



Oregon

Tina Kotek, Governor

Department of Land Conservation and Development

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October 3, 2023

Derek Payne, City Planner
835 California Avenue
North Bend, OR 97459
Sent via e-mail



RE: Review of City of North Bend's Housing Production Strategy

Dear Mr. Payne,

On June 2, 2023, the Department of Land Conservation and Development (DLCD or Department) received a submittal from the City of North Bend notifying the department of the adoption of the City's Housing Production Strategy (HPS). Per Oregon Administrative Rules (OAR) 660-008-0055(3), the Department posted the City's HPS for a 45-day public comment period on June 5, 2023. Upon the close of the public comment period on July 20, 2023, the department did not receive public comments on the City's HPS. As such, the department does not have public commentary to share with the city.

Per OAR 660-008-0055(7), the Department must review the City's submittal to determine whether to:

1. Approve the Housing Production Strategy Report;
2. Approve the Housing Production Strategy, subject to further city review and actions as recommended by the Department; or
3. Remand the Housing Production Strategy for further modification as identified by the Department.

The Department is required to complete this review and issue a decision within 120 days of the city submittal. In the case of the City of North Bend's Housing Production Strategy, the department must make a final decision by October 3, 2023. The Department's decision is final and may not be appealed.

*Based on the department's review of the City of North Bend's Housing Production Strategy against the applicable review criteria established in OAR 660-008, the department **approves the City's Housing Production Strategy Report with four (4) conditions described below.***

Department Findings based on OAR 660-008-0050

(1) Contextualized Housing Need – A contextualization and incorporation of information from the most recent Housing Capacity Analysis that describes current and future housing needs in the context of population and market trends.

The City of North Bend's Housing Production Strategy Report includes both Appendix A: North Bend Contextualized Housing Needs and a description of the city's housing needs, including unmet housing needs for vulnerable and underserved populations in the Executive Summary section. Appendix A includes all elements necessary to be compliant with OAR 660-008-0050(1) including demographic and socio-economic characteristics of the city, housing market conditions, affordability metrics, and description of how qualitative data informed the basis of the analysis. The Executive Summary section of the HPS further grounds the city's existing conditions by describing how the city's community engagement as part of the HPS influenced the housing production strategies the city proposed.

The Executive Summary contains a section titled "Housing Needs of Vulnerable and Underserved Populations," which acknowledges that specific demographic groups have distinct housing challenges. These groups encompass foster youth, the LGBTQ+ community, individuals with mental health issues, those with physical disabilities, individuals reintegrating into society after incarceration, and survivors of domestic violence. It is an important element of the HPS that the city has identified these vulnerable populations residing within the community. However, what is currently lacking is a clear connection between the unique housing challenges faced by these groups and how the solutions and strategies outlined in the HPS respond to address these specific housing needs.

Condition of Approval #1: The purpose of the contextualized housing needs portion of the Housing Production Strategy is to influence the city's strategy decision-making process. It is essential that the city conducts a thorough review of the strategies included in the Housing Plan to ensure they are equipped to respond effectively to the needs of the vulnerable populations identified. This critical step should help ensure that the HPS is not only comprehensive but also responsive to the diverse housing needs within the community.

As such, DLCD requests that the city focus on aligning the proposed solutions with the specific challenges faced by these groups and include input from relevant stakeholders, community organizations, and experts in the field. This review should also ensure that the needs of people experiencing homelessness, low income, black, indigenous and people of color (BIPOC), and state and federally protected classes are also considered in this review. Under this condition, DLCD will allocate funding to the city to support the review necessary to address the entirety of the city's identified housing need. This work must be completed by the city by the end of the state's fiscal biennium which is June 30, 2025. DLCD staff will work directly with city staff to complete this work; please contact Mari Valencia-Aguilar using the information below to fulfill this condition.

(2) Engagement – A Housing Production Strategy Report must include a narrative summary of the process by which the city engaged Consumers of Needed Housing and Producers of Needed Housing, especially with regard to state and federal protected classes. A city may conduct engagement for a Housing Production Strategy concurrent with other housing planning efforts within the city including, but not limited to, a Housing Capacity Analysis, Consolidated Plans for Community Development Block Grant Entitlement Communities, and public engagement for Severely Rent Burdened Households as described in OAR 813-112-0010.

The City of North Bend's engagement in the development of the report demonstrates the city's intent to engage the community in informing the development of the HPS. The executive summary outlines the engagement process which included stakeholder interviews with housing producers and providers, as well as social service agency and other providers were instrumental in helping identify strategies, an advisory committee to help review, refine, and prioritize the strategies within the HPS, and a community wide online open house to gauge community support for the identified strategies. The engagement program was designed in a way to have multiple touch points throughout the report development process, which is great.

However, OAR 660-008-0050(2)(d) includes a requirement that cities conduct “an evaluation of how to improve engagement practices for future housing engagement efforts conducted by the city.” Regrettably, this requirement seems to be missing from the city's HPS report.

Condition of Approval #2: The City of North Bend must take action to address this oversight. The city is expected to conduct the missing evaluation of engagement practices for future housing engagement efforts. This evaluation must be submitted as part of the mid-point check-in report review, scheduled for year 4. This action is essential to ensure continuous improvement in the city's engagement practices and to meet regulatory requirements effectively.

(3) Strategies to Meet Future Housing Need – A Housing Production Strategy Report must identify a list of specific actions, measures, and policies needed to address housing needs identified in the most recent Housing Capacity Analysis. The strategies proposed by a city must collectively address the next 20-year housing need identified within the most recent Housing Capacity Analysis and contextualized within the Report as provided in section (1). A Housing Production Strategy Report may identify strategies including, but not limited to, those listed in the Housing Production Strategy Guidance for Cities published by the Commission under Exhibit B.

In total, the city proposes to implement 23 strategies to meet the city's identified housing needs. The strategies are organized into four general categories:

1. Land use and zoning strategies;
2. Development incentives and policies;
3. Incentives; and
4. Programs and partnerships.

Each strategy includes recommendations for specific actions that the city should take, noteworthy considerations, and an assessment of their impact on various population groups, income levels, and special housing needs, such as low-income households, seniors, students, people of color, or people with disabilities (where applicable). The strategies are also categorized as 'near-term' or 'long-term' priorities, with near-term strategies slated for implementation within one to four years and long-term strategies within five to eight years or as needed, with the recognition that some long-term strategies may require more time for full implementation.

The unmet housing needs identified through the housing capacity analysis and contextualized housing needs analysis in North Bend encompass a broad need for affordable housing across income levels, a particular demand for workforce housing, housing and support services for people experiencing homelessness, and low-income individuals. Additionally, there's a need for new housing supply and suitable land/sites for residential construction, as well as the preservation of aging housing stock and proactive support for housing developers, as identified through stakeholder feedback.

DLCD acknowledges that the proposed strategies collectively address these unmet housing needs. However, there is a need for clarity regarding the timeline for achieving each strategy.

Condition of Approval #3: To ensure the feasibility of implementing the strategies within the required eight-year period, it is crucial to develop a more precise timeline beyond the 'near-term' or 'long-term' priorities. This is critical to aid in timely implementation locally but also to ensure that DLCD can monitor the city's progress in implementation as described in OAR 660-008-0070. The city must submit a refined schedule that identifies when within the eight-year cycle it will implement each proposed strategy outlined in the HPS report. The articulation of a more detailed plan would be most beneficial in the short term as means to guide city implementation actions. At a minimum, a full timeline of strategy implementation must be included when the city submits its four-year, mid-cycle HPS report to the department under OAR 660-008-0060. Alternatively, the North Bend City Council may choose to include any of the identified strategies in an upcoming regular work planning process. Approved work plans that define implementation timelines for housing production strategies should be forwarded to the department for the purposes of monitoring under OAR 660-008-0070.

(4) Achieving Fair and Equitable Housing Outcomes – A Housing Production Strategy Report must include a narrative summarizing how the selected Housing Production Strategies, in combination with other city actions, will achieve equitable outcomes with regard to the following factors:

- (a) Location of Housing.**
- (b) Fair Housing**
- (c) Housing Choice**
- (d) Housing Options for People Experience Homelessness**
- (e) Affordable Homeownership and Affordable Rental Housing**
- (f) Gentrification, Displacement, and Housing Stability**

The city's HPS Report includes a "Fair and Equitable Outcomes" section which assesses all existing city actions and programs as well as the proposed strategies outlined in the HPS report. This evaluation is conducted in the context of the six fair and equitable housing outcomes described in OAR 660-008-0050(4). The City appropriately acknowledges that these strategies have both direct and indirect impacts on individuals.

DLCD acknowledges that this section generally aligns with the criteria set forth in OAR 660-008-0050(4). However, DLCD had expected to see a more comprehensive examination of this aspect. Specifically, the city would have benefited from a more detailed exploration of the direct and indirect impacts of each strategy on the various vulnerable populations, relative to the six factors that contribute to achieving fair and equitable outcomes.

While the response meets the minimum expectations, DLCD had anticipated a deeper analysis and consideration of these impacts in the context of promoting fair and equitable housing outcomes.

(5) A Housing Production Strategy Report must include the following additional elements:

(a) A description of any opportunities, constraints, or negative externalities associated with adoption of the elements of proposed Housing Production Strategies;

The "Fair and Equitable Outcomes" section of the city's HPS includes a table summarizing the potential impacts, both positive and negative, that may result from the implementation of each proposed strategy, particularly on vulnerable populations. These populations encompass people with disabilities, BIPOC individuals, those with low income, and houseless individuals.

While the analysis offers valuable insights into the potential effects of the proposed strategies, there is room for improvement in providing a more critical and in-depth examination of the potential negative impacts or burdens that may be associated with these strategies. A deeper analysis of the potential challenges and drawbacks would enhance the comprehensiveness of the assessment.

Nevertheless, the overall assessment is expected to be informative and valuable as the city proceeds with the implementation of these strategies in the years ahead. It offers a foundation for understanding the potential consequences and outcomes, allowing for better-informed decision-making as the HPS is put into action.

(b) A description of actions that the city and other stakeholders must take to implement the proposed Housing Production Strategies;

In the "Strategies and Actions" section of the report, the lead agency for each strategy outlined in the HPS is identified, with most of these responsibilities falling under the purview of the City of North Bend. Additionally, partner agencies are identified for the

implementation of each strategy. However, the specific responsibilities of both the lead and partner agencies are not clearly defined within this section.

As the city progresses into the implementation phase, it is advisable that they take proactive steps to address this gap. To enhance the effectiveness of the HPS, the City of North Bend should distribute the HPS Report to the lead and partner agencies identified for each strategy. This will serve as a foundation for developing more detailed implementation plans in collaboration with these agencies. By engaging in this collaborative approach, the city can ensure that roles and responsibilities are clearly defined, leading to a more coordinated and successful execution of the strategies outlined in the HPS.

(c) If the Housing Production Strategy Report is the first produced under this division, a description of how the city will measure strategy implementation and progress;

The city includes a “Monitoring Progress and Outcomes” section in the report that proposes several measures to monitor the process and impact of the HPS implementation. The city acknowledges that the effectiveness of this monitoring effort will hinge on its capacity to collect and evaluate housing production data accurately. Additionally, the city's staff expresses their intention to provide periodic briefings to the City Council regarding the ongoing progress of the HPS implementation.

Condition of Approval #4: DLCD expresses a keen interest in understanding the city's methodology for monitoring the implementation of the proposed strategies, including the frequency at which these measures will be conducted. Furthermore, DLCD seeks insight into the expected frequency of the periodic briefings to the City Council and the feedback received from City Council members during these sessions.

To address this interest, DLCD requests that, when the city submits its four-year, mid-cycle Housing Production Strategy report to the department as per OAR 660-008-0060, the city also provides monitoring summaries detailing the progress made on strategies at the determined frequency. Additionally, summaries of all feedback from City Council members during each periodic briefing should be included. It's important to note that these summaries are not mandatory components of the submittal under OAR 660-008-0060, and as such, they will not factor into any final approval decisions.

Rather, DLCD's interest in these summaries is primarily informational and educational in nature, aimed at gaining insights into the monitoring and feedback processes, which will ultimately contribute to a more informed and collaborative approach to HPS implementation.

(d) If the Housing Production Strategy Report is not the first produced under this section, a summary of strategies that the city has previously adopted and implemented, and a reflection on the efficacy of each implemented strategy; and

Not applicable.

(e) A copy of the city's most recently completed survey to meet the requirements of ORS 456.586.

The City of North Bend submitted a survey to meet the requirements of ORS 456.586 to DLCD on December 22, 2021.

Please feel free to contact Senior Housing Planner, Mari Valencia-Aguilar, at 503-930-9739, or at mari.valencia-aguilar@dlcd.oregon.gov if you have any questions or need further assistance.

Sincerely,



Ethan Stuckmayer
Housing Division Manager, Department of Land Conservation and Development

Cc: Brenda Bateman, DLCD
Kirstin Greene, DLCD
Hui Rodomsky, DLCD
Mari Valencia-Aguilar, DLCD
Ingrid Caudel, DLCD