



# 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](http://www.oregon.gov/LCD)

June 12, 2025

To: Land Conservation and Development Commission

From: Brenda Ortigoza Bateman, Ph.D., Director  
Ethan Stuckmayer, Housing Division Manager  
Jena Hughes, Housing and Growth Management Analyst  
Celestina Teva, Housing Planner



Subject: Agenda Item 9, June 26-27, 2025, LCDC Meeting

## Update on 2025 Oregon Housing Needs Analysis (OHNA) Rulemaking

### I. Agenda Item Summary

Department of Land Conservation and Development (DLCD or department) staff will provide an update on the administrative rules for housing to the Land Conservation and Development Commission (LCDC or Commission). Staff will address working draft proposed amendments to Oregon Administrative Rules (OAR) Chapter 660, Divisions 007, 008, 021, and 024. Divisions 7 and 8 guide housing planning as required by Statewide Land Use Planning Goal 10 — Housing. Divisions 21 and 24 guide urbanization planning as required by Statewide Land Use Planning Goal 14 — Urbanization. These amendments are directed by House Bill 2001 (HB 2001), also known as the Oregon Housing Needs Analysis (OHNA) or OHNA policy. The Oregon Legislature passed the OHNA policy in March 2023. The intent of this rulemaking is to shift the implementation of Goal 10 and Goal 14 (for residential uses) from a historically narrow focus on housing land capacity towards a more comprehensive framework that emphasizes local actions to promote housing production, affordability, and choice. DLCD staff appreciate any guidance or feedback the Commission may have to support ongoing rulemaking and rule writing efforts so that the coming draft rules in September 2025 can be inclusive of Commission guidance and interests.

#### a. Purpose

Staff will summarize DLCD's rulemaking progress toward amendments to OAR [Chapter 660](#) in Divisions 007 (Metropolitan Housing), 008 (Interpretation of Goal 10 Housing), 021 (Urban Reserves), and 024 (Urban Growth Boundaries) which will implement the capacity and urbanization elements of the OHNA. They also will address compliance pathways through local Goal 10 requirements.

## **b. Objective**

Commissioners understand the status of updates to the OHNA program and are invited to ask questions and provide further guidance to staff prior to the public hearing at the commission's October meeting. No action is needed at this time.

For further information about this report, please contact Ethan Stuckmayer, Housing Division Manager at 503-302-0937 or [ethan.stuckmayer@dlcd.oregon.gov](mailto:ethan.stuckmayer@dlcd.oregon.gov).

## **II. Background**

### **1. Goal 10 - Housing**

Statewide Land Use Planning Goal 10 – Housing has required communities to plan for their housing needs since 1973.<sup>1</sup> Goal 10 is now primarily implemented through two key documents that local governments produce: a Housing Capacity Analysis (HCA) and a Housing Production Strategy (HPS).

An HCA helps cities determine if they have enough land to meet housing needs for the next 20 years. An HPS is a city-wide plan aimed at promoting housing production, affordability, and choice. House Bill 2003, passed in 2019, requires cities with populations over 10,000 to update their HCA every six or eight years, depending on location. Cities within the Portland Metro area must update their HCA every six years, while cities outside the Portland Metro area must update theirs every eight years.

Cities must adopt an HPS within one year of completing their HCA as defined in the schedule the commission adopted in [January](#). House Bill 2001 (2023) established the Housing Acceleration program to provide structure and support for cities that are having difficulty implementing their HPS or falling behind on their production targets.

### **2. Goal 14 - Urbanization**

Statewide Planning Goal 14 - Urbanization requires communities to plan for orderly and efficient growth within an Urban Growth Boundary (UGB) to accommodate community needs, including housing needs. Cities must plan to provide a 20-year supply of land to accommodate identified needs within UGB, as determined in their HCA. Where a city identifies a need that cannot be accommodated within the UGB, it must take measures to increase the efficiency of land and/or amend their boundary. This process includes evaluating adjacent sites for potential inclusion within the boundary, considering the resource status of the land (e.g., for farm or forest), and the suitability of that land for urbanization. The OHNA policy included technical refinements to urbanization-related statutes as well as direction to DLCD to make the process generally less

---

<sup>1</sup> While Goal 10 housing planning and its implementing statutes under ORS Chapter 197A apply to cities of all sizes, the Oregon Housing Needs Analysis shift in Goal 10 outlines specific housing planning requirement for cities with a population of 10,000 or greater, cities and named unincorporated areas in Tillamook County, and Metro counties.

burdensome for local governments, especially for smaller cities, to amend an Urban Growth Boundary to address an identified housing need.

### **3. Oregon Housing Needs Analysis (OHNA)**

After years of pilot research and policy discussion at the legislative, department, and community levels, House Bill 2001 and 2889 (2023) codified the Oregon Housing Needs Analysis (OHNA) into law and directed LCDC to adopt and amend rules related to housing and urbanization (Land Use Planning Goals 10 and 14). The OHNA policy emphasizes the role of local actions in promoting housing production, affordability, and choice.

As part of the coordinated statewide implementation of the OHNA, the Department of Administrative Services (DAS) published a new methodology to estimate both 20-year needed housing allocations and establish shorter-term six- and eight-year housing production targets on January 1, 2025. This methodology will be updated on an annual basis to provide up-to-date estimates for Goal 10 and 14 planning efforts. Additionally, Oregon Housing and Community Services (OHCS) published a housing production dashboard for tracking progress toward housing production targets by city/county and a set of housing equity indicators for monitoring equitable housing outcomes by city/county on January 1, 2025. Similarly, these dashboards will be updated annually with the most recent estimates from DAS, information on housing that has been permitted and housing that has been produced in cities and counties, and demographic and other data that supports the housing equity indicators.

With passage of HB 2001 and 2889 in 2023, the Oregon legislature directed DLCD to reform Goal 10 rules and refine Goal 14 rules to integrate the OHNA methodology and policy. Accordingly, in July 2023, the Commission initiated the OHNA rulemaking process to implement the requirements outlined in HB 2001 and HB 2889. Staff organized the rulemaking into the following three major topic areas, each with specific deadlines for rule adoption as outlined in these bills:

- Housing Needs and Production – Rule adoption deadline: January 1, 2025
- Housing Acceleration Program – Rule adoption deadline: January 1, 2025
- Housing Capacity and Urbanization – Rule adoption deadline: January 1, 2026

DLCD appointed an overarching Rules Advisory Committee (RAC) with three Technical Advisory Committees (TACs) — one TAC dedicated to each of the three initial topic areas and collaborated with these interested parties.

In December 2024, the commission adopted rules responding to the two topic areas with 2025 deadlines. These were the Needs and Production and the Acceleration Program. Commissioners also amended the rulemaking charge to include a greater scope in the 2025-2026 calendar year.

These areas of additional charge include further updates to the Goal 10 program as described below. The department's work on Capacity and Urbanization rules continues following the original schedule.

Section 3 of this staff report includes added details on the rulemaking structure.

This staff report focuses on progress toward draft rules in both remaining areas of rule.

### III. Rulemaking Update

#### 1. Charge

When the Commission initiated a rulemaking process in 2023 it adopted the following Rulemaking Charge:

Members of the Rules Advisory Committee (RAC) shall provide guidance to agency staff to analyze, draft, and recommend Oregon Administrative Rules (OARs) that faithfully implement the legislative intent and direction outlined in Sections 8 and 9 of House Bill 2001 (2023 Session). RAC members are charged to work with agency staff to recommend OARs for Land Conservation and Development Commission consideration that:

- Commit to safe, accessible, climate resilient, and affordable housing options that afford access to opportunity, including Community Assets<sup>2</sup> and fair housing choice, for all Oregonians, especially historically and currently underserved and under resourced communities<sup>3</sup>. Develop and provide local governments with the tools needed to achieve these goals through the implementation of local Housing Production Strategies.
- Provide clarity and greater certainty to local governments engaging in urbanization- and housing capacity-related planning processes both with regards to regulatory adherence and the desired development outcomes. This includes refinement of methodologies and approaches for the development and adoption of buildable land inventories, urban growth boundary amendments and exchanges, urban and rural reserves, and coordinated public facilities and concept plans.
- Establish a reasonable and consistent framework of accountability that measures progress towards a community's market rate and subsidized housing production targets and ensures state and local governments take policy and regulatory actions within their control that meaningfully and impactfully facilitate increased housing production, affordability, and choice.

---

<sup>2</sup>According to the U.S. Department of Housing and Urban Development's (HUD) proposed AFFH rule, "Community Assets" refers to the types of assets that are often not equitably distributed and available within communities, such as high quality schools, equitable employment opportunities, reliable transportation services, parks and recreation facilities, community centers, community-based supportive services, law enforcement and emergency services, healthcare services, grocery stores, retail establishments, infrastructure and municipal services, libraries, and banking and financial institutions."

<sup>3</sup> As defined in the [Governor's racial equity plan](#).

As noted above, rules associated with the first and third bullets were adopted in December of 2024. During that adoption in December, the Commission amended the charge to add the following item:

- Develop a clear compliance pathway for local governments through the Housing Production Strategy and Housing Acceleration programs utilizing program design tools like safe harbors or minimum standards in furtherance of affirmatively furthering fair housing; increased housing production, affordability, and choice; and reliability in program outcomes for local governments.

## **2. Racial Equity Framework for Decision Making**

Following the commission's direction in April 2023, staff have used the department's [Racial Equity Framework for Decision Making](#) to ensure racial equity is central to both the rulemaking process and its outcomes.

This framework is designed to guide staff in internal projects, including rulemaking, and consists of eight elements:

- Historical inequities
- Benefits and burdens
- Data equity and data justice
- Community engagement and empowerment
- Decision making
- Restorative justice
- Accountability
- Measuring outcomes for continuous improvement

Staff have used the Racial Equity Framework for Decision Making to explore how current disparities arise from historic policies, practices, and related inequities that disproportionately impact communities of color and other historically marginalized groups. By addressing past injustices and acknowledging the roots and harms of racial disparities both past and present, use of this tool has helped inspire systemic solutions to correct historic and lasting injustices relative to housing planning.

In addition to staff-led internal application, the department contracted with the Multicultural Collaborative to serve as an equity consultant. The purpose of this contract is to ensure that DLCD's process, programming, and rulemaking align with equitable principles and the Racial Equity Framework for Decision Making. Staff routinely prompt advisory committees and work groups to consider the eight elements of the framework while providing insights into the rulemaking process.

### **3. Rulemaking Structure and Process**

#### **Capacity and Urbanization Technical Advisory Committee**

To operationalize the direction to provide clarity and greater certainty to local governments engaging in urbanization and housing capacity-related planning processes, staff formed the Housing Capacity and Urbanization Technical Advisory Committee (CAUTAC). The charter of this committee is to work alongside DLCD staff to grapple with major policy changes and ultimately help inform Oregon Administrative Rule (OAR) language and guidance materials. CAUTAC involvement will help ensure that, from a technical perspective, the rules and materials developed by DLCD staff and consultants are best structured to achieve the outcomes expressed by the Legislature, LCDC, and the Rules Advisory Committee (RAC). The CAUTAC advises on the development of rules in three key areas:

- Refining “Buildable Land Inventory” methodologies
- Coordinated public facilities and concept planning
- UGB amendments, exchanges, and Urban/Rural Reserves

#### **Housing Actions Work Group**

Staff also convened the Housing Actions Work Group (HAWG) to support the amended rulemaking charge. The HAWG advises on the development of rules in two key areas:

- "Adoption-ready actions": The legislature allocated funding to DLCD to develop a library of adoption-ready actions, including model codes as mandated by HB 2001 (2023) and SB 1564 (2024). Staff's goal is that the model codes are readily available for local governments for use in order to ease the analytical burden in their housing planning. With consultant collaboration, staff are set to provide the first inventory of adoption-ready actions including model codes by the end of the year.
- "Compliance Pathways": Interest among interested parties indicated a need for further process to evaluate the potential of applying a standardized approach to Goal 10 work in the areas of the HPS and Housing Acceleration programs. Safe harbors, “rebuttable presumptions” (base expectation with alternative path allowable when justified), minimum standards, and regulatory requirements are the four standardized compliance tools staff and committee members are exploring.

### **4. Rulemaking Update**

#### **Capacity and Urbanization Technical Advisory Committee Update**

CAUTAC convened in April 2025 to discuss draft concepts for administrative rule amendments. They also discussed guidance based on feedback the CAUTAC provided in 2024. Of note, staff will update the commission on:

- Buildable Land Inventories
  - Natural Resource and Hazard Constraints
  - Partially Vacant and Redevelopable Land

- Development-Ready Land

### **Natural Resource and Hazard Constraints**

The first set of draft rule concepts include evaluating constrained or unsuitable land. These draft concepts covered constraints related to natural resources and hazards such as steep slopes, floodplain, wetlands, or other constraints that make the land generally not suitable for housing.

Last year, CAUTAC members discussed how to best account for natural resource and hazard constraints in the Buildable Land Inventory (BLI). Additionally, members discussed how "islands" or areas of buildable land surrounded by constraints should be considered. In these discussions, members expressed desire to retain current flexibility in rule while requesting more data and guidance to improve mapping accuracy and to help protect against litigation and appeal.

In the context of Goal 14, CAUTAC members discussed how to account for unsuitable land (constraints) in considering lands to be removed from an Urban Growth Boundary (UGB) study area. TAC discussions revealed that specifying data sources in rules can create challenges for local governments wanting to use alternative data sources that may be more recent and accurate. TAC members stressed the importance of flexibility while also proposing other hazards that are not currently listed in rule but should be considered.

DLCD staff shared an initial draft of rule and guidance concepts for this topic with the CAUTAC and the RAC at their April 2025 meetings. The draft concepts do not substantially alter the existing rules related to BLI constraints (Division 8) and unsuitable land in UGB study areas (Division 24). This is to maintain flexibility in how the rules are implemented at the local level. Members proposed ways to estimate constraints with limited data, less significant constraints, and areas of buildable land surrounded by constraints. Guidance documents will also direct cities to additional resources, including data sources to more accurately estimate certain hazards or natural resource constraints in the BLI and in UGB study areas.

### **Development-Ready Land**

Staff then brought the second set of draft rules to the CAUTAC that involve development-ready land. This is a new concept focused on ensuring available land identified in a community's BLI is actually available for development in the near-term (within a city's 6- or 8-year HPS cycle). A Development-Ready Land Inventory, performed parallel to the inventory of buildable land, focuses on:

- Incorporation of land in city limits ("annexed and zoned").
- Availability of public utility services within the planning period; and
- Free of encumbrance and properly entitled for residential development.

Staff's goal with development-readiness is to counter concerns that buildable land, inventoried as a component of a HCA, may not meaningfully respond to land needs for near-term housing development. Staff are working on rules now to specify that jurisdictions required to undergo a BLI consistent with ORS 197A.270, 197A.280, or 197A.335 will be further required to inventory

development-ready land and make findings of sufficiency in meeting the Housing Production Target. Results of the Development-Ready Land Inventory, if found to be insufficient in meeting identified housing needs, will inform a jurisdiction's Housing Production Strategy.

CAUTAC members first discussed how to inventory development-ready land in June 2024, reviewing language in statute that requires clarification. The proposed language and concepts shared with the CAUTAC in April 2025 aim to provide greater clarity and certainty for jurisdictions and interested parties when conducting housing and urbanization planning work. Draft concepts include new definitions to clarify statute, new rules to specify what a Development-Ready Land Inventory entails, and how jurisdictions may calculate sufficiency of development-ready land.

### **Partially Vacant and Redevelopable Land**

The third set of draft concepts for administrative rule amendments and guidance that staff brought to the CAUTAC are related to inventorying and evaluating partially vacant and redevelopable land for the purposes of the BLI. Partially vacant land is land with existing housing development on it such that it can be further developed within the current zoning standards. Redevelopable land is a sub-set of developed land, and any land with existing development on it could redevelop. The relevant question is, how likely is land to redevelop over the housing capacity analysis planning period of 20 years? The difference between partially vacant land and redevelopable land is that the former is often referred to as infill and includes the subdivision of an existing parcel while retaining the existing residential development. The latter involves the demolition and replacement of the existing development for new or more intense residential uses.

CAUTAC first discussed how to inventory and estimate capacity for partially vacant land in the BLI in last year. Members encouraged staff to explore a discount factor to reduce some of the "phantom capacity"<sup>4</sup> currently present in HCAs. Based on this input, staff are proposing to provide greater clarity and certainty through definition of "partially vacant land" in rule. Staff introduced the option of a land market supply factor for estimating the residential capacity of partially vacant land. When applied, a land market supply factor allows a jurisdiction to estimate the percentage of buildable land within an urban growth boundary that, due to fluctuating market factors, is likely to remain undeveloped over the course of the planning period.

In the context of inventorying buildable land, CAUTAC members discussed how to forecast the redevelopment potential and capacity of some already developed land, that is likely to convert to more intensive residential uses. In these discussions, members shared that while there are a variety of methods for forecasting redevelopable land, the analysis requires a variety of assumptions and results are highly sensitive to these assumptions. Accordingly, staff are not proposing to add or amend the rules related to forecasting redevelopable land in the BLI. Instead, staff will focus guidance on how to consider the likelihood that existing development will be converted to more intensive residential uses during the planning period. Staff anticipate that

---

<sup>4</sup> Phantom Capacity refers to land that is vacant or redevelopable and zoned to allow housing, but is unlikely to be developed within the planning period. This could be for a variety of reasons such as infrastructure constraints, property owners unwilling to sell/develop their land, or the presence of covenants, conditions, and restrictions (CC&Rs).



guidance also will direct cities to resources, example methodologies, and best practices to more accurately estimate residential capacity on redevelopable land.

### **Additional Rule Topics**

In addition to the above topics, staff are also currently developing rule concepts on the following topics:

- Land use efficiency measures to respond to a deficiency of buildable land, if applicable
- Facilitating the establishment and use of Urban Reserves
- Facilitating UGB exchanges and expansions
- Planning for affordability and commercial opportunities in areas added to the UGB
- Coordinating public facilities and UGB expansions

Staff plan to further develop guidance to support implementation of the rules once the rules have been finalized.

## **HOUSING ACTIONS WORK GROUP UPDATE**

### **Process**

Development of deliverables under the HAWG scope is underway in collaboration with Governor Kotek's office. Draft deliverables are scheduled to align with the conclusion of the biennium. Staff will refine the deliverables into draft rules during the summer with continued refinement through December, when staff will ask the commission to consider adoption. To meet the requirements of this expedited schedule, the HAWG has been meeting either monthly or twice monthly since December of 2024.

In a work program developed in collaboration with Housing Policy Advisors from Governor Kotek's office, staff's approach has been to consider the widest range of possible policy and program design approaches. Staff and consultants have begun working to narrow those approaches.

### **Frameworks: Policy Objectives and Racial Equity Framework for Decision Making**

Two frameworks guide the development of rules and deliverables that fall under the HAWG scope and the LCDC rulemaking charge.

A set of [policy objectives](#) were established in coordination with Governor Kotek's office to ensure that legislative intent and the principles established in ORS 197A.025 remain in clear focus. These are important as the HAWG's work becomes increasingly technical in nature. In short, those policy objectives direct the work group and any rule recommendations to:

- Promote inclusive zoning to enable a diversity of housing options
- Produce and retrofit homes in high opportunity areas that increase housing choice related to key equity-driven needs

- Streamline housing development processes
- Increase community capacity and resilience in support of equitable housing production

The HAWG is also guided by the [Racial Equity Framework for Decision Making](#), outlined on page five of this staff report.

## Compliance Pathways

The HAWG is charged with evaluating the potential to design and implement a pre-established “compliance pathway” or structured compliance approach for completing some of the requirements of Goal 10: Housing. Specifically, these could apply to the Contextualized Housing Need as a component of the HPS, the HPS itself, and the Housing Acceleration program.

This work explores 1) assessing different approaches to how local governments identify their housing needs; 2) selecting actions to address housing needs and fair housing issues (including defining what makes those actions relevant and sufficient under the rules); and 3) establishing standardized expectations for actions local governments should take to reduce persistent barriers to housing production, affordability, and choice.

HAWG members began by identifying the entire range, or “universe,” of potential ways to create this more defined “compliance pathway” through two different focus areas of the Goal 10 requirements. The first is to identify needed housing in the Contextualized Housing Need (CHN) analysis and the second is to select actions in the HPS process and potentially in Acceleration program.

Staff identified a spectrum of compliance tools that can be used in rule writing. These range from the least prescriptive approach (a safe harbor) to the most prescriptive (regulatory requirements). For each focus area (needs identification and action selection), the project team defined potentially viable program design options for further discussion, considering their feasibility, negative externalities, and potential refinements to magnify impact. For example, various program design tools include selecting at least one action from a list of acceptable actions to meet a given need, selecting scored actions that add up to a number of points, or selecting multiple actions that are rated to have varying local impacts.

Compliance Pathway Alternatives	Safe Harbor	Rebuttable Presumption	Minimum Compliance Standards	Regulatory Requirement
Description	Optional implementation path; legal protections to local government	Statute/rules set baseline; local government can rebut with demonstration	Statute/rules set baseline that constitutes compliance; cities can go above	Statute/rule sets universal requirement; no deviation on that allowed

Staff, consultants, the HAWG, and Governor Kotek's office have been discussing particular themes and strategies to reach the Policy Objectives. While some initial proposals are included below, no element of these proposals represent final decisions.

#### Overarching Program Design

- Rather than establishing an all-encompassing compliance pathway, some interested parties have expressed support for a "partial" approach throughout the program. Functionally, that means a compliance pathway would be available for a subset of the requirements, but the existing (or "base") rules will apply to the remainder of the requirements at all stages. The intention is to ensure predictability in key planning areas while continuing to consider the contextualized local circumstances for each jurisdiction.

#### Contextualized Housing Need

- **Housing Types:** while there is some nuance within definitions of various housing types, there is statutory definition of middle housing, a common understanding of single unit detached housing, and an inclusive approach to understanding multi-unit housing. Because household selection of a housing type has largely been due to affordability and availability rather than a representation of absolute need – i.e. a household may not need multi-unit housing instead of single-unit detached housing, but multi-unit housing may be more available or affordable). Instead, a compliance pathway for housing type could rest on the HAWG policy objective of diversity of housing types and the statutory direction of Affirmatively Furthering Fair Housing, which includes fair housing choice.
- **Housing Characteristics:** The range of characteristics is much larger than that of housing types. For example, one housing characteristic is whether the home is built to accessible standards for people with disabilities, another is whether or not a home supports large family households, and yet another is whether or not a home has culturally-responsive features that include gathering spaces, multiple kitchens, or rounded architecture. Because of the wide range of characteristics and the limitations of data availability, HAWG members have been reviewing and discussing a "key needs approach." This approach is focused on available population data that may represent actual need.
- **Housing Locations:** Understanding needed housing locations requires local governments to understand what kinds of housing types and housing characteristics are needed in specific geographic locations. The department is working on methodologies and mapping to help identify areas of high opportunity. Staff are in conversation with OHCS regarding its Fair Housing Plan and methodology for identifying racially or ethnically concentrated areas of affluence and poverty. In addition to identifying key locations, a partial compliance pathway could determine what housing needs to be promoted in any given location. Fair housing choice requires that suitable housing options are available in any location, including for example in "high-opportunity areas", for all community members. Fair housing choice suggests that where it is apparent that housing choice is limited or excluded in

certain areas, expanding housing choice may be needed. Addressing a deficit of housing choices in certain areas is not meant to be at the exclusion of meeting housing needs throughout the jurisdiction. In fact, other areas of a jurisdiction could likely also benefit from local action, in some cases to mitigate the impacts of environmental harms.

#### Housing Production Strategy and Housing Acceleration program

- In collaboration with Governor Kotek's office, staff have narrowed the compliance pathway proposal for selecting actions in the HPS to a partial compliance pathway. This pathway offers compliance for a local government's obligation to select and take land use actions to meet housing needs and promote housing production, affordability, and choice. Under this proposal, the balance of the obligation requires city-wide actions like direct or indirect financial support, public-private partnerships, or education and outreach. These remain subject to the base rules for local government determination and state review.
- An important consideration in draft HPS compliance pathways is the "period of performance." A compliance pathway requiring local governments to implement a specific set of actions would require a schedule update to calibrate and adjust the requirements. How frequent and how significant that update would need to be and the capacity expectations of community members, interested parties, consultants, DLCDC staff, and LCDC commissioners is an important element in the program design decisions of this rulemaking scope.
- Another question HAWG members continue to discuss is how best to integrate the compliance pathway work in the Housing Acceleration program. Members and interested parties are considering if and how an objective compliance tool would fit into the standard audit process. Related questions include the level of prescription, the extent to which such a tool should require a specific set of land use actions, and the ability for the Housing Acceleration program to respond to any and all relevant barriers identified in an audit.

#### Adoption-Ready Actions

According to the rulemaking charge, the HAWG and the project team are working to develop "off-the-shelf" tools. These are programs that local governments can select to support their Housing Production Strategy requirement. The model code is one example that staff describe below. Staff and HAWG members explored a wide range of ideas for actions that have potential to be developed to a state of adoption-readiness.

That process, supported by the technical analysis of the consultant team at ECONorthwest, revealed that, due to the technical specificities of local housing action implementation, the range of actions that could be developed in a templated format to be fully and immediately adoptable is limited. Most actions are simply not suitable for full adoption-readiness statewide. Significantly, however, there are many actions which can be developed to varying levels of templated status, identifying where local finalization is needed.

At this stage, adoption-ready actions are proposed to be grouped into three levels of adoption-readiness:

Level 1: Partially developed but requires substantial local preparation such as the development of partnerships.

Level 2: Largely developed but requires some sensitivity, feasibility, and applicability testing;

Level 3: Nearly immediately adoptable and implementable - requires little or no analysis or design before adoption into local plans, policies, or ordinances.

Staff continue to refer to these collectively as “adoption-ready actions.” This is because the actions are designed to be able to be applied locally with less effort than creating them anew by every local government.

While DLCD expects that it will continue to develop the library of adoption-ready actions over time, the first set of preliminary drafts of adoption-ready actions is as follows:

- Nonprofit Low Income Housing Property Tax Exemption
- System Development Charge (SDC) exemption for affordable housing
- System Development Charge (SDC) deferral for all housing
- Multiple Unit Property Tax Exemption on city taxes only that could be applied to any housing need, for example housing that exceeds building code accessibility requirements
- Land disposition for affordable housing
- Rental housing license program
- Affirmative housing marketing requirement for city-funded units

Next steps for these drafts include designing the materials such that they can be applied to various focused housing needs like affordable housing, accessible housing, Tribal housing, etc. where possible rather than the materials being pre-limited to apply only to certain housing needs.

While this resource does not require formal rule adoption, staff plan to complete this work by the end of 2026.

### **Model Code**

As noted above, production of a set of adoption-ready actions related to model development code is underway through a parallel but related process. Senate Bill 1564 in the 2024 Session directed the commission to adopt model codes for varying city sizes including four housing types – detached single units, accessory dwelling units, middle housing, and multi-unit dwellings. The code will serve three functions:

- 1) as guidance,
- 2) as a resource that local governments may adopt in full or in part by reference,
- 3) as a compliance and regulatory tool.

Housing staff have coordinated with colleagues in the Housing Accountability and Production Office (HAPO) to prepare these model codes. These codes will support implementation in both the OHNA and the HAPO program. The first draft of the model code is underway after soliciting initial feedback and policy guidance from the HAWG. Staff will publish the first draft in early June to provide an opportunity for feedback on the code. Over the second half of 2025, DLCD staff will refine and calibrate aspects of the model code to support HAWG policy objectives. To meet the statutory deadline of January 1, 2026, staff will prepare a final draft by December for review and adoption by the Commission.

## **5. Community Engagement**

In addition to the RAC, CAUTAC, and HAWG, staff are conducting additional community engagement opportunities to inform and ask for feedback on proposed approaches for rules and guidance. Part of this engagement includes focus groups with individuals and organizations representing developers, lenders, natural resources, and agriculture. The engagement also includes subject matter expert small groups on technical topics like accessibility; utilization of the Department's bimonthly Housing Open Fora to connect with local governments and consultant practitioners; and revisiting of previous engagement conducted in 2024 for application to 2025.

## **IV. Conclusion**

No action is required. Staff appreciate any guidance or feedback the Commission may have to support ongoing rulemaking and rule writing efforts.