



Oregon

Tina Kotek, Governor

Department of Land Conservation and Development

635 Capitol Street NE, Suite 150

Salem, Oregon 97301-2540

Phone: 503-373-0050

Fax: 503-378-5518

www.oregon.gov/LCD



September 12, 2024

To: Land Conservation and Development Commission

From: Brenda Ortigoza Bateman, Ph.D., Director
Brandy Nichols, Chief Financial Officer
Alexis Hammer, Legislative and Policy Manager
Aurora Dziadul, Legislative and Policy Analyst

Subject: **Agenda Item #5, September 26-27, 2024, LCDC Meeting**

Agency Request Budget

I. Agenda Item Summary

This agenda item gives an overview of the Department of Land Conservation and Development's (DLCD or department) 2025 to 2027 Agency Request Budget (ARB). The ARB is located in full on the [department's website](#). It also includes an explanation of the process of engagement with community, state and local partners, and the Governor's Office to formulate the Policy Option Packages (POPs). POPs are requests for additional funding included in the ARB.

DLCD submitted the ARB on August 8, 2024. Next, the Governor's Office releases the Governor's Recommended Budget on December 1, 2024. From there, DLCD's 2025 to 2027 biennium budget will be further developed and finalized during the 2025 legislative session.

Purpose. To inform the Land Conservation and Development Commission (LCDC or commission) about the 2025 to 2027 ARB getting an understanding of the department's current budget position and requests for additional resources that will move forward into the next phase of budget development. Commissioners will also get a preview of what the department proposes to advocate for during the 2025 Legislative Session.

Objective. This agenda item is a briefing. No action by the commission is necessary.

For further information about this report, please contact Brandy Nichols, Chief Financial Officer at 971-718-3719 or brandy.nichols@dlcd.oregon.gov and Aurora Dziadul at 971-446-8834 or aurora.dziadul@dlcd.oregon.gov.

II. Background

The ARB includes two components: Current Service Level and POPs. Current Service Level is the base budget to continue existing programs into the next biennium. POPs are used to request funding and positions for new programs or to enhance existing programs.

Current Service Level Budget

DLCD’s 2023 to 2025 biennium budget saw sizable growth in funding and staffing levels. The 2023 and 2024 Legislative Sessions gave the department more staff, and established the Housing Accountability and Production Office (HAPO) to meet requirements of the Oregon Housing Needs Analysis (OHNA). The Legislature also invested in the department’s budget to provide local governments with vital technical assistance grants to support their housing efforts required by OHNA. Additionally, the Community Green Infrastructure Fund will award grants for planning and developing community green infrastructure projects or green infrastructure economic development projects.

DLCD’s 2025 to 2027 Current Service Level Budget reflects the department’s recent growth and continues existing agency programs to achieve core functions and responsibly manage Oregon’s land use planning program. One-time investments, including Climate Friendly and Equitable Communities funding and assistance funding for middle housing in small cities, are not part of current service level. However, carryover funding in the two dedicated funds, Community Green Infrastructure and Housing Accountability and Production, is included in the new biennium budget.

	2023-25 Legislatively Approved Budget	2025-27 Current Service Level (CSL)	2025-27 Policy Option Packages (POPs)	2025-27 Agency Request Budget (CSL + POPs)
General Fund	\$50,842,495	\$38,379,997	\$19,133,244	\$57,513,241
Other Funds	\$19,007,494	\$9,229,191	\$3,662,753	\$12,891,944
Federal Funds	\$9,534,680	\$9,706,699	-\$65,677	\$9,641,022
Total Funds	\$79,384,669	\$57,315,887	\$22,730,320	\$80,046,207
Positions / Full-Time Equivalent	108 / 92.07	103 / 102.59	20 / 18.35	123 / 120.94

Policy Option Packages

In March and April 2024, DLCD conducted public outreach to highlight its budget needs for the 2025 to 2027 biennium (\$40,100,000 and 52 positions) and gather feedback on priorities from interested parties.

The Governor's Office directed DLCDC to limit new funding requests to one percent of its 2023 to 2025 Legislatively Approved General Fund Budget, which totals \$500,800. The department was also allowed to request additional funding related to the Governor's housing and homelessness initiative.

The department's 2025 to 2027 ARB includes 11 POPs asking to expand support for local government land use planning efforts and for meeting housing production requirements. DLCDC developed one POP within the one-percent General Fund framework, one revenue-neutral POP, four housing-related POPs, and five additional housing-related POPs as a result of the [Governor's Draft Housing Production Framework](#).

The POPs request an additional \$19,133,244 in General Fund for the department's budget. They include 20 new positions — four limited durations for 2025 to 2027 — and the conversion of two existing limited duration positions to permanent roles. The POPs are summarized below. Detailed narratives can be found in DLCDC's complete [2025-27 Agency Request Budget](#).

1. Policy Option Package 100: DLCDC Budget Adjustments

This POP includes budget adjustments to five existing positions. It increases an Operations and Policy Analyst 3 position and a Natural Resources Specialist 4 position to full-time. It also requests position authority, and General Fund at 20 percent of position costs to match with FEMA funding for a Planner 2 and a Planner 1 position that work on the National Flood Insurance program and the Natural Hazards Mitigation Plans, respectively. Finally, it funds a Planner 4 position for climate resilience planning that the department has position authority for, but not funding.

General Fund request totals \$508,400.

2. Policy Option Package 101: Repurpose CGI Funds

In the 2023 Legislative Session ([HB 3409](#)), DLCDC received four limited-duration positions and \$6,500,000 in grant funding to administer a Community Green Infrastructure grant program. This program funds local government partners, schools, community-based organizations, or other interested parties in planning for and developing projects such as urban tree canopies or alternative stormwater management methods.

As part of this requirement, DLCDC convened an advisory committee, consisting of legislatively required members, to inform rollout of the grant application and award system. The department will still be administering the grant funds into the next biennium. DLCDC is requesting to repurpose a total of \$1,107,741 of the Community Green Infrastructure Fund from grant funds to keep grant-related staff through the 2025 to 2027 biennium. With estimated interest earnings, about \$6,000,000 will remain in the fund for grants.

3. Policy Option Package 500: HH-Creating GIS Capacity for Housing

Historic underinvestment in geographic information system (GIS) capacity has left DLCD unable to provide comprehensive statewide mapping data.

The department aims to prioritize urban growth boundary (UGB), zoning, and infrastructure data in the first round of GIS upgrades. This will provide valuable information to policymakers and local governments as they work on housing issues.

DLCD received seven GIS-related positions through SB 1537 (2024) to begin designing a more robust GIS program. As part of this POP, DLCD is requesting an additional eight positions, with the following responsibilities:

- Four will work with and provide technical help to local governments to input their land use planning data into a DLCD-backed state system.
- One will administer GIS-capacity grants to cooperating local governments.
- Three will work together to translate data into accessible reports for the public, answer questions from interested parties and publish information to the department website.

In addition, the department is requesting reclassification of an existing position – Info Systems Specialist 8 to Chief Data and Innovation Officer, and budget correction for an existing position – Info Technology Manager 2 to Chief Information Officer.

This POP includes a \$3,000,000 request for grants to local governments to collect, verify, and provide GIS information.

General Fund request totals \$4,907,267.

4. Policy Option Package 501: HH-Recapitalizing HAPO Grant Funds

During the 2024 Legislative Session, DLCD received 28 positions and \$4,000,000 in grant funds to create the Housing Accountability and Production Office (HAPO) as a joint office with the Building Codes Division at the Department of Consumer and Business Services.

To recruit a manager for this new office, the department had to reclassify the position from a Manager 2 to a Manager 3, and is requesting \$28,069 for the added cost.

DLCD is requesting to add \$3,500,000 to the HAPO fund to support local governments. DLCD would provide technical assistance to complete code updates, long-range planning projects, and educational materials for local governments.

General Fund request totals \$3,528,069.

5. Policy Option Package 502: HH-Train Planners and Permit Reviewers

As the state develops new policies and programs to speed up housing production, local governments often struggle with implementation because of limited resources.

DLCD is proposing to work with Eastern Oregon University (EOU) and the Rural Engagement and Vitality Center (REV) to create a new planning minor, permit review certificate, and internship program. The department will fund two full-time positions each at EOU and REV.

Additionally, DLCD proposes to hire two positions to develop an online land use planning curriculum for housing statutes and rules. The department is also requesting three more positions to be regional representatives who can provide technical assistance and educational resources to local jurisdictions.

General Fund request totals \$2,208,263.

6. Policy Option Package 503: HH-Increasing Housing Planning TA Funding

The Oregon Housing Needs Analysis policy, passed in HB 2001 during the 2023 Legislative Session, requires cities with populations over 10,000 to plan based on state-assigned housing needs. This completely reframes the way housing planning has previously been executed, moving from a planning based on past trends to planning for the actual needs of the community based on type, characteristics, and location.

During the 2023-25 biennium, DLCD is adopting rules around housing needs and production and housing accountability. To complete the ongoing housing urbanization and capacity rulemaking through the end of 2025, DLCD is requesting an additional \$200,000 for consultant contracts.

As part of HB 2001, DLCD received \$3,500,000 to offer grants and technical assistance to applicable cities for housing planning projects, specifically Housing Capacity Analyses (HCAs) and Housing Production Strategies (HPSs). DLCD is requesting \$1,500,000 to add to available grant funds and to finance projects not completed so far.

General Fund request totals \$1,700,000.

7. Policy Option Package 504: HH-TA Funding for Wetlands Planning

Outdated Local Wetlands Inventories (LWIs) limit available knowledge for land available for housing production statewide. Roughly 60 LWIs throughout Oregon are more than 20 years old. The department is requesting \$1,000,000 to help local governments update their LWIs, estimating support for 20 jurisdictions over the biennium.

General Fund request totals \$1,000,000.

8. Policy Option Package 505: HH-Eliminating Middle Housing Barriers

Middle housing has been historically difficult to develop due to exclusionary policies, but recent changes now encourage more diverse housing options. More effort is needed to make middle housing development more feasible and encouraged across all Oregon communities.

The department is working with the Governor's Office on a potential Legislative Concept (LC) for the 2025 session to address these issues. DLCD is requesting \$4,381,245 as a potential supplement to the LC:

- Planner 3 position.
- \$1,600,000 for consultant contracts for rulemaking.
- \$2,500,000 for special payments to local governments for code updates.

General Fund request totals \$4,381,245.

9. Policy Option Package 506: HH-Tracking Housing Production by Program

As part of OHNA, Oregon Housing and Community Services will create a dashboard showing progress toward statewide housing production targets. DLCD is proposing a parallel dashboard showing housing production from various state programs and policies to show what investments make the most impact.

General Fund request totals \$300,000.

10. Policy Option Package 507: HH-Supporting Housing Planning in Metro UULs

During the 2024 Legislative Session, (HB 4063), unincorporated urban lands (UULs) in the Metro regional government area were added to the OHNA requirements. These lands, under county jurisdiction, must now produce Housing Capacity Analyses and Housing Production Strategies and meet assigned housing production targets. Legislation directs DLCD to request funding for the three counties part of the Metro regional government (Clackamas, Washington, and Multnomah) to fulfill these requirements.

General Fund request totals \$300,000

11. Policy Options Package 508: HH-Utility Franchise Study

Utility franchise agreements are contracts between an energy provider and a local government to decide the conditions of supplying energy. These agreements are not regulated by the Oregon Public Utility Commission (PUC) and remain largely up to local discretion. The conditions of these contracts can pose a barrier to housing production.

The department is proposing a working group for the 2025-27 biennium to produce a report on these agreements and their connection to housing production.

General Fund request totals \$300,000.

III. Conclusion

DLCD's Agency Request Budget for the 2025-27 biennium reflects the recent growth in the department and the continued need for more resources to support the state's priority goals around housing production. The department is excited to move forward with its budget request that will enhance the department's technological and staff capacity to continue to be a productive steward of the state's land use planning program.

No action is required. Staff appreciate any guidance or feedback the commission may have.

VI. Attachments

None.