the production of more housing units. To date, the direction received by staff can be summarized in three overarching goals:

1. Encourage the development of additional units of affordable housing;
2. Help people stay in affordable housing;
3. Expand housing options and grow housing supply (across the market) to address existing shortages and future growth.

With a projected need for 16,403ⁱ new housing units in the next five years, the public sector's (state, county, municipal governments) strategy must aim to substantially increase the construction of housing. In reviewing regional housing needs data, about a third of new housing will need some level of public incentive – ranging from flexible development standards to direct subsidy — to be affordable to households earning less than 80% AMI. In addition, existing affordable housing stock must be maintained for seniors, veterans and other residents on fixed incomes.

No single change will fix the shortage of affordable housing in Lane County, and many strategies can be deployed at different levels (e.g., affecting a property, a community or working across the market) and in different sectors (e.g., for-profit housing, affordable housing, multifamily, or single family). Therefore, there are series of actions that could be implemented regionally need to be considered.

Board Goals:

Affordable Housing is a part of Lane County's Strategic Plan for FY2022-FY2025 Strategic Priority 2: Vibrant Communities It includes the goal to "Invest in Lane County residents by fostering engaged communities with affordable housing options, equitable opportunities, economic vitality and a healthy environment"

Objective A. Increase housing affordability, diversity and supply serving Lane County's residents in order to address the housing crisis.

1. Implement the Affordable Housing Action Plan.
2. Align housing objectives with all economic, climate, preparedness, and recovery plans.

3. Convene financial collaborations to expand innovative and equitable resource opportunities.
4. Leverage educational institutions (Lane ESD, LCC and UO) to expand skills sets in the construction trades workforce and expand apprenticeship programs to fortify design-build opportunities.
5. Support rural communities by piloting community land trusts and limited-equity cooperatives.
6. Lead faith community housing project, convene a team of faith leaders to identify pilot projects, identify funding opportunities, and conduct pilots.

C. Health Implications

As public health is a responsibility for county government, affordable housing is a prevailing public health intervention that data clearly demonstrate has tremendous positive impacts on the health of entire communities and ensures we are raising the bar for everyone. The social determinants of health – the economic and social conditions that affect health outcomes and are the underlying contributing factors of health inequities – have at their foundation access to safe, quality housing. Housing holds a strong connection to public health, inclusive communities, and other social justice issues. Increasingly, safe and stable housing is a top consideration in planning for the health and sustainability of our community in the years ahead.

IV. Analysis

A. History of Lane County's Role in Affordable Housing

Lane County role in housing development is mostly limited to community planning, land use, zoning and enacting policies and other regulations that affect housing in the unincorporated areas in the County. Fire recovery efforts in the McKenzie River area have the County getting more involved in financing housing related to rebuilding the affected community. County Human Services have been involved in financing emergency shelter and supportive housing projects. Several years ago the Human Services Division made available supportive housing a handful of grants available with excess one-time Secure Rural School funding.

Lane County previously had an housing infrastructure that was formed in 1974, a Housing and Community Development Department that operated for ten years and was dissolved in 1984 when the County lost a majority of its federal timber funding. After that, the County maintained a Community Development Coordinator position which existed until the early 2000's that primarily worked with the smaller communities on infrastructure development. Lane County's Housing Authority - Homes for Good has continued to provide public housing, housing subsidies, and housing development. Much of the housing that Homes for Good and other non-profit housing developers has been in the Eugene-Springfield metropolitan area.

Lane County is the only metropolitan County in Oregon that does have an ongoing role in supporting the financing of new affordable housing, housing rehabilitation and home ownership. Also, unlike other metropolitan Counties in Oregon Lane County does not have a regional housing planning program that includes the small cities in the County. Lane County small city administrators all see the need for the County to become more active advocating at

the state level for infrastructure and housing finance, technical assistance for small cities and regulatory reforms that would help to streamline the housing development process. They would also like to see Lane County consider implementing regional housing finance, rehabilitation and technical assistance programs that could be implemented collaboratively with the small cities in the County.

B. Regional Housing Needs Analysis

Affordable housing is lacking in Lane County and as the population growth continues so does the need for safe and affordable housing for all levels of income. It's vital for stabilizing our economy while preventing or reducing poverty in our communities.

The Oregon Housing Needs Analysis (OHNA) pilot estimated Oregon's housing shortage at 140,000 homes across the state. OHNA also estimates a need to add more than 550,000 units over the next 20 years to keep pace with housing needs. Of those units, 30 percent will need to house Oregon's lowest income community members and will most likely require public funding or subsidy.

Currently, the state produces an average of 20,000 units per year. Addressing the current shortage and keeping pace with annual housing needs will require the state to double its annual housing production. In response, on her first day in office, Governor Tina Kotek signed Executive Order 23-04 (EO 23-04). This order sets an ambitious housing production goal of 36,000 homes per year and establishes the Housing Production Advisory Council (the Council). The annual housing production goal represents an 80 percent increase over current annual trends. If Oregon is to build 360,000 additional homes over the next decade significant changes must be made to the ecosystems of land and infrastructure development, housing construction, public and private finance, as well as development codes and regulations. Identifying the most relevant of such changes that can quickly accelerate the pace of building is the work of the Council. The executive order requires that fifty percent of the annual statewide production target of 36,000 homes must be affordable to households making less than 80 percent of Area Median Income (AMI) to meet the need.

In Lane County the OHNA projected need for 16,403ⁱⁱ new housing units in the next five years and over sixty-percent of households anticipated to be at moderate- and lower-income levels. Over 20 years there is a projected need for 28,638 units (See tables below). The regional strategy must aim to substantially increase the construction of housing and to build more housing that is affordable to more families. In reviewing regional housing needs data, about a third of new housing will need some level of public incentive – ranging from flexible development standards to direct subsidy – to be affordable to households earning less than 80% AMI. In addition, existing affordable housing stock must be maintained for seniors, veterans and other residents on fixed incomes.

Lane County 5-Year Housing Unit Need By Income		
Median Family Income	Number of Units	Percentage of Units
0 -30%	5348	32%
30-50%	2530	15%
50-80%	2896	17%
80-120%	2397	14%
120%+	3168	19%
Total	16651	100%

Lane County 20-Year Housing Unit Need By Income					
MFI	Projected Need	Under-production	Housing for Homeless	Total Units	% of Units
120%+	11362	655	0	12017	27%
80-120%	5649	1969	0	7618	17%
50-80%	4729	3197	100	8026	18%
30-50%	3097	3054	347	6498	15%
0-30%	3801	3681	2770	10252	23%
Total Units	28638	12556	3217	44411	100%
% of Units	64%	28%	7%	100%	

As one can see from the great housing need for all income levels in Lane County, no single change will fix the shortage of affordable housing in Lane County, and many strategies can be deployed at different levels (e.g., affecting a property, a community or working across the market) and in different sectors (e.g., for-profit housing, affordable housing, multifamily, or single family).

C. State of Oregon Legislation and Investments

HB 2001 establishes the Oregon Housing Needs Analysis (OHNA) and associated production and reporting requirements; allows the Emergency Housing Account to be used for services or assistance to school-aged children enrolled in kindergarten through grade 12, or to their families if they are homeless or at risk of becoming homeless; provides for grants to increase accessibility of shelter or services, including host home projects, for youth experiencing homelessness; provides funding for modular housing development, housing predevelopment loans, and agricultural workforce housing; extends the notification requirement for termination of residential rental agreements for nonpayment; allows for sealing eviction records in certain circumstances; and provides for emergency procurement authority for the Housing and Community Services Department to address homelessness and provide services in communities within the OR-505 Oregon Balance of State Continuum of Care.

HB 5019 appropriates a net \$128.2 million to the Housing and Community Services Department; \$1.6 million to the Department of Emergency Management, and \$19.9 million to the Department of Human Services, to support the state's response to the homelessness emergency

declared in Executive Order 23-02; to provide corresponding services to the balance of state in the 2023-25 biennium; to address youth homelessness; and to repurpose \$30.6 million in funds from the Housing and Community Services Department 2021-23 budget towards these efforts.

1. Early Session Housing Package Investments

Answering Governor Tina Kotek's call, the Oregon Legislature made a necessary down payment to address Oregon's housing crisis with the over \$215 million Early Session Housing Package.

\$180.38 million Homelessness Response and Prevention

- **\$127.9 million** to invest in Executive Order 2023-02 emergency response:
 - **\$85.2 million** to add 600 low-barrier shelter beds statewide, hire more housing navigators to help unsheltered Oregonians, rehouse at least 1,200 unsheltered households, support wrap-around services provided by culturally specific agencies, and support local communities for sanitation services needs
 - **\$33.6 million** to prevent 8,750 households from becoming homeless by funding rent assistance and other eviction prevention services
 - **\$5 million** in emergency response funds for Tribal members living in emergency areas
 - **\$4.1 million** to support the Emergency Order response efforts at OHCS and the Office of Emergency Management, including planning for a state long-term rental assistance program
- **\$27.38 million** in homeless services response resources for the Rural Oregon Continuum of Care region as well as OHCS administrative costs to support the region
- **\$19.9 million** to support services for youth experiencing homelessness through the *Oregon Department of Human Services*
- **\$5.2 million** in Emergency Housing Assistance funds dedicated to youth

\$36.79 million Innovative Supply Solutions

- **\$20.2 million** to support modular housing facilities
- **\$7.79 million** was invested in the Early Session Package to support the implementation of the Oregon Housing Needs Analysis at OHCS, *Department of Administrative Services*, and the *Department of Land Conservation and Development (DLCD)*, including grants and technical assistance resources for local governments through *DLCD*
- **\$5 million** was invested in the Early Session Package for Agricultural Worker Housing grant program to modify on-farm housing through the *Department of Agriculture*
- **\$3.8 million** was invested in the Early Session Package for predevelopment for moderate-income housing through the Oregon Facilities Authority supported by the *Oregon State Treasury*

2. End of Session Housing Package Investments

The Oregon Legislature made a necessary down payment to address Oregon's housing crisis with the over \$215 million Early Session Housing Package. Governor Tina Kotek is calling for **\$1.316 billion to address housing stability and community prosperity**. Balancing the needs of Oregonians experiencing homelessness with addressing chronic supply shortfalls, the biennial budget represents the demands of Oregonians to act.

\$1.018 billion - Investing in Proven and Innovative Supply Solutions: The lack of homes in Oregon is driving up costs for renters and homebuyers. Oregon's Housing Needs Analysis makes it clear: the state must invest in the production of new homes.

\$1 billion in Bond Investments:

- **\$616 million*** to develop new affordable rental homes through the Local Innovation Fast Track (LIFT) Rental program (POP 105, General Obligation Bonds)
- **\$130 million** to develop permanent supportive homes (PSH), a proven model to end chronic homelessness and bring cost savings to other public systems (POP 104, General Obligation Bonds)
- **\$154 million*** to develop new affordable homes for purchase through the LIFT Homeownership program (POP 105, General Obligation Bonds)
- **\$100 million** to preserve and improve existing affordable homes, prevent rent increases in affordable housing, and preserve manufactured home parks (POP 107, Lottery Bonds)

\$18.7 million in General Fund:

- **\$9.7 million** for early-stage, pre-development costs for affordable housing developments that will support streamlining the application process
- **\$5 million** to ensure LIFT Homeownership can reach rural communities and build the density needed to address our supply crisis (POP 109)
- **\$4 million** to establish a PSH Risk Mitigation Fund to stabilize operating costs and support the longevity of PSH developments (POP 090)

\$246.2 million Homelessness Response and Prevention: Additional investments are needed to build on the Early Session Housing Package to ensure Oregon reduces rates of homelessness and prevent families from falling into homelessness in every corner of the state.

- **\$111.2 million** to maintain emergency response through next biennium
- **\$45.8 million** to maintain shelter operations in the state created by the early session package
- **\$2.3 million** for outreach positions to maintain staffing for homeless outreach to support access to shelter
- **\$39.7 million** investment in long-term rent assistance for those households rehoused through the Early Session Housing Package

- **\$17.5 million** to maintain unit access for people rehoused through the Early Session Housing Package (e.g., services and block leasing)
- **\$5.9 million** that will expand OHCS capacity to support homelessness response
- **\$48.9 million** for re-housing an additional 950 households statewide, with 25% of resources set aside for culturally responsive organizations
- **\$44.5 million** to prevent 9,500 evictions statewide, with 25% of resources set aside for culturally responsive organizations
- **\$24.1 million** to maintain operations for Oregon’s existing navigation centers, shelters and Project Turnkey sites
- **\$10.5 million** to address gaps in local government homelessness response efforts given the expiration of one-time federal COVID response resources
- **\$5 million** for the nine sovereign tribes for homeless services (POP 106)
- **\$2 million** to improve utilization of the Homeless Management information System (HMIS) in an effort to improve program accountability and outcomes

\$14.3 million* Expand Homeownership Opportunities and Keep Homeowners in Their Homes: Oregon has one of the lowest homeownership rates in the nation. Homeownership is out of reach for many, preventing generational wealth-building opportunities. On the other hand, many manufactured homeowners live in homes that are either unsafe or very inefficient. State investments are needed to improve outcomes and address racial disparities in homeownership. **investments in homeownership are included above in supply solutions*

- **\$11.8 million** for down payment assistance for homebuyers tied to OHCS lending products (POP 116)
- **\$2.5 million** to replace older or unsafe manufactured homes, preserving an essential part of Oregon’s affordable homeownership housing stock (POP 108)
- **\$5 million Asset Building for Low-Income Oregonians:** The Individual Development Account program is a matched savings program with a proven track record of creating financially stable households and advancing Oregonians’ financial goals.

\$9 million Improving Program Access: Investments in POP 103 are needed across the state to improve access to housing resources.

- **\$7.3 million** to provide capacity building and technical assistance to Oregon’s community-based organizations
- **\$1.7 million** to improve language access for OHCS programs

ⁱ Regional Housing Needs Assessment, March 2021, Eco Northwest for Oregon Housing and Community Services