

## METRO 2021 LEGISLATIVE ISSUE IDENTIFICATION

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### **ISSUE: Equitable Housing**

**BACKGROUND:** In recent years, rent and housing prices have both increased dramatically in the Portland area. Residents continue to face unprecedented challenges caused by rising housing costs without adequate affordable housing options and supports for low-income households. This has only been compounded by economic and public health crises caused by the COVID-19 pandemic and a national reckoning with the longstanding effects of racism and white supremacy in housing policy.

In 2015, Metro's Equitable Housing program developed a strategic framework for creating and preserving housing affordability and housing choice. The framework consists of four elements: increasing and diversifying market rate-housing, leveraging growth for affordability, maximizing and optimizing resources, and mitigating displacement and stabilizing communities. Together, they represent a balanced approach to equitable housing.

In 2018, Metro area voters approved a \$652.8 million affordable housing bond measure to create permanently affordable homes for seniors, working families, veterans and others who need them. In 2020, Metro area voters approved the nation's largest per capita investment in ending homelessness, with a regional supportive housing measure.

The Oregon Housing Alliance, of which Metro is a member, is developing its legislative agenda, and the 2021 Legislature is expected to pursue another round of housing legislation. Likely policy proposals include solutions to mitigate COVID and wildfires' housing impacts, continued rental and foreclosure moratoriums, and financial support, tax incentives and policy solutions for affordable housing development and preservation, homeless services and affordable homeownership opportunities.

**RECOMMENDATION:** Staff recommends support for a range of state policy and funding tools that are likely to be the subject of 2021 legislation on equitable housing. Anticipated legislative proposals that support the Equitable Housing Initiative's strategies include:

1. **Provide funding and policy changes that address housing issues resulting from COVID and wildfires** to lessen the impacts of the pandemic and natural disasters on housing insecurity.
2. **Provide funding and incentives to build and preserve affordable housing** to create and maintain housing for people that need it.
3. **Provide funding for ongoing operations and supportive services** to serve people with lower incomes and higher needs.

4. **Provide funding and advance policy change to enable more affordable home ownership opportunities** to help close the racial disparity homeownership gap.
5. **Enable local governments to waive certain zoning and building code requirements to support emergency shelters, small houses, or huts for homeless camps** when a local government declares a state of emergency for housing/homelessness.
6. **Reduce barriers to condominium development.** Condos are a relatively affordable, land-efficient home ownership option, but condo development in Oregon has essentially ceased, in part due to concerns having to do with liability for construction defects. Various parties are working to develop a broadly supported proposal that can encourage condo development.
7. **Limit the mortgage interest deduction** and use additional resources for affordable housing.
8. **Technical amendments to housing legislation passed in 2019.** Technical changes to HB 2003 are necessary to make the bill work as intended with respect to the roles and duties of Metro and Metro-area cities in relation to housing need analyses and housing production strategies.

**LEGISLATIVE HISTORY:** Since 2016, the Legislature has increasingly focused on housing affordability, enacting a series of bills to protect tenants from displacement, address racial disparities in home ownership, and facilitate and fund housing development and preservation.

- **SB 1533 (2016)** lifted the pre-emption on local inclusionary zoning that had been passed in 1999, while imposing certain conditions regarding the use of inclusionary zoning.<sup>1</sup>
- **HB 4143 (2016)** created new renter protections, prohibiting rent hikes in the first year of a month-to-month tenancy and requiring 90-day notice for subsequent rent increases.
- **SB 1051 (2017)** included several provisions to facilitate the development of affordable housing and “missing middle” housing, including accessory dwelling units (ADUs): shorter permitting deadlines for affordable housing construction, a requirement that communities allow ADUs in single family zones, broader requirements for clear and objective standards, prohibitions on density limitations below zoned density, etc.
- **HB 3012 (2017)** authorized the construction of new homes in rural residential areas (outside UGBs) on parcels that already have a “historic home” built between 1850 and 1945, if the historic home is converted to an ADU.
- **HJR 201 (2018)** referred to the voters Measure 102, a constitutional change allowing local governments to use bond proceeds to build or acquire affordable housing in partnership with nongovernmental entities like businesses and nonprofit organizations. (Oregon voters approved Measure 102 in November 2018; Portland-area voters approved Metro’s affordable housing bond measure in the same election.)
- **HB 4007 (2018)** increased the state’s document recording fee from \$20 to \$60, which will raise approximately \$90 million per biennium for affordable housing.

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<sup>1</sup> SB 1533 also authorized cities and counties, but not Metro, to impose a construction excise tax for affordable housing, and lifted the sunset on the pre-emption that prevents Metro from changing or increasing its existing CET.

- **HB 4006 (2018)** included various provisions intended to ascertain and reduce the number of severely rent-burdened households in cities with populations over 10,000.
- **HB 4010 (2018)** created a task force to examine racial disparities in home ownership.
- **SB 608 (2019)** created new protections for renters against exorbitant rent increases and no-cause evictions.
- **HB 2001 (2019)** required most communities within Metro to allow duplexes, triplexes, quads and cottage clusters in areas zoned to allow single family dwellings. It also includes provisions that affect Metro's calculations of housing capacity and housing need in future growth management decisions.
- **HB 2003 (2019)** required the state to develop a methodology for, and then to conduct, a one-time regional housing needs analysis for certain cities and Metro, and then requires cities to assess local housing needs and to develop strategies to meet those needs.<sup>2</sup>

#### **OTHER INTERESTED PARTIES:**

Since its founding in 2003, the Oregon Housing Alliance (of which Metro is a member) has had a string of successes in enacting policy changes and in raising significant new state funding for affordable housing. In addition to the Housing Alliance and its member organizations and local governments, other interested parties include the Oregon Home Builders Association, Oregon Association of Realtors, Multifamily NW, and other industry groups.

#### **IMPACT IF PROPOSED ACTION OCCURS:**

- Mitigate negative housing impacts on renters and owners due to COVID and wildfires.
- Reduce racial disparities in housing.
- Facilitate acquisition of affordable units.
- Provide funding for operations and supportive services.
- Enable local governments to act quickly to site emergency shelter and homeless facilities when local leaders determine that housing/homelessness has reached a state of emergency.
- Facilitate development of condominiums.

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<sup>2</sup> As noted under "Recommendation," technical errors in the drafting of this bill mean that changes are needed before it actually fulfills this intent for cities in Metro.