

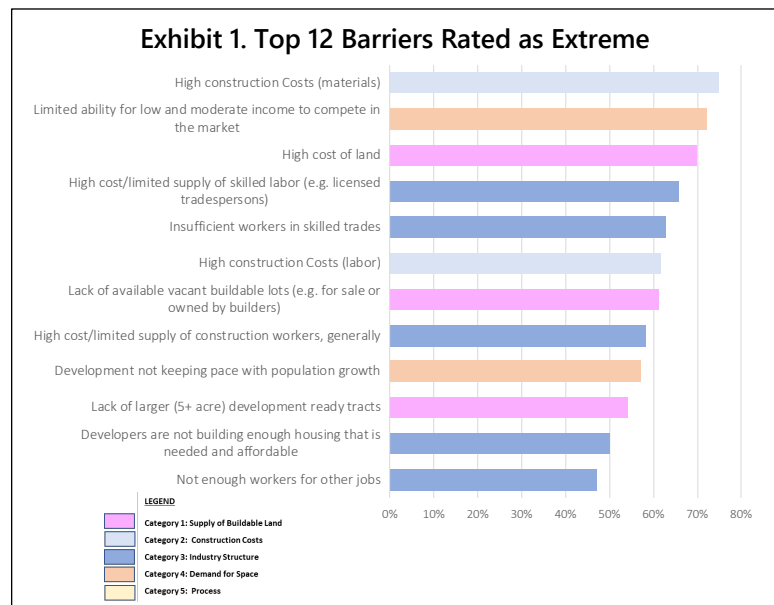


Barriers to Housing Production in Oregon Brief

This brief summarizes research conducted by faculty from the Institute for Policy Research & Engagement (IPRE) on barriers to housing construction in Oregon. The research team conducted a literature review, reviewed municipal housing-related documents and plans, and conducted a survey of local government staff, private sector housing developers and nonprofit housing developers. The summary report highlights key barriers and offers recommendations on how local and state policy might soften key barriers.

To understand perspectives on barriers to housing production, we developed and administered an online survey to selected stakeholder groups. We targeted (1) local government staff (primarily planners, but other staff in cities that do not have planning staff), (2) for-profit housing developers, and (3) non-profit housing developers. A total of 323 individuals participated in the survey; 134 government representatives (41% of respondents), 105 private sector developers (33%), 52 nonprofit housing developers (16%) and 32 that could not be categorized in the three primary groups (10%).

Exhibit 1 shows the top 12 barriers reported among the 61 included in the survey ranked by the percentage of respondents indicated they barrier was “extreme.” Barriers from 4 of the 5 categories emerge in the top 12 with several barriers related to construction costs (construction and materials), industry structure, and land supply constituting the most consistently rated extreme barriers. Additionally, the mismatch in housing supply for low and moderate income to compete the market and the lack of supply keeping up with population growth are demand related barriers that are perceived as extreme. Key conclusions from our research include:



- Barriers are varied and interact in complex ways
- Regulatory barriers are real but vary by community and are community dependent
- Land supply is generally perceived as a barrier, but the constraint is much more nuanced than having an adequate supply of land in UGBs – provision of infrastructure and the size of lots pose barriers
- Industry-related barriers (e.g., construction and labor costs; availability of labor) are significant and difficult to address with state policy
- Private and nonprofit housing developers perceive process barriers (e.g., permitting, fees, etc.) as extreme at much higher rates than the public sector.
- The private sector is not producing lower cost housing

The table on the next page summarizes potential policy interventions the research team identified that can help reduce barriers to housing production.

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Potential Policy Actions to Address Housing Production Barriers

Recommendation	Description	What level?	Alignment with OHNA	Barrier Addressed
Amend ORS 197A.320 priority scheme to place housing as the top priority	The priority scheme forces cities to prioritize less efficient and suitable lands for residential designations and arguably has limited the ability of municipalities to expand onto lands that best meet identified housing needs.	State Legislature		Category 1: Regulatory – Land Supply
Consider legislation enabling the Business Oregon Infrastructure Finance Authority (IFA) to fund infrastructure for housing	Tap into a source of revenue for the \$37-\$50 billion in infrastructure needs accompanying new housing production.	State Legislature	Yes (2.1)	Category 1: Regulatory - Infrastructure
Amend or adjust Goal 10 and its associated administrative rules in a manner that allows cities flexibility in discounting lands that are not suitable for lower cost housing	Focus on identifying lands inside the UGB that are suitable and available.	DLCD	Yes (1.4)	Category 1: Regulatory – Land Supply
Simplify and encourage urban reserves and UGB swaps	Get cities to (1) think long term (50 years) about land supply, and (2) take a close look at lands within the current UGB and their suitability for housing.	DLCD	Yes (1.4)	Category 1: Regulatory – Land Supply
Prioritize grant funds for cities to develop land readiness programs	Prioritize incentive-based approaches over more planning requirements.	DLCD	Partially (1.4)	Category 5: Process
Prioritize grant funds for large and small cities with the highest production needs.	Acknowledges that larger cities account for most of expected population growth.	DLCD		Category 4: Demand
Monitor implementation of CFEC	Acknowledges the complexity of CFEC rules; monitor and assess outcomes	DLCD		Category 5: Process
Streamline state affordable housing funds to reduce complexity	Nonprofit housing developers perceived a range of extreme barriers that relate to funding and process and lack of financing remains an issue for affordable housing. Nonprofit housing developers struggle to assemble the capital stacks required for projects.	OHCS		Nonprofit barriers
Incentivize property owners to accept deed-restrictions to commit to housing types for inclusion in UGBs	Effectively, it would require forgoing some of the windfall profit that occurs on lands included in UGBs. Leverage the ESEE process to achieve this.	Cities		Category 1: Regulatory – Land Supply
Ensure clear and objective development standards during HPS adoption	Acknowledges that 50 percent of respondents do not perceive development standards to be clear and objective	Cities		Category 5: Process
Streamline regulations and timelines for development review	Related to differences between perceptions about barriers between the private/nonprofit sectors and the public sector	Cities		Category 5: Process
Reconsider the structure of SDCs to tie to square footage of value of the unit	Recognizes the contribution of SDCs to cost of development and barrier to low-cost housing	Cities		Category 5: Process