From: Garet Prior
To: DLCD Housing * DLCD
Subject: Molalla HPS comment
Date: Friday, May 23, 2025 9:32:24 AM

Some people who received this message don't often get email from garet.prior@gmail.com. Learn why this is important

Hello, good people of DLCD,

It's great to see Molalla's HPS and the good engagement work and analysis that went into it. I do have the following comments for areas of improvement:

- The HPS calls for 45% of housing needs to be met with medium and higher density housing through types like apartments and townhomes. However, the zoning changes in action #1 do not address either of these housing types. It only calls out smaller lot single-family homes or ADUs. I would recommend that zoning changes in action #1 identify zoning reform to make townhomes and apartments more available to be developed.

- In action #2, there should be more than LIHTC called out, which is a federal program that doesn't require any local action.

- Clarifying custom action #11, which is to provide financial help for development with urban renewal areas could be helpful, but needs to be more specific.

- Custom action #12 needs to be clearer than "modifying" SDCs, and we need greater clarity that they will be removed/reduced to a minimal numerical cap that is identified.

Thank you,

--
Garet Prior
A Garet in Wilsonville

May 27, 2025

BY EMAIL (housing.dlcd@dlcd.oregon.gov)

Department of Land Conservation and Development
Housing Division
635 Capitol Street NE, Suite 150
Salem, OR 97301

Re: HLA and FHCO Comments on City of Molalla Housing Production Strategy (HPS)

Dear Housing Division Staff,

This letter is submitted jointly by Housing Land Advocates (HLA) and the Fair Housing Council of Oregon (FHCO). Both HLA and FHCO are non-profit organizations that advocate for land use policies and practices that ensure an adequate and appropriate supply of affordable housing for all Oregonians. FHCO's interests relate to a jurisdiction's obligation to affirmatively further fair housing. Please include these comments in the record for the City of Molalla Housing Production Strategy (HPS).

Molalla's identification of its need for affordable housing at the lowest income levels is commendable, as is the articulation of questions of equity in addressing housing affordability. There are many thoughtful strategies in the HPS to address the housing shortage, including Action Item 5 (regulating short term rentals), Action Item 11 (offering a library of information about affordable housing) and Action Item 12 (modifying System Development Charges based on size).

The above items will go far in addressing Molalla's housing needs, but not far enough. Per the City's 2022 Housing Needs Analysis (HNA), Molalla has an incredibly low vacancy rate of 0.4% and will require almost 2,000 units to meet its housing needs in the coming years. See HNA, p. 21. Additionally, there are sizable minority populations within Molalla (24%), and a disproportionately high population of people living with a disability in comparison to national averages (16%). HPS, p. 1.

In a recent remand of the City of Hillsboro's proposed Housing Production Strategy, DLCD cited the benefits and burdens analysis rule stating that "The intent behind the benefits and burdens analysis rule requirement is to ensure that actions generate benefits—and, more importantly, that jurisdictions commit to mitigation actions for any identified burdens associated with each action." There are several areas where the Molalla HPS does not adequately clarify or go far enough to remedy the reported deficiencies and address the benefits and burdens rule. The areas

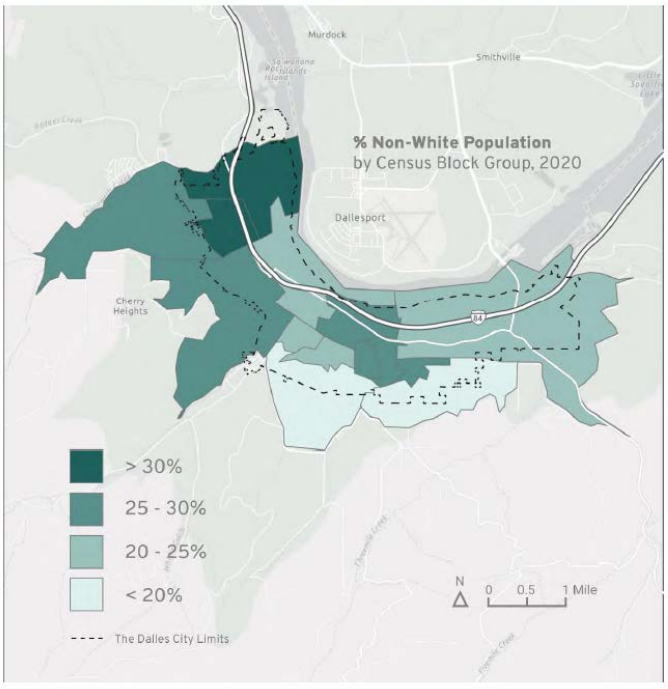
for improvement include providing a demographic analysis to measure achievement of fair and equitable outcomes, addressing housing unit deficits, diversification of affordable housing funding, and monitoring of affordable housing production.

Recommendation 1: Demographic Analysis to Measure Achievement of Fair and Equitable Outcomes

The city notes under Housing Production Strategy 2, "Achieving Fair and Equitable Housing Outcomes," the need to evaluate action items in terms of their impact on the location of housing but does not utilize readily available mapping technology to do so. In contrast, the City of The Dalles has established a strong precedent for evaluating these locational outcomes by providing maps in its Housing Production Strategy illustrating income, housing status and non-white population, as well as target zones for housing production. See attachment and below graphic. The Dalles, like Molalla, has funding and demographic data constraints, yet compellingly represented spatial relationships between these demographic variables in its Housing Production Strategy with publicly available Decennial Census and American Community Survey data.

We urge the city to go further, note the example The Dalles has provided, and utilize mapping technology in its HPS to better achieve its stated goals under Achieving Fair and Equitable Housing Outcomes.

Map 3. Percentage of Non-White Population (Census Block Group, 2020)



These maps show that there is a greater concentration of residents of color, renter households, and households earning less than $50,000 per year in the western portion of the City of The Dalles. The fact that these variables are spatially correlated is unsurprising given that state and national trends indicate that people of color are more likely to rent their homes and have lower household incomes.

Recommendation 2. Addressing Housing Unit Deficit

Considering that Housing Production Strategy 1 states, “future demand anticipates a greater share of medium and high-density housing compared to the current inventory,” HLA and FHCO are concerned that there is little mention of upzoning R-1 land in the HPS. While changing the zoning code to allow or streamline options for ADU and Cottage Cluster development (as outlined in Action Items 1 and 2) contributes beneficially to the production of middle housing, higher density and multi-family housing needs must also be addressed. We have concerns over the ability of Molalla to reach its housing goals while maintain its current zoning designations.

In addition, identifying land that could be used for high-priority housing, as advocated by Action 10, does not sufficiently further affordable housing goals. Rather, Action 10 states that the city “can include long-term affordability requirements” without identifying any specific and concrete policy actions to reach affordability targets. In the remand of the Hillsboro strategy, DLCD provided multiple examples of feedback showcasing the requirement for firm and specific commitments to actions as opposed to non-committal statements. HLA and FHCO encourage the city to review that remand decision (attached) and revise the HPS to go further in the city's commitment to addressing the housing unit deficit and housing affordability goals.

Recommendation 3. Diversification of Affordable Housing Funding

The HPS states that approximately 7% of Molalla residents are living below the poverty line. HPS, p. 1. To address the needs of this group, the Molalla HPS relies heavily on the Federal Low Income Housing Tax Credits (LIHTC), as articulated in Action Item 8. Given the uncertainty surrounding the continued funding of federal HUD programming and the lengthy process to obtain LIHTC funding, alternative funding options at the state and local level should be explored to obtain much needed affordable housing more quickly. As the City elaborates in reference to Figure 2, “families making less than $75,000 per year in Molalla compete in the local housing market where the supply of available housing is mostly only affordable to those making well over $75,000 per year.” HPS, p. 5.

During stakeholder interviews, System Development Charge (SDC) waivers for affordable housing were suggested, but not chosen as a strategy in the final recommendations. Implementing a SDC waiver program for affordable housing, as well as exploring additional fundings sources such as Choice Neighborhoods, could go far in addressing the shortage of affordable housing in Molalla.

Additionally, the reduction of SDCs for smaller units, as outlined in Action Item 12, is a good way to decrease barriers to the development of smaller, more affordable housing. However, the

HPS is unclear whether larger, denser affordable developments would be negatively impacted by increased SDCs. For example, is the reduction/increase based on size/unit or overall development square footage? This policy needs further clarification to state whether the suggestion would negatively impact larger multifamily developments.

Recommendation 4. Monitoring of Affordable Housing Production

The HPS consistently cites the benefit of action items with "groups likely to have incomes relevant to the size of units produced by this action," who are "disproportionately seniors, people living with disabilities, and communities of color." The HPS must provide evidence of this relationship, and clearly articulate how action items will address the housing needs of these groups through its annual monitoring. Out of the 14 action items proposed, only Action Item 8 ("Federal Low Income Housing Tax Credit Program to offset cost of building affordable housing") monitors the number of affordable units built. This metric of "number of affordable units built" should be extended to Action Items 1, 2, and 3 which target housing development.

Please provide written notice of your decision to, HLA, c/o Jennifer Bragar, at 121 SW Morrison Street, Suite 1850, Portland, OR 97204.

Thank you for your consideration.

Sincerely,



John Miller
Executive Director
Fair Housing Council of Oregon



Jennifer Bragar
President
Housing Land Advocates

Enclosures

cc: (by email)
HLA Board

RESOLUTION NO. 25-005

A RESOLUTION ADOPTING THE CITY OF THE DALLES 2025 HOUSING PRODUCTION STRATEGY

WHEREAS, in 2019, the Oregon Legislature passed House Bill 2003, which requires Oregon cities with a population of over 10,000 people to study the future housing needs of their residents and to develop strategies that encourage housing production;

WHEREAS, in 2023, the City Council approved the City's 2023 Housing Needs Analysis and Residential Buildable Lands Inventory as a critical tool for making informed decisions and developing strategies presented in the Housing Production Strategy (**HPS**) to address critical housing needs and affordability challenges in the community;

WHEREAS, in 2023, the City was awarded a Housing Need and Technical Assistance grant by the Department of Land Conservation and Development (DLCD) for the production of the City's HPS consistent with OAR 660-008, ORS 197.290, and ORS 197A.100;

WHEREAS the HPS includes a variety of tools and actions the City will use to help improve the production, availability, and affordability of housing in The Dalles, both across the income spectrum and for protected classes;

WHEREAS, the HPS has been developed through extensive public engagement efforts throughout 2024, including Advisory Committee meetings, joint City Council and Planning Commission meetings, online surveys, in-person and virtual open houses, and stakeholder interviews; and

WHEREAS, at its January 27, 2025, regular meeting, the City Council reviewed the final draft of the 2025 HPS, and intends this Resolution to formally effectuate its adoption in support of the public health, safety, and welfare.

NOW, THEREFORE, THE COUNCIL OF THE CITY OF THE DALLES RESOLVES AS FOLLOWS:

Section 1 2025 Housing Production Strategy Adopted. The City Council hereby adopts the 2025 Housing Production Strategy attached to and made part of this Resolution as its **Attachment 1**.

Section 2 Implementation. The City Council hereby directs City staff to commence implementation of the actions described in and incidentally necessary for the 2025 Housing Production Strategy.

Section 3 No Land Use Decision. Nothing in this Resolution is intended to be or shall be construed as a final decision by the City Council concerning the adoption, amendment, or application of statewide planning goals, a Comprehensive Plan provision, or land use regulation.

Section 4 Effective Date. This Resolution is effective upon adoption.

PASSED AND ADOPTED THIS 27TH DAY OF JANUARY, 2025,

Voting **Yes**	Councilors:	Landall, Richardson, McGlothlin, Long, Runyon
Voting **No**	Councilors:	—
Abstaining	Councilors:	—
Absent	Councilors:	—

AND APPROVED BY THE MAYOR THIS 27TH DAY OF JANUARY, 2025.

Richard A. Mays, Mayor

ATTEST:

Amie Ell, City Clerk

ATTACHMENT 1

Housing Production Strategy

City of The Dalles

January 2025





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Appendix A: Draft Housing Strategies and Actions

Appendix B: HPS Community Survey

1. Executive Summary

This document is the Housing Production Strategy (HPS) for the City of The Dalles. The HPS is a plan required by state law (OAR 660-008-0050) that describes how the City will promote the creation of housing to meet the needs identified in the City's 2023 Housing Needs Analysis (HNA). The HPS includes a variety of tools and actions the City will use to help improve the production, availability, and affordability of housing in The Dalles, both across the income spectrum and for protected classes. The HPS was created in partnership with a variety of community and local stakeholders, including residents, community leaders, and experts on housing policy and development.

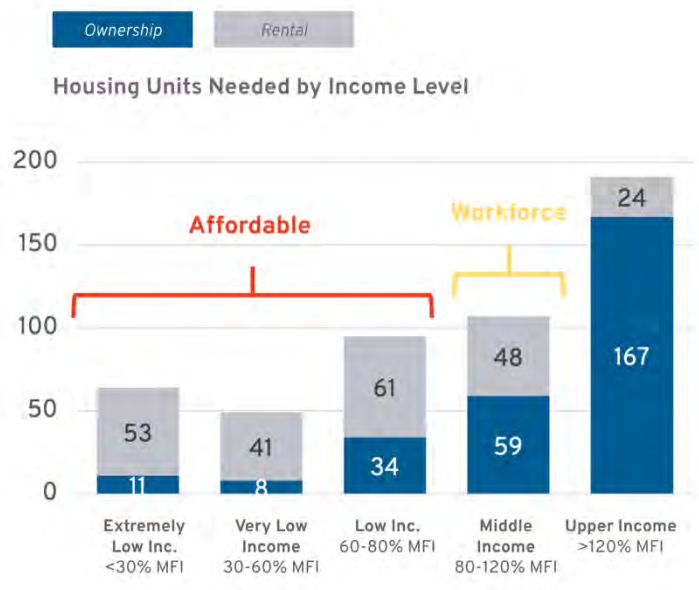
The HPS is organized into six sections:

1. **Executive Summary.**
2. **Overview of The Dalles' Contextualized Housing Needs.** This section summarizes current and future housing needs, demographic trends, market factors affecting housing production, and the housing needs of various groups and protected classes.
3. **Community Engagement.** This section summarizes stakeholder and community input used to develop the HPS's actions.
4. **Strategies to Meet Future Housing Need.** This section describes 19 actions the City will undertake to support housing production and fulfill its commitment to meeting its housing needs.
5. **Achieving Fair and Equitable Housing Outcomes.** This section offers a narrative summary of how the actions in the HPS will achieve equitable housing outcomes.
6. **Measuring Progress.** This section recommends methods and performance metrics for monitoring progress on HPS actions.

The Dalles' Housing Need

Overall Need

The City of The Dalles' 2023 HNA showed that the City needs 505 new housing units over the next 20 years, including 208 units affordable to households earning less than 80% of the Median Family Income (MFI). The HNA also showed that the housing The Dalles needs will take a variety of forms, from single-family detached houses to multi-unit dwellings (i.e. apartments). Nearly half (45%) of the need is expected to be for rental units, and 55% is expected to be for ownership units.



2043, Tables 4.3

Population-Specific Housing Needs

The diversity of The Dalles' population is reflected in the diverse range of housing needs present in the City. The list below offers examples of the housing needs experienced by different groups:

- **Low-income households** (less than 80% of MFI). These households represent over 40% of the city's need. Due to their limited budgets, they have an elevated need for affordable housing.
- **Communities of color**. About 27% of The Dalles' residents are people of color. Communities of color have historically had less access to homeownership and tend to be cost burdened (meaning they spend over 30% of their household income on housing) more often than other residents. This means communities of color can experience elevated need for affordable housing, particularly ownership housing.

- **People with disabilities**. About 19% of The Dalles' population has a disability. In Oregon, people with disabilities are more than twice as likely to live in poverty, and some people with disabilities experience difficulties with mobility. This elevates their needs for affordable and physically accessible (e.g. built to Americans with Disabilities Act (ADA) standards) housing.
- **Seniors**. Seniors are 20% of The Dalles' population, which is slightly elevated compared to the state. They experience housing problems like cost burden and overcrowding at higher-than-average rates and may experience difficulties with mobility. This elevates their needs for affordable and physically accessible housing.
- **People experiencing homelessness**. As of the January 2024 Point-in-Time count, Wasco County has an estimated 172 people experiencing homelessness, up 7.5% from 2023. The Dalles, home to the majority of the county's population, plays a central role in addressing this issue. People experiencing homelessness have elevated needs for affordable housing, which is sometimes provided with additional services.

The City's housing need is described in greater depth in *Section 2: Overview of The Dalles' Contextualized Housing Needs."*

The City of The Dalles' HPS Actions

Throughout 2024, City staff and project consultants gathered input from community stakeholders and developed a list of housing actions. These actions aimed at addressing the overall and population-specific housing needs identified in the City's 2023 HNA and *Section 2: Overview of The Dalles' Contextualized Housing Needs*. The list of actions draws directly from community members' suggestions, from the team's policymaking experience, from an assessment of The Dalles' Land Use and Development Code and housing policies, from best practices research, and from a list of potential actions published by Oregon's Department of Land Conservation and Development (DLCD).

The actions are divided into five categories: Partnership, Regulatory, Incentives, Investments, and Land-Based. Later in the document, *Section 4: Actions to Meet Future Housing Need* offers a detailed summary of each action, providing with the following information:

- Overview, background, and rationale for the action
- Steps to implement the action, considerations for implementation, and a timeline
- An estimate of magnitude of the action's impact on housing production
- The types of housing need the action addresses (across income, housing type, and tenure)

Actions will impact the production of needed housing over time, with some actions having nearer-term effects and others longer-term effects.

Partnership Actions

- Action 1.1: Housing Working Group
- Action 1.2: Pre-Approved Plans
- Action 1.3: Technical Assistance

Regulatory Actions

- Action 2.1: Middle Housing
- Action 2.2: Maximum Density
- Action 2.3: Zoning Incentives
- Action 2.4: Alternative Housing Types
- Action 2.5: Mixed-Use Development
- Action 2.6: Adaptive Reuse

Incentive Actions

- Action 3.1: Tax Exemption Incentive
- Action 3.2: Scaling SDCs

- Action 3.3: SDC Deferral

Investment Actions

- Action 4.1: Tax on New Construction
- Action 4.2: Urban Renewal Areas
- Action 4.3: Downtown Plan
- Action 4.4: Infrastructure Prioritization

Land-Based Actions

- Action 5.1: Inventory and Assess Land
- Action 5.2: Land Agreements
- Action 5.3: Land Banking

2. The Dalles' Housing Needs

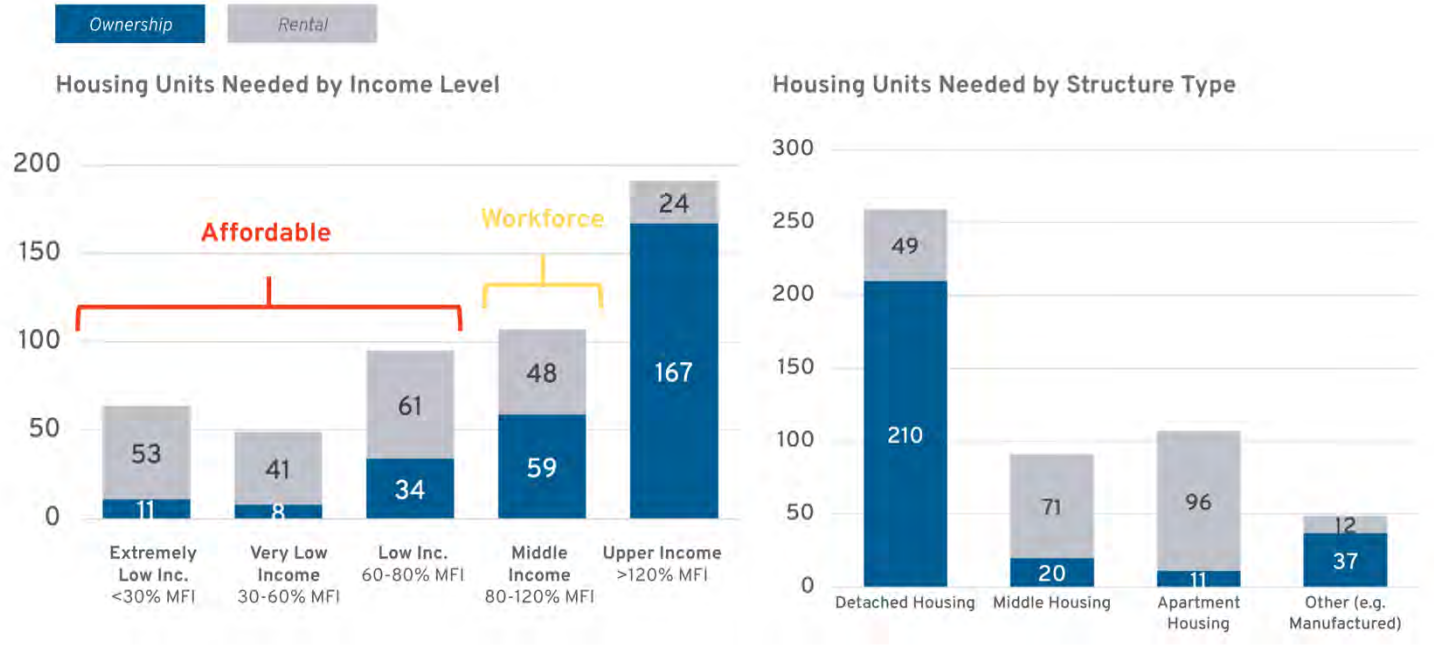
Understanding the Relationship Between Income & Attainability

Income determines the housing price point each household can afford. The Dalles needs a wide variety of housing types to serve households of different incomes.

Per the most recent 2022-vintage of the American Community Survey (ACS), The Dalles' median household income is $59,714, below the statewide and county medians of $76,632 and $ $61,316, respectively.

The Dalles' Housing Needs Analysis (HNA) found that the city will need 505 new housing units over 20 years, including 208 units affordable to households earning less than 80% of the Median Family Income.

The Dalles' HNA found that the City will need new housing units serving its full income spectrum and taking a variety of forms, from single-family detached houses to multi-unit dwellings. The HNA projects that half of the need will be for various forms of attached housing, like townhomes, multi-plexes, and apartments.



City of The Dalles Housing and Residential Land Needs Assessment 2023-2043, Tables 4.3 and 4.4

Community Demographic Profile

The City of The Dalles is a demographically distinct community. The information below is taken from the 2022 ACS. It is important to note that Census data in The Dalles paints an incomplete picture of community demographics. This can be attributed to a few factors. ACS data, while comprehensive at a national and state level, has higher margins of error at more granular levels including the census tracts levels. In smaller communities like The Dalles, estimates based on population samples may be less accurate, making the data less reliable for local decision-making. High margins of error make it challenging to rely on for precise decision-making. There are also significant cultural and political realities that sow mistrust in the government and contribute to resistance in completing the census survey. This leads to an undercount of certain groups, including, but not limited to, the Latino and Indigenous population in The Dalles. Still, census data remains an important starting point for a high-level understanding of The Dalles. Data used to inform housing strategies should be carefully evaluated and, when needed, supplemented with input from the community to ensure accuracy and relevance.

The Dalles' racial diversity is comparable to the state at large. Roughly 27% of The Dalles residents are people of color, the same as the statewide rate of 27%. Latino (21%) residents are the largest of The Dalles' communities of color, with Black (<1%), Asian (<1%), Indigenous (<1%), and multiracial (5%) populations comprising much smaller proportions.

The Dalles has a smaller working-age population. About 23% of The Dalles' residents are children – just above the statewide rate of 20% – and 20% are seniors – just above the statewide rate of 18%. While Oregon has seen its children and working age population decrease on percent terms between 2010 and 2022, The Dalles has held steady in its age distribution.

The Dalles has relatively more renters. Renters comprise 40% of The Dalles' households. Renters are just over a third of households in Wasco County and statewide. This difference may stem from a combination of factors, including the housing and job types in The Dalles, its racial and ethnic makeup, and its age profile.

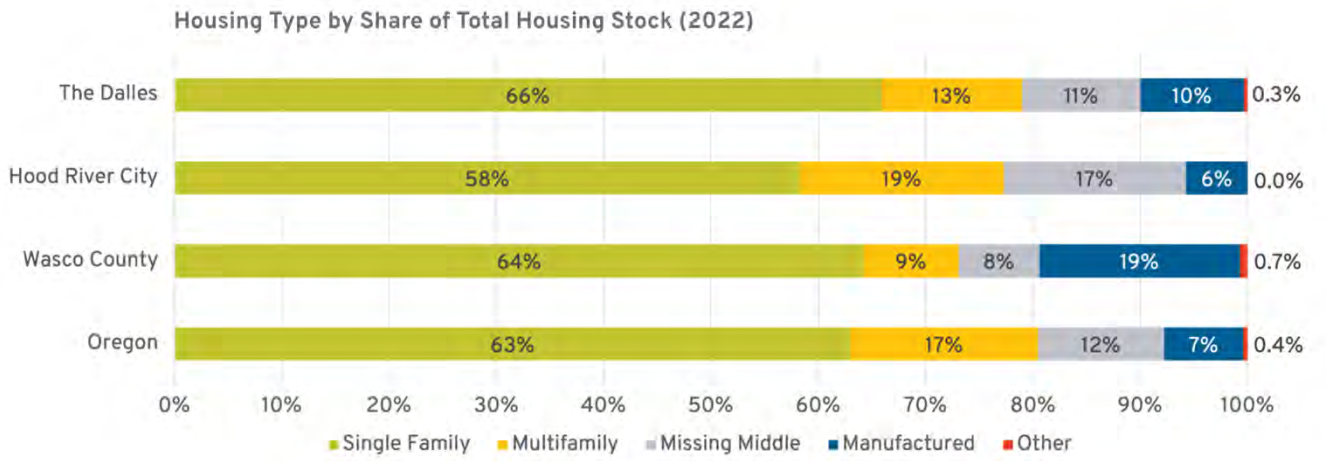
The Dalles is relatively low-income. The median household income in The Dalles is about $12,000 below the regional median, and $17,000 below the statewide median. This suggests the city's residents have a smaller budget for housing.

	The Dalles	Wasco County	Oregon
Race and Ethnicity			
American Indian or Alaska Native	0.3%	2.4%	0.7%
Asian	0.5%	0.7%	4.4%
Black	0.3%	0.3%	1.8%
Hispanic or Latino	20.8%	19.9%	13.8%
Native Hawaiian or Pacific Islander	0.2%	0.1%	0.4%
Other Race	0.1%	0.1%	0.4%
Two or More Races	4.8%	4.4%	5.2%
White	73.0%	72.1%	73.3%
Age			
Under 18	23.1%	21.8%	18.3%
18 - 64 years	57.1%	20.7%	61.5%
Over 65	19.8%	57.6%	20.2%
Tenure			
Renters	40.0%	34.9%	36.8%
Homeowners	60.0%	65.1%	63.2%
Median Household Income			
	$59,714	$61,316	$76,632

American Community Survey 2022 5-Year Estimates, Tables B03002, B01001, B19013, and B25003

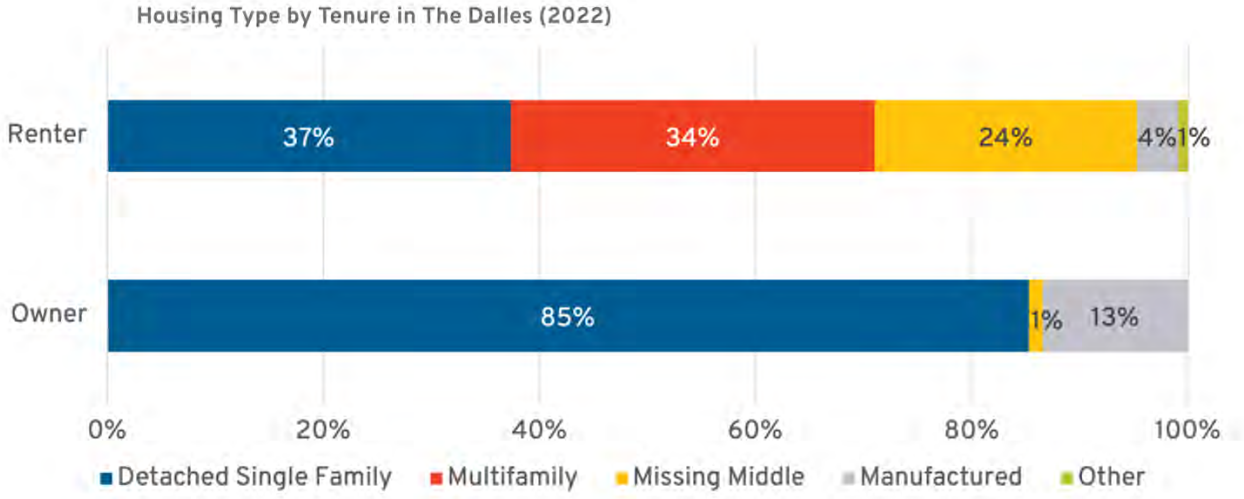
Existing Housing & Who Lives in Different Kinds of Housing

Per the 2022 ACS, 66% of The Dalles' housing stock is detached single-family and 13% is multifamily. This is consistent with state and county-wide trends where 63% and 64% of housing is detached single-family and 17% and 9% are multifamily, respectively.



American Community Survey 5 Year Estimates, Table B25024

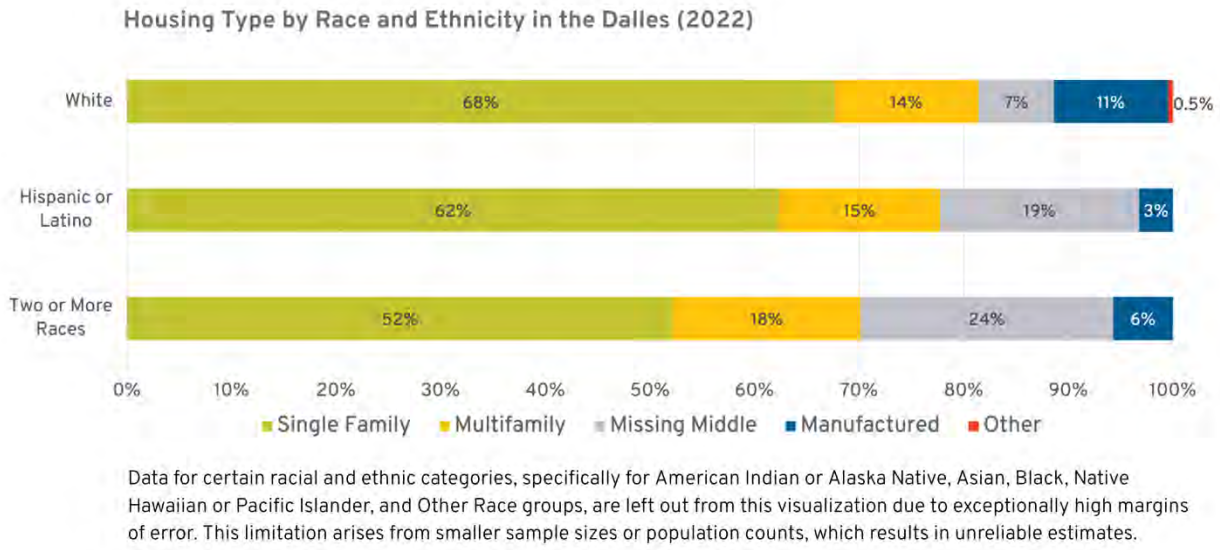
The Dalles' renter households disproportionately live in multifamily and middle housing (58%) compared to owner households (1%). Initiatives that support further growth of multifamily housing in The Dalles will help meet the needs of renters and support a competitive rental market in which rents are less likely to rise quickly.



American Community Survey 5 Year Estimates, Table B25125

Like renters, The Dalles' households of color are also less likely to live in a detached single-family home. Whereas 68% of White households live in 68% of The Dalles' housing stock that is detached single-family housing, only 62% of Latino households and only 52% of multiracial households do. That means White households disproportionately have access to that form of housing and wealth building.

Missing middle housing types house 19% of Latino households and 24% of multiracial households despite that housing type representing only 11% of the housing stock. Missing middle housing types include duplexes, triplexes, quadplexes, townhouses, and cottage clusters. This housing type is also almost exclusively rental housing in The Dalles. In fact, the path to property ownership and wealth building in The Dalles is overwhelmingly through single-family homes. Creating more ownership opportunities in missing middle housing stock may serve as a key tool in building homeownership among communities of color. This data also reveals the importance of multifamily as a housing type that tends to serve various communities of color, suggesting the importance of supporting multifamily housing via policy to achieve Fair Housing outcomes.

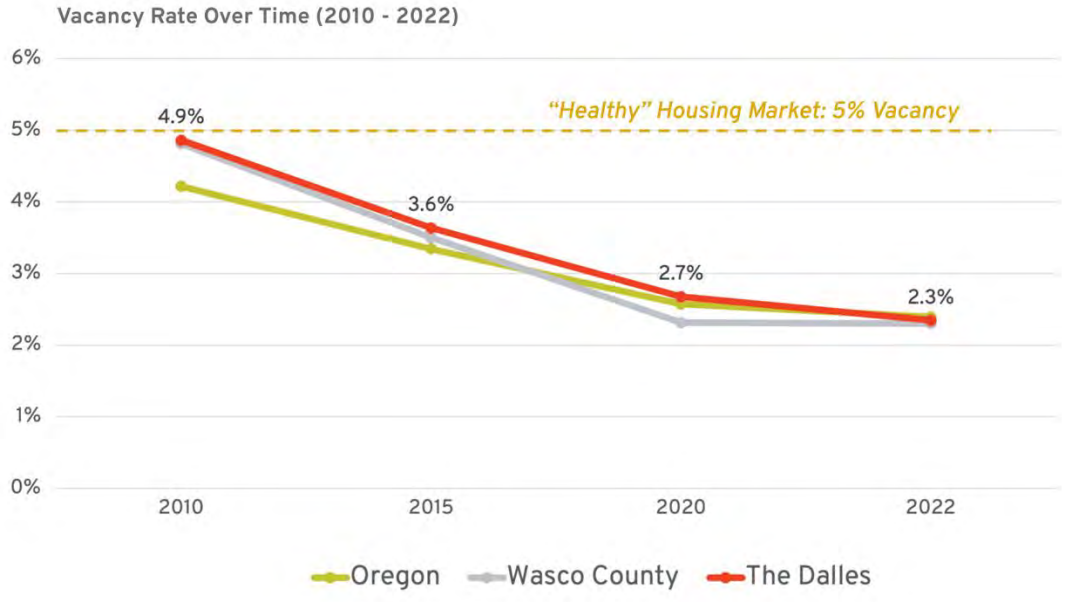


American Community Survey 5 Year Estimates, Table B25032

Housing Market Dynamics

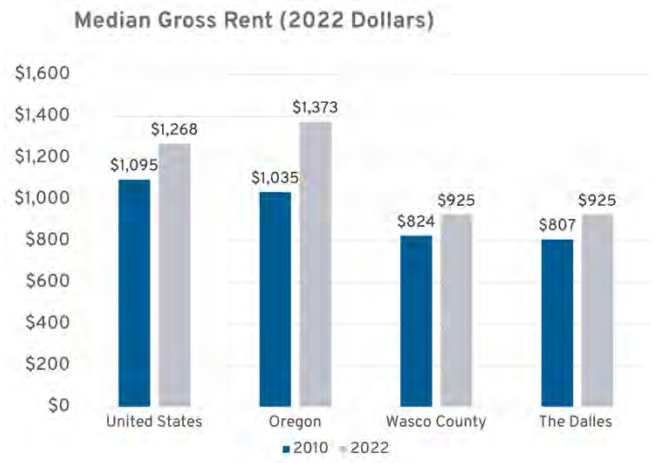
Vacancy and Cost

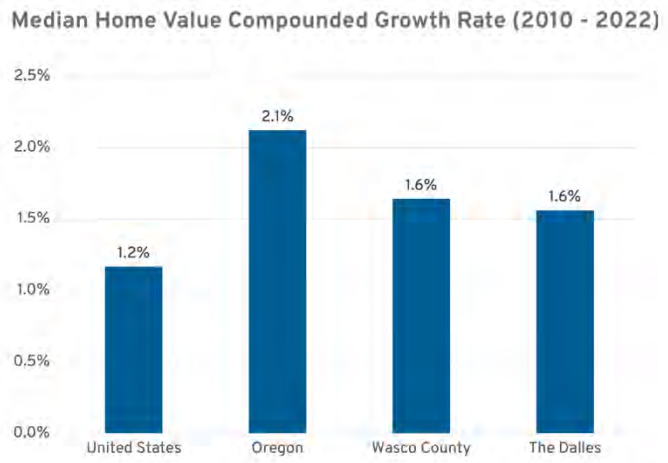
Much of The Dalles' 20-year housing need comes from expected growth; however, underproduction in the city and region is also a contributing factor. Mirroring an underproduction trend seen across Oregon and Wasco County, The Dalles' residential vacancy rate has fallen from a very healthy 4.9% in 2010 to 2.3% in 2022.



American Community Survey 5-Year Estimates, Table B25004. Includes typical market vacancy (e.g. for sale, for rent), excludes recreational and seasonal housing and "other" vacancy (e.g. abandonment, foreclosure)

When vacancy is low, competition among renters and buyers for the limited available stock of housing often fuels price increases. Still, The Dalles did not see the same housing cost increases that the state did over the last decade. Between 2010 and 2022, The Dalles' median gross rents grew by 15% per month after adjusting for inflation, compared with 34% per month statewide. Likewise, The Dalles' home values grew at a slower annual rate than the state. Increasing housing supply and alleviating low vacancy is crucial to preserving The Dalles' relative affordability and protecting against future price increases.

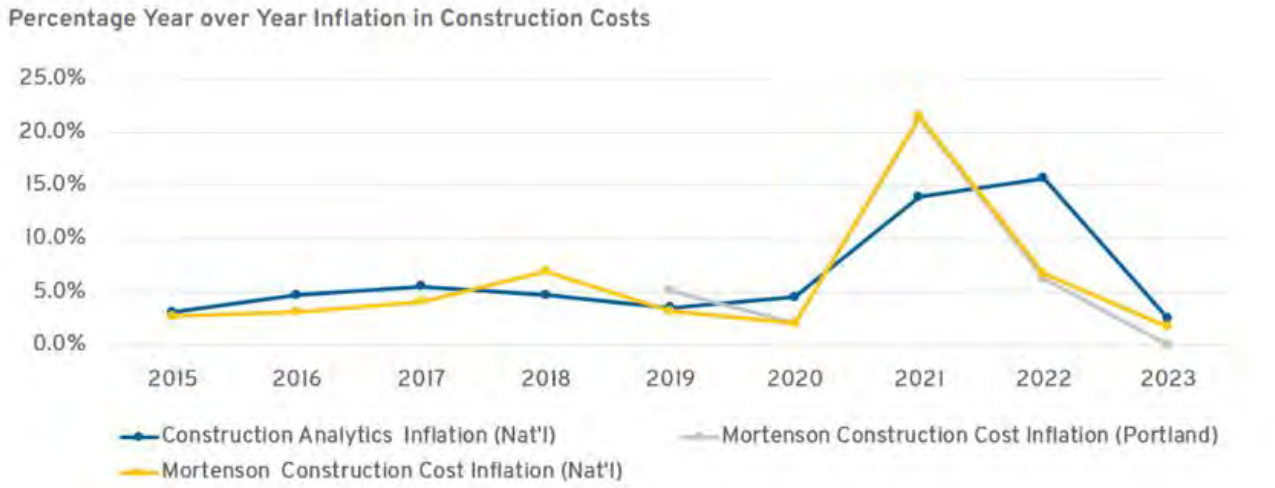




American Community Survey 5 Year Estimates, Table B25077

Existing and Expected Barriers to Production

Since 2020, development costs have risen sharply. Mortenson's Construction Cost Index for Portland indicates the Portland region experienced a 29% increase in construction costs between 2020 and 2024. Interest rates have also increased, dramatically raising the cost of borrowing for both buyers and builders. These macroeconomic headwinds cause rents and sales prices to fall out of sync with development costs, reducing the financial feasibility of development and ultimately posing a significant barrier to near-term housing production.



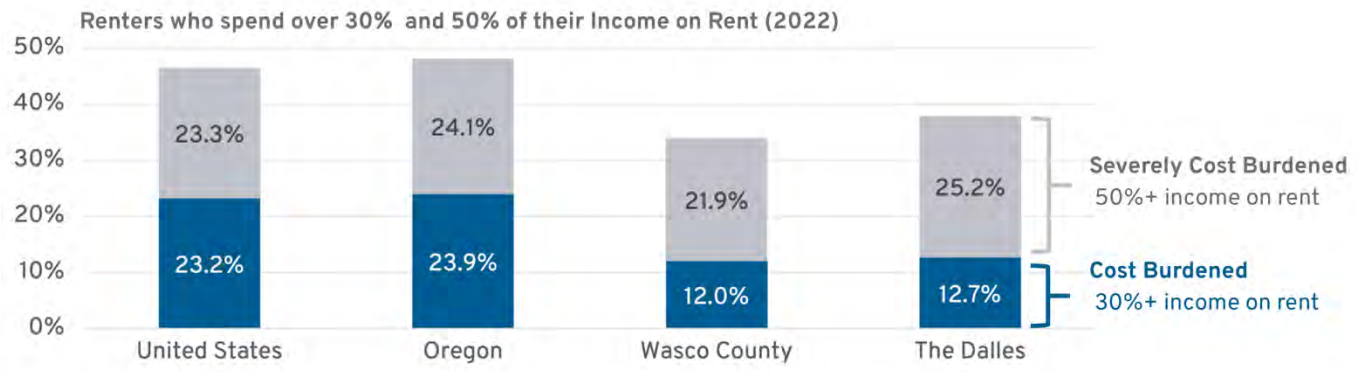
Mortenson Construction Cost Inflation; Ed Zarenski Construction Inflation

A statewide survey of government staff and developers by the University of Oregon's Institute for Policy and Research and Engagement reinforces this perspective that these are major barriers to production. Six of the 12 barriers perceived by respondents as "extreme" had to do with construction costs (both materials and labor) and labor availability. The report also finds the land cost and relatedly, the availability of development-ready, adequately zoned land were also considered major barriers. Infrastructure, systems development charges, and various regulatory details were deemed more moderate barriers to production.

Real estate is cyclical, and eventually cost, price, and rent conditions will reach a new equilibrium in which development is more feasible. In the meantime, adopting policies that support lower development costs, broaden the labor pool, open up land to development, and prepare that land for development will be crucial to counteracting these difficult conditions.

Cost Burden

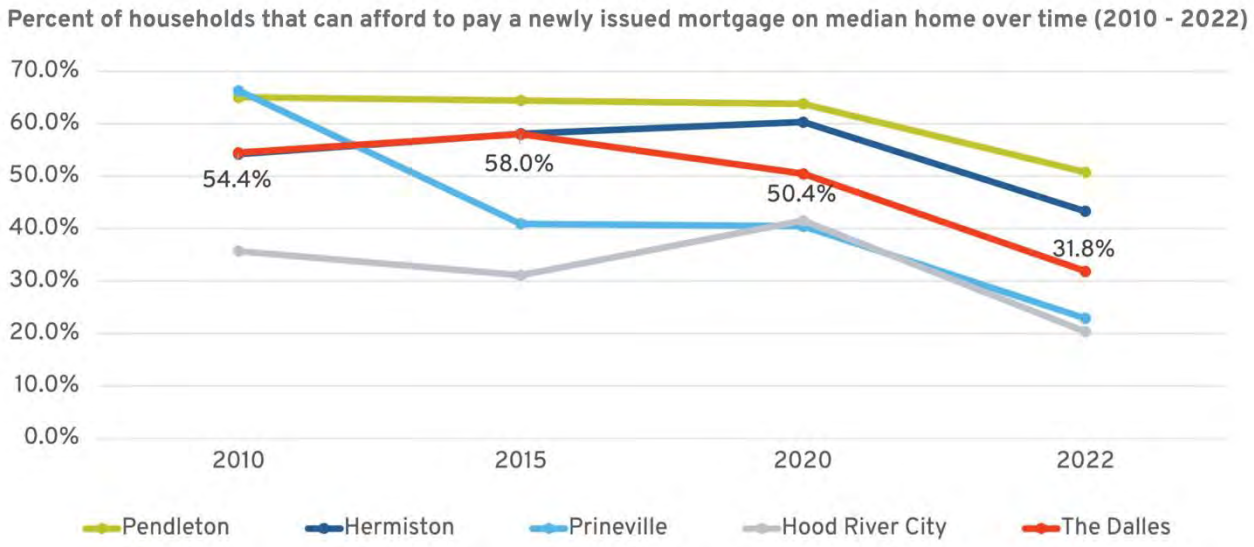
38% of The Dalles' 2,500 renter households are cost burdened



American Community Survey 5 Year Estimates, Table B25070

Per the 2022 ACS, The Dalles' overall prevalence of renter cost burden and severe cost burden is slightly lower (38%) than national (46%), statewide (48%), and county (34%) averages. However, renters are more likely to be paying over half of their income on rent compared to regional, state and national rates. Though The Dalles' median rent is lower per month than state and national averages ($925 vs. $1,373 and $1,268), the city's median income is also comparatively lower ($59,714 vs. $76,632 vs. $75,149).

After price & interest rate spikes, fewer than half of households in The Dalles can afford a typical mortgage.



Zillow Home Value Index (seasonally adjusted, all for sale homes); Federal Reserve Bank of St. Louis (FRED) average 30-year mortgage rates; SmartAsset & Nerdwallet tax and insurance estimates for Oregon

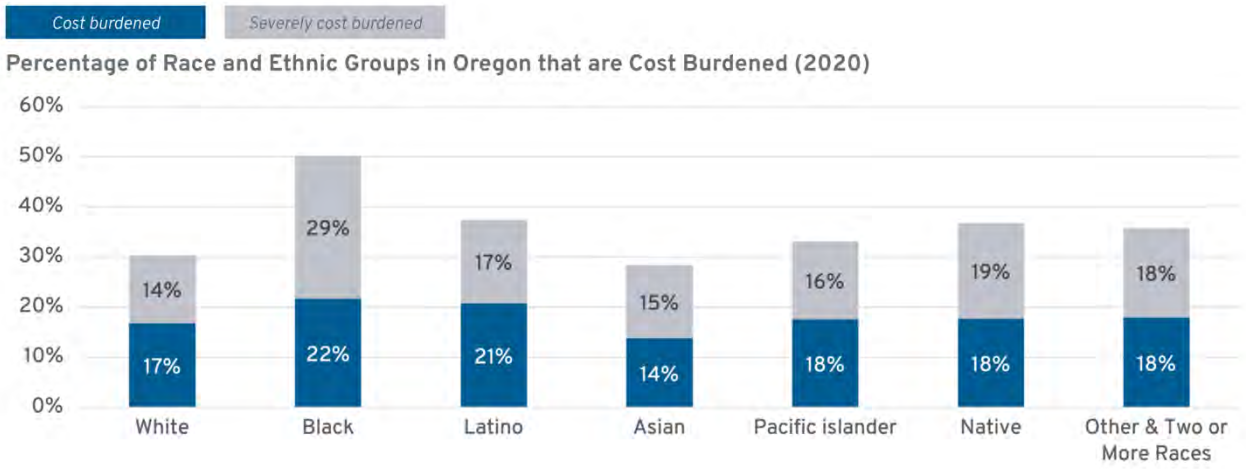
While the ACS tracks cost burden due to owner costs, it falls short of accurately capturing an up-to-date picture of the ownership housing market in 2024. This is because a large share of owners in that data locked in low mortgage rates and housing prices decades ago, resulting in low-cost burden today. The percentage of households that can afford to pay a newly issued mortgage on a median home is a better reflection of the affordability of the ownership market over time. In 2010, The Dalles, given its modest home prices, enjoyed relative success in having the majority of its households being able to afford to buy the median home in the City. However, when rates climbed, The Dalles, like other peer areas, suffered a significant decrease to ownership affordability. Now, fewer than one third of households can afford a newly issued mortgage on the City's median-priced home.

Needs of Communities of Color

Statewide, Black & Latino households – whether owners or renters – are cost burdened most often. The Dalles has a high percentage of Latino residents in particular.

As stated above, roughly 27% of The Dalles' residents are people of color, the same share as the state as a whole. The Dalles is 20% Latino, a higher rate than Oregon (14% Latino). The typical data source for cost burdened analysis by race categories is CHAS data but given the size of the population in The Dalles, statewide data is used due to large margins of error.

Statewide trends suggest that communities of color - especially Black, Latino, and Native populations - tend to be cost burdened at the highest rates. For example, 51% of Black households and 38% of Latino households in Oregon are cost burdened compared to 31% of White households. These estimates are more reliable because they are based on a much larger sample of the population given the state's population of 4 million compared to the population in The Dalles. This data implies the importance of planning for the housing needs of communities of color across the state, including in The Dalles.



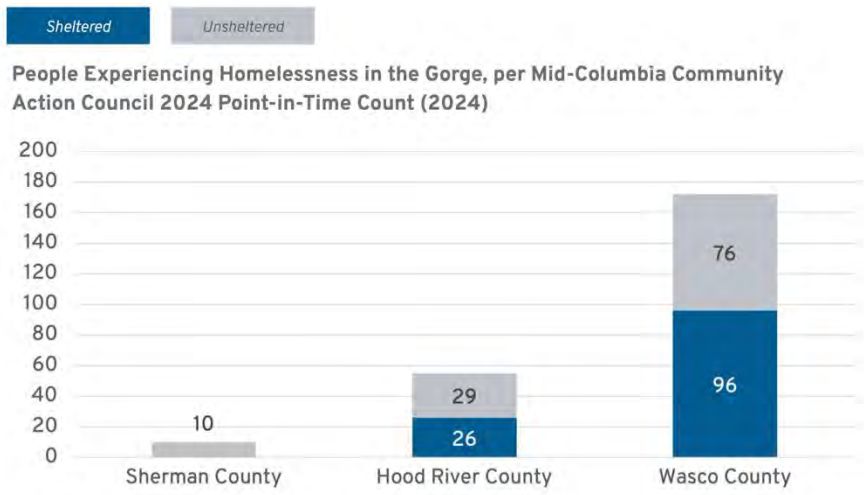
HUD Comprehensive Housing Affordability Strategy (CHAS) data, Table 9, 2016-2020 estimates

For further information on the housing needs of communities of color, see the "Needs of People Experiencing Homelessness" and "Existing Housing & Who Lives in Different Kinds of Housing" sections, which contain housing-need data disaggregated by race and ethnicity.

Needs of People Experiencing Homelessness

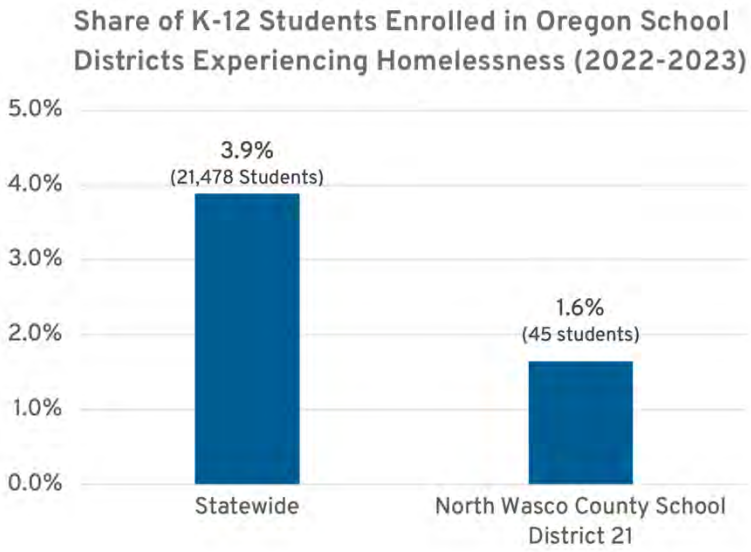
Homelessness Trends

According to the Mid-Columbia Community Action Council Point-in-Time Count, 172 people in Wasco County were experiencing homelessness as of January 2024, up 7.5% from 2023. The Dalles, home to the majority of the county's population, plays a central role in addressing this issue. People experiencing homelessness in Wasco County are disproportionately American Indian, Alaska Native or Indigenous (22% vs. 2% county-wide), and Multiracial (9% vs. 4% county-wide). White and Latino populations are more proportionately represented or are even underrepresented among people experiencing homelessness.



Mid-Columbia Community Action Council 2023 Point-in-Time Count. See https://www.mccac.com/data-reports#block-48ed6d86a593cc0ab0d9

McKinney Vento data on student homelessness from 2024 shows that many students in the North Wasco County School District (1.6% of students) experience severe housing insecurity and homelessness. This is below the statewide rate of 4%. Student homelessness is likely missed by the January Point-in-Time counts. That data found that 36 (80%) of these students were living doubled-up with another family. Six were living in a shelter.



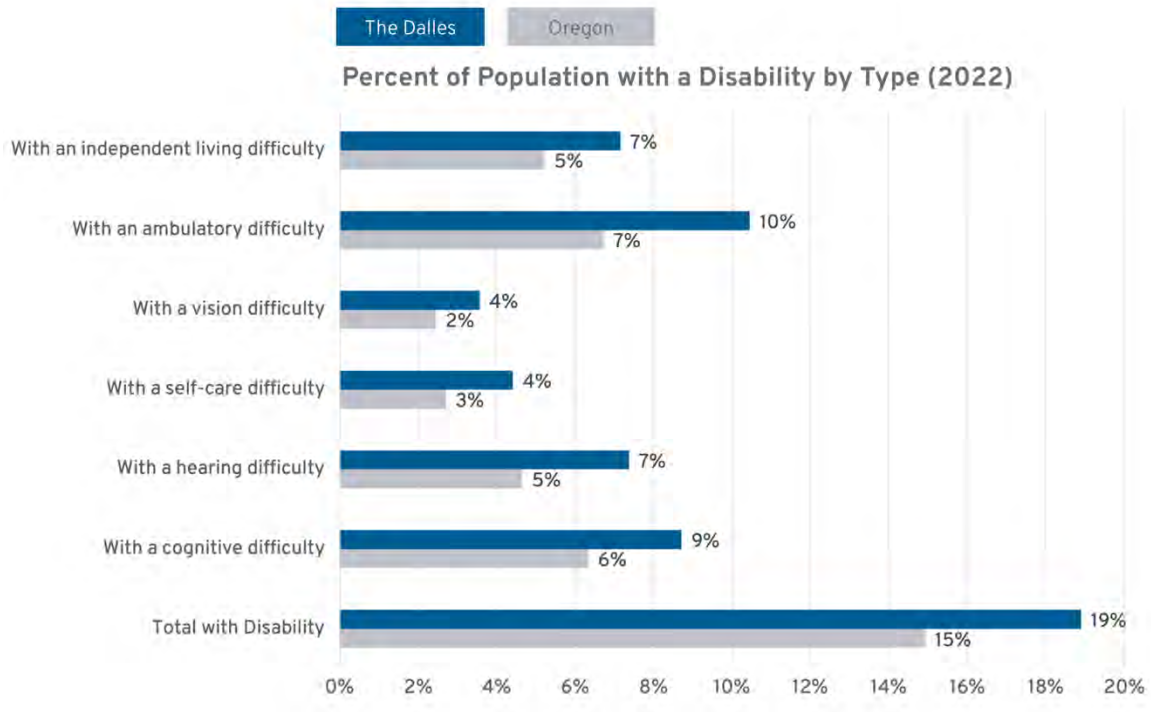
McKinney Vento Act, 2022-2023 Houseless Student Data. See https://www.oregon.gov/ode/schools-and-districts/grants/esea/mckinney-vento/pages/default.aspx

Needs of Seniors & People with Disabilities

Per the 2022 ACS, The Dalles had a slightly higher percentage of seniors than the state as a whole (20% vs. 18%). However, despite state and national trends of a steady increase over time, The Dalles' percentage of seniors among its population has remained steady over the last decade. Per the Department of Housing and Urban Development, about 32% of The Dalles' residents ages 62 and above face at least one of the following housing problems: cost burden, overcrowding, or inadequate kitchen or plumbing facilities. This figure is 33% statewide, meaning seniors in The Dalles tend to have housing problems at roughly the same rate. Given the senior population is holding steady in The Dalles and that the population faces known housing challenges, senior needs are key to plan for.

The Dalles has a higher percentage of individuals with disabilities compared to the state overall (19% vs. 15%), likely influenced by the City's age distribution and its robust network of healthcare and social services, including Adventist Health

Columbia Gorge, a concentration of senior living facilities, Oregon DHS vocational rehabilitation services, One Community Health, the Mid-Columbia Center for Living, the Oregon Veterans Home, and other social service agencies. Even when broken down by disability type, The Dalles outpaces the state, as shown in the chart below.



American Community Survey 5 Year Estimates, Table S1810

People with disabilities are more likely than people without them to live in poverty, with 21% of Oregon's population with a disability below the poverty line compared with 10% for the no-disability population. This data is not available at the city level, but the statewide trend implies that the City can expect to serve the needs of more households with disabilities if it successfully adds more housing affordable to lower-income households. The Dalles' comparatively low housing costs may be one reason a larger share of the population is living with a disability. In order to preserve affordability and prevent displacement, affordable and accessible housing is a key to meeting the community's needs.

3. Community Engagement

The implementation of the Housing Production Strategy (HPS) will impact many existing and future residents of The Dalles. The HPS was developed with input from a variety of community members and stakeholders in the housing development process. This engagement process included the formation of an Advisory Committee that met three times over the course of the project, as well as three joint work sessions with the Planning Commission and City Council. Stakeholder interviews were held with housing producers and equity priority populations with historically marginalized communities to solicit input on their housing needs.

The engagement process included:

- Three meetings of an Advisory Committee
- Three joint work sessions with Planning Commission and City Council
- Five stakeholder interviews, one with a housing producer and four with representatives of historically marginalized communities
- Virtual Open House and Community Survey open to the public

Advisory Committee Meetings

The HPS Advisory Committee was comprised of 11 community members identified as experts on housing and the community in The Dalles. The Advisory Committee included housing developers in The Dalles (including multi-unit, detached, small home, land, and affordable housing developers), real estate brokers, property managers, regional policy experts, as well as community organizers and advocates. Three Advisory Committee meetings were held between April, July, and October 2024 to review potential housing actions for the HPS, discuss priorities and concerns, and share community and policymaker feedback.

Advisory Committee members approached the work with a shared understanding that The Dalles faces a severe housing shortage. The group identified farmworkers, native populations, and students among groups shouldering the most severe housing cost burden. Advisory Committee members discussed housing quality also as a concern, particularly among the farmworker community.

Over the course of the three meetings, members discussed and responded to a range of housing production strategies, including expanding housing types and increasing density in certain zones, adopting a multi-unit property tax exemption (MUPTE), exploring a construction excise tax (CET), land banking feasibility, as well as identifying and repurposing surplus land for affordable housing.

The committee also discussed goals for achieving fair and equitable housing, underscoring the importance of housing strategies being responsive to threats of gentrification, displacement, and climate change. Ongoing community engagement, the group agreed, would be key in achieving these goals.

Planning Commission and City Council Meetings

Three Joint Planning Commission and City Council work sessions were held in May, July, and October 2024 to provide an overview of the HPS requirements and process, receive feedback on the Contextualized Housing Need memo, and discuss and receive feedback on draft strategies and actions.

Planning Commission and City Council members agreed that The Dalles needs more housing options, particularly smaller, more affordable homes for ownership. Despite some hesitancy to raise density maximums, the group was ultimately supportive of easing regulations to usher in new housing typologies like cottage clusters, larger multi-plexes, tiny homes and modular housing. They also discussed the feasibility of a range of tools to incentivize development including CET, expanding the Urban Renewal Areas (URAs), Community Land Trusts, and pre-approved building plans. Realistic staffing requirements and implementation timelines shaped the conversation around each strategy, remaining sensitive to the City's capacity over the next eight years.

Like the AC members, Planning Commission and City Council members emphasized the importance of ongoing community engagement in shaping housing strategies. They viewed it as essential for accurately addressing housing needs. Special focus

was placed on reaching out to the Latino and Indigenous communities, given feedback and anecdotal evidence of incomplete census data.

Stakeholder Interviews

Targeted Engagement with Housing Producers

The consultant team collaborated with the City to identify and interview housing producers for their perspectives and experience in The Dalles. The team reached out to both private and non-profit housing developers, as well as other stakeholders in the development community and were able to connect with a small-scale local developer with a background in construction. Below is a summary of the key themes that emerged from this outreach:

- High and escalating System Development Charges (SDCs) are significant barriers to housing development, especially combined with high interest rates and a tight housing market.
- Costly public right-of-way improvements including requirements for fire trucks, sprinklers, and other infrastructure are expensive and only feasible for large-scale developments in The Dalles.
- Developers in The Dalles would benefit from the city exploring scaled SDCs, MUPTE (deferring property taxes), easing requirements for middle housing development, and streamlining review processes in the planning office.

Targeted Engagement with Equity Priority Populations

The consultant team collaborated with the City to identify and interview stakeholders or organizations that work with equity priority populations. The goal of this engagement was to understand needs around accessing and navigating housing services; culturally specific housing types, preferences for design, amenities, transportation, and location; and social services and program needs. Below is a summary of the key themes that emerged from these interviews:

- There is a shortage and urgent demand for affordable housing options in The Dalles, including single-family homes, apartments, and smaller units like cottages or townhomes. There's also a strong push for housing that supports aging in place and accommodates multigenerational households, ensuring long-term residents can stay in The Dalles. There are widespread concerns about homelessness and population growth and the growing pressure on housing availability and affordability.
- Community demographic data presented to stakeholders did not resonate with their lived experience. Census data on demographics and housing needs, especially for the Latino and Indigenous communities, is lacking due to high margins of error and undercounting due to mistrust of the survey. Alternative data sources like Portland State projections and Oregon Health Authority data could provide more accurate insights. This can be supplemented with more community engagement in housing surveys, which may foster broader participation and data accuracy. Working with a more accurate demographic snapshot of the community is important to making housing production recommendations and can help build trust with communities that are underrepresented in census data.
- Undocumented individuals face significant challenges in accessing housing due to ineligibility for vouchers, programs, and mortgages, exacerbating housing gaps.
- Culturally appropriate housing solutions are important for meeting the needs of the Indigenous community in The Dalles. For example, supporting tribal housing, reducing restrictions on tiny home communities, facilitating land acquisition, advancing the "land back" movement, and considering the cultural significance of the Columbia River.
- Challenges like NIMBYism, zoning restrictions, and lack of incentives for landlords are significant barriers to development in The Dalles. Solutions include utility-based incentives, mixed-use zoning, and promoting affordable housing projects through public-private partnerships.
- The City needs to prioritize smaller affordable units (e.g., ADUs and studios), remove rental barriers (e.g., pet rent, high deposits), and provide behavioral health support for individuals needing minimal assistance in stable housing situations.

Virtual Open House and Survey

In the Fall of 2024, the consultant group published an interactive website and online community survey to educate the public about the HPS project and solicit feedback on housing needs in The Dalles. On September 18, 2024, the consultant group, with

assistance from City staff, facilitated a town hall-style discussion to hear directly from community members in-person and virtually.

Virtual Open House

Six community members, along with several City staff and consultant facilitators attended the open house. Attendees shared their personal housing stories, emphasizing the need for affordable, accessible, and diverse housing options, including higher density housing. Participants saw a need for homes that accommodated multigenerational families, were accessible to an aging population, and attainable for low and moderate-income community members. The discussion also covered the importance of having amenities like green space, grocery stores and laundry facilities nearby. Attendees expressed concern for people in The Dalles who were experiencing homelessness and emphasized the need for more supportive housing services to ensure people's needs are being met. Multiple participants also raised concerns around parking, traffic, and the need to improve infrastructure to continue to accommodate growth in The Dalles.

Survey

Two hundred and forty-four people responded to the survey, 73 percent of whom both live and work in The Dalles. Sixty-seven percent of respondents were homeowners, and a majority self-described as white women. Respondents ranged in age, with a fairly even distribution between the ages of 25 and 64. Key themes from the survey are summarized below:

- The top three preferences for home alternatives in The Dalles were smaller detached houses on smaller lots and attached homes in a smaller building (townhouse, duplex, triplex, or quadplex). ADUs and apartments or condos were also somewhat popular.
- Survey respondents overwhelmingly prioritized recreational amenities (i.e. playgrounds, nature parks, trails, etc.) as the most desirable feature to have near new housing development.
- In general, multi-unit housing is considered harder to find than smaller units in The Dalles. Forty percent of respondents identified three-bedroom homes as the most challenging to find.
- Off-street parking, private outdoor space (balcony, patio, yard), and homes designed for multigenerational living are "very important" housing-related features often missing in homes in IT.
- The majority of survey respondents believed the following strategies would be at least "somewhat important" to prioritize if the City were to make changes to zoning and land use rules to encourage more housing production:
    - Creating more opportunities to build for-sale homes
    - Creating more opportunities to build rental homes
- The majority of survey respondents identified the following strategies as "very important" to prioritize if the City were to make changes to zoning and land use rules to encourage more housing production:
    - Reducing barriers to building unconventional housing types like tiny homes or modular homes
    - Using zoning rules to encourage builders to provide units that are required to be affordable to households with low or moderate incomes
- An overwhelming majority (about 75%) of respondents believed that housing production strategies should focus on creating homeownership and rental opportunities for low- and moderate-income households. Respondents did not rank producing homes designed to accommodate people with disabilities or supportive services for people exiting homelessness as high of a priority.
- 54% of respondents supported a tax on new commercial and industrial development to fund affordable housing programs. 22% opposed.
- 83% of respondents supported the city working with other government agencies and institutions to repurpose land that is no longer needed for public uses to build affordable housing. Just 5% opposed.

Integrating Community Feedback into HPS

Input from housing stakeholders, the Advisory Committee, Planning Commission and City Council, and public shaped recommendations in the HPS. At the outset of the project, the insights from the engagement activities helped the consultant

team to focus on the types of strategies that might be most effective in meeting The Dalles' housing needs and would be supported by the community. The general themes of this initial input included:

- The City is interested in assessing the feasibility of actions that can help to directly benefit housing development, such as a CET to help facilitate affordable housing development and offset development costs and land banking.
- The City agrees there is a need for more affordable housing options, particularly for lower-income households and large intergenerational households. Many of the zoning recommendations specifically address ownership and rental housing options, including cottage housing, small lot single-family houses, and multifamily housing.
- The actions include implementation considerations that guide the City on opportunities to address specific housing needs of marginalized communities that were addressed in various community engagement activities. This helps to give the City direction on how they can implement programs and incentives that directly benefit communities' needs, such as affordable homeownership and rental opportunities, accessible housing, and expanded housing options.

Recommendations for Future Engagement

The following recommendations are provided for consideration in future updates to the HPS and during implementation of any of the actions in the HPS.

- Consider forming a housing committee made up of different interest groups/stakeholders, including both consumers and producers of housing—such as people experiencing homelessness, people living in low-income housing, local homebuilders, real estate professionals, higher education representatives, local employers and non-profit affordable housing providers—in order to provide more opportunities for review and input on strategies included in the HPS as they are implemented over time (see Action 1.1).
- Use a variety of approaches to build awareness of the HPS among the general public and to encourage participation. This may include communicating through trusted leaders in the community, additional media outreach, and offering incentives for participation. Consider partnering with location organizations and service providers to conduct engagement at regularly scheduled events or locations where community members will already be. This approach reduces barriers to access and expand reach. Provide multiple formats and times for public engagement meetings. The COVID-19 pandemic introduced new possibilities for meetings, including virtual, in-person and hybrid options as well as the ability to record meetings for community members to watch and/or listen to at their convenience.
- Build on the previous two recommendations by seeking ongoing guidance on how to address the limitations of demographic data from the Decennial Census and American Community Survey (ACS) in The Dalles. Leverage local knowledge to ensure that housing production strategies are responding to the true proportions of community needs.

4. Actions to Meet Future Housing Needs

The actions included in this document were identified by the project consulting team based on experience with policies in similar jurisdictions, an audit of local zoning codes and policies, best practices research, and a list of potential strategies published by the Department of Land Conservation and Development (DLCD). Working collaboratively with staff, and based on input from stakeholders and the community, the consulting team refined the actions to best fit The Dalles' housing needs and capacity for implementation over time.

Format

The actions in this document to meet permanent housing need fall into five categories:

1. Partnership Actions
2. Regulatory Actions
3. Incentive Actions
4. Investment Actions
5. Land Based Actions

Within each category there is a one-page summary devoted to each action, which includes a description of the action, implementation steps and considerations, an implementation timeline, a measure of the magnitude of impact, and impact targets. Once adopted, it is assumed that these actions will continue to impact the production of needed housing over time.

Housing Need Targets

The HPS considers the impact of each action on targeted housing needs in three areas:

- **Affordability Targets:** This section evaluates the degree to which an action will help to produce housing affordable to various income levels. This evaluation is based on the housing types that are most likely to be produced as a result of the action and the extent to which the City can target the action to meet housing for certain income levels. The following table summarizes the affordability targets used for this report.
- **Housing Type Targets**: This section evaluates the degree to which an action will help to produce single-family, middle housing and multifamily housing. Middle housing includes Accessory Dwelling Units, duplexes, triplexes, quadplexes, townhouses, and cottage clusters.
- **Tenure Targets**: This section evaluates the degree to which an action will help to produce housing that is either for sale or for rent.

Affordability Target	Percent of Median Family Income (MFI)	Monthly Housing Cost Range
Subsidized	Less than 30%	$700 or less
Affordable	30% to 80%	$700 to $1,200
Workforce	80% to 120%	$1,200 to $1,900
Market Rate	Over 120%	$1,900 or more

Source: City of The Dalles Housing and Residential Land Needs Assessment 2023-2043, Table 4.4

The impact of each action on a housing need has been assessed as follows:

*** **Low or no impact**: This indicates that the action is likely to have a minimal or limited effect on housing production. It may support housing production, but on its own it is not likely to spur new housing development.

**** **Moderate or potential impact**: This indicates that the action is likely to have a more substantial impact on housing production generally or on meeting a specific housing need. It may be impactful enough on its own to spur new housing development.

***** **High impact**: This indicates that the action is likely to have a significant, wide-reaching impact on housing production or would directly spur housing development that meets a specific housing need.

Actions by Implementation Timeline and Impact

Action Group	Action Title	Implementation Years				Action Impact
		1-2	3-4	5-6	7-8	
Partnership Actions	Action 1.1: Housing Working Group	■				High
	Action 1.2: Pre-Approved Plans	■				High
	Action 1.3: Technical Assistance	■				Low
Regulatory Actions	Action 2.1: Middle Housing	■				High
	Action 2.2: Maximum Density				■	High
	Action 2.3: Zoning Incentives		■			Medium
	Action 2.4: Alternative Housing Types		■			Medium
	Action 2.5: Mixed-Use Development		■			Medium
	Action 2.6: Adaptive Reuse			■		Medium
Incentive Actions	Action 3.1: Tax Exemption Incentive	■				High
	Action 3.2: Scaling SDCs		■			Medium
	Action 3.3: SDC Deferral		■			Low
Investment Actions	Action 4.1: Tax on New Construction				■	High
	Action 4.2: Urban Renewal Areas		■			High
	Action 4.3: Downtown Plan			■		Medium
	Action 4.4: Infrastructure Prioritization		■			Medium
Land Based Actions	Action 5.1: Inventory and Assess Land	■				Medium
	Action 5.2: Land Agreements		■			Medium
	Action 5.3: Land Banking		■			High

1. PARTNERSHIP ACTIONS

HOUSING WORKING GROUP

Action 1.1

Convene a housing working group to pursue state funding and implement housing actions

IMPLEMENTATION TIMELINE

1-2 Years	3-4 Years
5-6 Years	7-8 Years

ACTION IMPACT

High	Medium	Low

IMPACT TARGETS

AFFORDABILITY

- ***** Deeply Affordable
- ***** Affordable
- ***** Workforce
- ***** Market Rate

HOUSING TYPE

- ***** Single-Family
- ***** Middle Housing
- ***** Multifamily

TENURE

- *** For Sale
- *** For Rent

DEMOGRAPHIC

- ***** Communities of Color
- ***** People Experiencing Homelessness
- ***** People with Disabilities
- ***** Seniors

Description

Convene a housing working group of staff and civic, institutional, faith based, employer, and builder (private, public, and nonprofit) stakeholders that meets regularly and leads the exploration of opportunities to facilitate both affordable and market rate housing development in the City. The working group's activities include:

- Meeting with large employers to identify ways to partner to provide workforce housing
- Coordinating on the implementation of several housing strategies identified in the HPS
- Engaging with developers proactively to pursue the State's New Housing Revolving Loan Fund and identify potential projects.
- Making policy recommendations and resource requests based on the above conversations for various priority populations, including affordable housing and projects benefiting homeless and very low-income populations.

A housing working group can help to develop a pro-housing culture in the City that can help implement housing strategies, as well as pursue state funding.

Magnitude of Impact

This action is rated as a **High** impact because it is facilitating collaboration among partners that can lead to housing developments occurring which would otherwise not have happened.

Implementation Steps and Considerations

- The City should develop a list of stakeholders and organizations, recruit participation, and convene a housing working group.
- A first task of the working group should be to identify an eligible project for the State Revolving Loan Fund. See more information on this program below.
- Offer technical support to help stakeholders understand housing-related zoning and infrastructure needs, as well as opportunities to collaborate on funding opportunities.

- Facilitate connections with local developers who may be interested in partnering to build on civic, institutional, faith-based, and employer-owned sites.
- The City should also understand stakeholder ability to help with implementation and understand who can help be leaders in the housing working group to assist with action implementation and funding pursuits.
- Staff time and funding may be necessary to engage with these organizations and assist with strategy implementation.
- Members with technical experience can assist in exploring supplemental data collection of populations that are traditionally underrepresented in Census data, such as American Indian, Alaska Native or Indigenous and Latino populations, as identified in community engagement activities.
- Partnership, participation, and representation with Mid-Columbia Housing Authority and Columbia Cascade Housing Corporation to advocate for The Dalles' housing needs and draw on regional housing expertise to develop best practices in housing production.

The purpose of the State Revolving Loan Fund is to fill housing financing gaps for local jurisdictions to develop needed housing in their communities. Local jurisdictions control project selection and borrow from the loan fund to make grants to local developments, with a 10-year payback target to be repaid through the growth in property taxes derived from the new development. The grants to housing developments can be $15,000-$35,000 per unit for single-family, middle housing, multifamily, and ADUs for sale or for rent below 120% Area Median Income. Eligible costs for the grant include System Development Charges (SDCs), predevelopment costs, construction costs, and land write-downs. Additionally, the housing developments must be taxable and not located in a Tax-Increment Financing District. The loan program will be operational by June 30, 2025, and is a first-come, first-serve grant, so it is recommended to prioritize pursuing this funding opportunity.

The Mid-Columbia Economic Development District (MCEDD) already oversees a similar program. The North Central Oregon Attainable Housing Development Revolving Loan Program offers "flexible financing for housing development and housing rehabilitation" with $2 million seed funding to support middle market housing development for households earning 60 to 120% MFI.

PRE-APPROVED PLANS

Create pre-approved dwelling plans

Action 1.2

IMPLEMENTATION TIMELINE

1-2 Years	3-4 Years
5-6 Years	7-8 Years

ACTION IMPACT

High	Medium	Low

IMPACT TARGETS

AFFORDABILITY

- *** Deeply Affordable
- *** Affordable
- *** Workforce
- *** Market Rate

HOUSING TYPE

- *** Single-Family
- *** Middle Housing
- *** Multifamily

TENURE

- *** For Sale
- *** For Rent

DEMOGRAPHIC

- *** Communities of Color
- *** People Experiencing Homelessness
- *** People with Disabilities
- *** Seniors

Description

Create pre-approved dwelling plans to help incentivize and expedite the development of various housing types, such as ADUs, cottage clusters, duplexes, and triplexes, by partnering with Wasco County Building Codes, architects, designers, engineers, builders, or an institution to develop plans for multiple dwelling unit options that can be quickly reviewed and permitted. The plans would be highly efficient, designed for constrained lots and low-cost solutions and accessible units, and allow for streamlined permitting. Partnering with an institution could include Columbia Gorge Community College or another college or university to create a competitive competition with compensation in the form of a scholarship for selected plans.

Pre-approved plan sets are building designs that have been reviewed for compliance with the building code and are approved to build. Pre-approved plans would streamline permitting procedures for these housing types, thereby reducing development timelines, uncertainty, architectural costs, and other barriers to entry. The City should consider including a plan for ADUs or other accessible housing types that are designed to meet the needs of people with disabilities and seniors.

Magnitude of Impact

This action is rated as a **High** impact because providing this type of resource will lower the cost and broaden the opportunity for property owners to add additional units to their sites. In smaller markets with fewer developers, strategies that empower homeowners and other local property owners to add ADUs or other small-scale housing on existing lots within a city can result in meaningful additional housing.

Implementation Steps and Considerations

- Consider combining with **Action 1.3**.
- Review plan sets developed by DLCD and determine if they can be adapted for the City.
- Engage with local developers that have developed middle housing or ADUs to understand barriers or opportunities to best position these pre-approved plans for success.
- Develop the pre-approved plans with Wasco County Building Codes, architects, designers, engineers, builders, or an institution of Higher Education.

TECHNICAL ASSISTANCE

Action 1.3

Provide information and technical assistance to small developers

IMPLEMENTATION TIMELINE

1-2 Years	3-4 Years
5-6 Years	7-8 Years

ACTION IMPACT

High	Medium	**Low**

IMPACT TARGETS

AFFORDABILITY

- ** Deeply Affordable
- ** Affordable
- ** Workforce
- ** Market Rate

HOUSING TYPE

- ** Single-Family
- ** Middle Housing
- ** Multifamily

TENURE

- *** For Sale
- *** For Rent

DEMOGRAPHIC

- ** Communities of Color
- ** People Experiencing Homelessness
- ** People with Disabilities
- ** Seniors

Description

Provide information and technical assistance to small developers to assist with housing development, including providing information to help them find suitable sites for housing development, understand land use permitting processes and incentive opportunities, and establish a sense of clarity and certainty about housing development requirements. An educational tool can include pre-approved dwelling plans developed for Action 1.2.

Small developers may need extra assistance to navigate complex permitting and review processes or may be unaware of resources available to them. However, they are a valuable part of the local developer pool because they often take on projects that larger developers will not, especially smaller infill projects.

Magnitude of Impact

This action is rated as a **Low** impact because it will help to reduce uncertainty about City regulations and permitting processes which would remove barriers to development of certain housing types but may not have a direct impact on housing development.

Implementation Steps and Considerations

- Produce clear, easy- to-use information that would be distributed on the City website or at City Hall, similar to *Starting a Business in the City of The Dalles: Business Development Guide.* Gather common housing developer questions, prepare answers, and post them to the Planning FAQs section of the City website. Compile these and provide them as a fact sheet on the website and print for distribution at City Hall.
- Poll local small developers about specific workshops or information that would be helpful to them and work within available resources to provide workshops and information identified.
- The City may also offer webinars or training sessions to help small builders become familiar with the permitting process and City resources. Partner with Mid-Columbia Housing Authority, drawing on their experience hosting housing-related courses and distributing information packets.
- Work to streamline steps for development approval. As developers are engaged, solicit their feedback on the City's review processes and conduct an internal audit to identify and address permit streamlining opportunities.

2. REGULATORY ACTIONS

MIDDLE HOUSING

Action 2.1

Allow triplexes, fourplexes, and cottage cluster housing in the RL Zone

IMPLEMENTATION TIMELINE

1-2 Years	3-4 Years
5-6 Years	7-8 Years

ACTION IMPACT

High	Medium	Low

IMPACT TARGETS

AFFORDABILITY

- *** Deeply Affordable
- *** Affordable
- *** Workforce
- *** Market Rate

HOUSING TYPE

- *** Single-Family
- *** Middle Housing
- *** Multifamily

TENURE

- *** For Sale
- *** For Rent

DEMOGRAPHIC

- *** Communities of Color
- *** People Experiencing Homelessness
- *** People with Disabilities
- *** Seniors

Description

The Low Density Residential (RL) Zone currently only allows single-family detached and attached houses, ADUs, and duplexes. Under this action, the City will expand permitted housing types in the RL zone to include additional middle housing types, including triplexes, fourplexes, and cottage clusters. The code would be updated to define triplexes and fourplexes separately from multifamily dwellings with five or more units. This code update may also include new or revised development and design standards for these housing types to ensure they are designed to be compatible with existing development patterns and intensities in the RL zone.

According to the Buildable Lands Inventory, the RL Zone has just under 200 acres of buildable land. This code change would create opportunities for smaller and more affordable units across a large area. Additionally, triplexes, fourplexes, and cottage clusters may be more feasible to develop than single-family houses or duplexes due to lower land costs per unit, which enables lower rents/prices that can appeal to a broader market.

Magnitude of Impact

This action is rated as a **High** impact because it will result in new housing types being allowed on a significant portion of the City's residential land. The action is expected to create opportunities for workforce or market-rate housing for rent and for-sale. The action may not directly result in the production of affordable or deeply affordable units, however.

Implementation Steps and Considerations

- Consider establishing new design and site development standards to ensure projects meet the desired intent of the housing type. Ensure the standards allow for a clear and objective approval path in compliance with state law and to provide certainty for applicants.
- Design and development standards applying to these housing types should be balanced with the goal of ensuring economically feasible housing development. The DLCD Model Code for Large Cities includes standards for these types that strike this balance effectively.
- Public engagement about these code updates will be necessary to explain the rationale for the updates, assess potential concerns about the impact of the change, and modify regulations appropriately.
- Substantial staff time and/or consultant support may be required to draft the code updates and facilitate the public engagement process.
- Consider allowing triplexes and fourplexes with a building permit in all residential zones, rather than a land use application (Site Plan Review).

MAXIMUM DENSITY

Action 2.2

Increase maximum density in the RM, RH, and NC Zones

IMPLEMENTATION TIMELINE

1-2 Years	3-4 Years
5-6 Years	**7-8 Years**

ACTION IMPACT

High	Medium	Low

IMPACT TARGETS

AFFORDABILITY

- *** Deeply Affordable
- *** Affordable
- *** Workforce
- *** Market Rate

HOUSING TYPE

- *** Single-Family
- *** Middle Housing
- *** Multifamily

TENURE

- *** For Sale
- *** For Rent

DEMOGRAPHIC

- *** Communities of Color
- *** People Experiencing Homelessness
- *** People with Disabilities
- *** Seniors

Description

This strategy involves revising minimum lot area and maximum density standards in Medium Density (RM), High Density (RH), and Neighborhood Center Overlay (NC) Zones to improve the economic feasibility middle housing and multifamily housing, ensure efficient use of land, and encourage smaller unit sizes. Specific density and lot area standards are not proposed at this stage. However, it is common for middle housing projects on smaller sites to exceed the 21 units per acre that are allowed in the RM and for 3-story apartment projects to exceed the 29 units per acre allowed in the RH Zone. Further study of desired housing/building types is recommended in order to best calibrate the maximum density and minimum lot area standard.

Allowing more units per site reduces land costs per unit and overall cost of development, enhances financial feasibility, and supports the creation of potentially affordable units. Increasing the maximum density standard also supports an efficient use of land, helps increase housing capacity, and encourage smaller units. If a developer has reached the maximum density and cannot add more units, but the zoning envelope would otherwise allow a larger building, then the developer is likely to build larger, more costly units.

Magnitude of Impact

This action is rated as a **High** impact because it may both increase the number of units produced with each development, reduce the per unit cost of development, and encourage smaller and more affordable units.

Implementation Steps and Considerations

- Study the density levels of housing developments approved in other jurisdictions that would otherwise be consistent with the intent of the RM, RH, and NC zones. Consult with developers and planning professionals to determine the amount of the density increase that would be ideal in order to encourage these housing types.
- Public engagement about these code updates will be necessary to explain the rationale for the updates, assess potential concerns about the impact of the change, and modify regulations appropriately.
- While implementing this action, assess if meeting open space standards would be an issue to achieving density. If so, look at other ways to preserve open space without impacting density, such as through reduced setbacks, increased height, or increased lot coverage.
- Consider impacts to manufactured home parks prior to a zoning update. If there is an elevated concentration of manufactured homes parks in these zones, consider a regulatory solution to this such as rezoning to a manufactured home park zone in specific areas with parks.

ZONING INCENTIVES

Action 2.3

Implement zoning incentives for affordable and accessible housing

IMPLEMENTATION TIMELINE

1-2 Years	**3-4 Years**
5-6 Years	7-8 Years

ACTION IMPACT

High	**Medium**	Low

IMPACT TARGETS

AFFORDABILITY

***	Deeply Affordable
***	Affordable
***	Workforce
***	Market Rate

HOUSING TYPE

***	Single-Family
***	Middle Housing
***	Multifamily

TENURE

***	For Sale
***	For Rent

DEMOGRAPHIC

***	Communities of Color
***	People Experiencing Homelessness
***	People with Disabilities
***	Seniors

Description

The City will adopt zoning incentive(s) for housing developments that include income-restricted affordable units or units that are accessible to people with disabilities. The zoning incentives will grant increased density, reduced parking, or relief from other code standards in exchange for a certain share of units in a proposed development being affordable or accessible. This action will be completed in concert with any other code changes that impact relevant standards (see Action 2.1 and 2.2).

A little more than 40% of needed housing in The Dalles will need to be affordable to households at or below 80% of AMI. A substantial share of residents in The Dalles have disabilities that may create accessibility challenges with many existing housing units. These incentives can help to create additional units that serve the needs of these households, especially in projects developed by private, for-profit developers that would otherwise not provide these units.

Magnitude of Impact

This action is rated a **Medium** impact because it directly addresses the need for income-restricted units and accessible units; however, the effectiveness of the incentive depends on whether using the incentive is economically beneficial for a private, for-profit developer.

Implementation Steps and Considerations

- Parking reductions for affordable units are logical as households with lower incomes are likely to own fewer or no vehicles.
- The effectiveness of a regulatory incentive depends on the relative costs and benefits of using the incentive. The City should consult with developers and planning professionals when setting the incentive structure. Financial modeling may be useful in calibrating this incentive to local market conditions.
- Any incentive should clearly define the level of affordability required as a percentage of Area Median Income (AMI) and the overall percentage of units in a development. Similarly, if incentives are targeted to creating accessible units, use accepted certification programs to ensure the units meet accessibility requirements, such as Universal Design or Lifelong Housing Certification.
- Implementing zoning incentives will require staff time to create and execute an enforcement process.

ALTERNATIVE HOUSING TYPES

Action 2.4

Clarify rules for non-site-built homes such as tiny homes and prefabricated/modular housing

IMPLEMENTATION TIMELINE

1-2 Years	**3-4 Years**
5-6 Years	7-8 Years

ACTION IMPACT

High	**Medium**	Low

IMPACT TARGETS

AFFORDABILITY

- ★★★ Deeply Affordable
- ★★★ Affordable
- ★★★ Workforce
- ★★★ Market Rate

HOUSING TYPE

- ★★★ Single-Family
- ★★★ Middle Housing
- ★★★ Multifamily

TENURE

- ★★★ For Sale
- ★★★ For Rent

DEMOGRAPHIC

- ★★★ Communities of Color
- ★★★ People Experiencing Homelessness
- ★★★ People with Disabilities
- ★★★ Seniors

Description

Develop a regulatory framework that would allow tiny homes and other prefabricated or modular homes to be permanently occupied as dwellings under certain conditions. The regulatory framework should address siting, utilities, sanitation, exterior appearance, and fire and life safety. Demand for tiny homes and other forms of prefabricated or modular homes are increasing due to housing affordability challenges. As a result of the cost savings of off-site production, these types of homes are often more affordable to people with lower or moderate incomes. The units are often smaller than conventional, site-built homes.

However, the adoption of these types of units is often inhibited by unnecessary prohibitions in zoning and building code. Under this action, the City will identify the current regulatory challenges of installing units that are produced off-site, including but not limited to tiny homes on wheels (licensed under the recreational vehicle code), and other forms of modular or prefabricated construction that does not meet conventional local building code or federal Housing and Urban Development (HUD) standards.

Magnitude of Impact

This action is rated **Medium** because it would reduce unnecessary local barriers to homes produced off-site. However, state and federal regulations will continue to impact the ability of these units to meet a wide variety of needs. Further, the density of these types of housing developments is relatively low, limiting the potential affordability of these units.

Implementation Steps and Considerations

- The regulatory framework for tiny homes should consider allowing one tiny home to be sited on the same lot as a single-family dwelling, similar to an ADU, or sited in a Manufactured Home Park or a cottage cluster
- Code standards can regulate the exterior appearance of tiny homes to have the appearance of a residential structure and not allow for conventional RVs to be used as dwellings. Such standards may regulate skirting or foundation attachment, exterior materials, roof materials, form of windows and doors, and other design features.
- The Department of Land Conservation and Development (DLCD) has developed a model code for prefabricated or modular housing.

MIXED-USE DEVELOPMENT

Action 2.5

Provide more flexibility for housing in commercial zones

IMPLEMENTATION TIMELINE

1-2 Years	**3-4 Years**
5-6 Years	7-8 Years

ACTION IMPACT

High	**Medium**	Low

IMPACT TARGETS

AFFORDABILITY

- ★★☆ Deeply Affordable
- ★★☆ Affordable
- ★★★ Workforce
- ★★☆ Market Rate

HOUSING TYPE

- ★☆☆ Single-Family
- ★★☆ Middle Housing
- ★★★ Multifamily

TENURE

- ★☆☆ For Sale
- ★★★ For Rent

DEMOGRAPHIC

- ★★★ Communities of Color
- ★☆☆ People Experiencing Homelessness
- ★★☆ People with Disabilities
- ★★★ Seniors

Description

Evaluate opportunities to encourage housing in the Neighborhood Center (NC), Central Business Commercial (CBC), and General Commercial (GC) Zones. Modifications to these zones could allow for greater flexibility in the location and type of residential units with commercial developments, such as horizontal mixed use, only requiring a portion of the ground floor to be commercial uses, or only requiring ground floor commercial in select locations within commercial zones that have higher commercial viability. Additionally, to further encourage residential development in these zones, minimum off-street parking standards could be reduced to incentivize multifamily dwellings in commercial areas and lessen barriers to higher density and infill development.

The code currently requires that residential uses are allowed in the CBC and CG Zones, so long as the ground floor is a permitted commercial use. Vertical mixed-use projects are unlikely to be developed except for in a few locations, such as the downtown district. Allowing for other forms of housing in commercial zones could allow the market to respond to demand and create opportunities for adaptive reuse of existing buildings. Parking demand in these zones may be less due to the proximity to amenities, shops, and restaurants.

Magnitude of Impact

This action is rated a **Medium** because it may reduce regulatory barriers to housing development in commercial zones; however, other market issues may constrain housing development in these zones.

Implementation Steps and Considerations

- Evaluate options for providing more flexibility for housing in the commercial zones. This may include allowing for horizontal mixed-use development (residential behind commercial) or only requiring a portion of the ground floor to be commercial uses.
- In some areas, particularly off main streets, commercial uses may not be economically viable but residential uses are in high demand. Another option is to define certain areas or street frontages where commercial uses are most desirable and feasible and only require ground floor commercial in those locations. This can be achieved with a map embedded in the code or through an overlay zone.
- This code change could be implemented only in some commercial zones where it is more appropriate to allow housing on the ground floor.

ADAPTIVE REUSE

Action 2.6

Remove potential barriers to conversion or adaptive reuse of existing buildings for housing

IMPLEMENTATION TIMELINE

1-2 Years	3-4 Years
5-6 Years	7-8 Years

ACTION IMPACT

High	**Medium**	Low

IMPACT TARGETS

AFFORDABILITY

- ★★☆ Deeply Affordable
- ★★☆ Affordable
- ★★★ Workforce
- ★★☆ Market Rate

HOUSING TYPE

- ★☆☆ Single-Family
- ★★★ Middle Housing
- ★★☆ Multifamily

TENURE

- ★★★ For Sale
- ★★★ For Rent

DEMOGRAPHIC

- ★★★ Communities of Color
- ★☆☆ People Experiencing Homelessness
- ★★☆ People with Disabilities
- ★★★ Seniors

Description

Update the City's non-conforming uses code section and other provisions to remove barriers to conversion or adaptive reuse of existing buildings. Code updates could include:

- Provide exceptions to design, development, and parking requirements when a building is converted from commercial to residential
- Allow non-conforming single-family houses to be expanded and increase non-conformity if they are being converted to a duplex, triplex, or fourplex
- Provide an exception to parking requirements for conversion of single-family detached houses to a duplex, triplex, or fourplex in existing buildings
- Provide density bonuses to developments that add new units while also preserving the existing housing unit

Use and parking requirements can be barriers to adaptively reusing or converting historic buildings. These types of changes can help to retain existing buildings in the community and ensure preservation over demolition. The Dalles has a large stock of historic buildings in the community, and these changes can help to preserve and reuse those structures.

Magnitude of Impact

This action is rated a **Medium** because it would reduce regulatory use barriers to adaptive reuse of existing structures, but the high costs of adapting these buildings for residential uses will limit the potential for these conversions.

Implementation Steps and Considerations

- Evaluate options for providing more flexibility for housing in historic structures. This may include nonconforming uses and parking reductions.
- This code change could be focused on certain areas of the city with a higher concentration of historic buildings or be for buildings that are considered historic, generally over 50 years old.

3. INCENTIVE ACTIONS

TAX EXEMPTION INCENTIVE

Action 3.1

Adopt multi-unit property tax exemption (MUPTE) to incentivize needed housing

IMPLEMENTATION TIMELINE

1-2 Years	3-4 Years
5-6 Years	7-8 Years

ACTION IMPACT

High	Medium	Low

IMPACT TARGETS

AFFORDABILITY

- ★★☆ Deeply Affordable
- ★★☆ Affordable
- ★★☆ Workforce
- ★★☆ Market Rate

HOUSING TYPE

- ★☆☆ Single-Family
- ★☆☆ Middle Housing
- ★★★ Multifamily

TENURE

- ★☆☆ For Sale
- ★★★ For Rent

DEMOGRAPHIC

- ★★☆ Communities of Color
- ★★☆ People Experiencing Homelessness
- ★★☆ People with Disabilities
- ★★☆ Seniors

Description

Design and adopt a multi-unit property tax exemption (MUPTE) program to replace and expand the City's Vertical Housing Tax Zone (VHTZ). The state legislation that enables the VHTZ currently sunsets in 2026. Although the Legislature's Revenue Committee may consider an omnibus sunset extension bill in the 2025 Session, MUPTE offers additional incentives that should be adopted regardless of VHTZ extension. Structure the MUPTE program to incentivize development of specific needed housing types in specific locations, such as affordable housing, multi-unit housing, conversions/adaptive reuse of existing structures, and accessible housing.

MUPTE is a state-enabled program that allows cities the opportunity to incentivize the production of needed housing in specific locations and/or with specific features that provide a public benefit. The statute allows jurisdictions the ability to grant multi-unit structures a property tax exemption for up to ten (10) years on the improvement value of the property. The property owner continues to pay taxes on the land value and any commercial portion of the property.

Magnitude of Impact

This action is rated as a **High** impact because a 10-year property tax exemption can significantly improve development feasibility. This includes key housing types that are needed but currently undersupplied in the market today, including multifamily housing, townhouses, and affordable housing.

Implementation Steps and Considerations

- Determine policy objectives and eligibility criteria for the program, such as targeted locations, minimum unit number, tenure target (for rent or for sale), required green building or design standards, minimum percentage of dedicated affordable or workforce housing units, allowable commercial property tax exemption, required public benefit, etc.
- Meet with overlapping taxing districts to garner support. The program must be approved by the majority (over 50%) of taxing districts.
- Consider including a third-party pro-forma review step into the application process and fee structure.

- This program allows cities to control which projects are eligible and to cap the total amount of tax abatement annually. The City can determine if a developer must show that the project would not otherwise be feasible, but for the tax abatement, at the time of application.
- This program is designed to incentivize housing that would not be feasible without the tax incentive, so it can have a net positive impact on the tax base over time.
- In community engagement interviews and survey feedback, open space was identified as a need in the community. Consider including open space as a public benefit in meeting MUPTE criteria.
- MUPTE can offer incentives for different kinds of projects, such as accessible units or affordability targets, but identify the highest priority because availability of incentive for other kinds of features in a project may detract from the higher priority criteria.

SCALING SDCS

Evaluate the feasibility of scaling SDCs

Action 3.2

IMPLEMENTATION TIMELINE

1-2 Years	**3-4 Years**
5-6 Years	7-8 Years

ACTION IMPACT

High	**Medium**	Low

IMPACT TARGETS

AFFORDABILITY

- ∗∗∗ Deeply Affordable
- ∗∗∗ Affordable
- ∗∗∗ Workforce
- ∗∗∗ Market Rate

HOUSING TYPE

- ∗∗∗ Single-Family
- ∗∗∗ Middle Housing
- ∗∗∗ Multifamily

TENURE

- ∗∗∗ For Sale
- ∗∗∗ For Rent

DEMOGRAPHIC

- ∗∗∗ Communities of Color
- ∗∗∗ People Experiencing Homelessness
- ∗∗∗ People with Disabilities
- ∗∗∗ Seniors

Description

Evaluate the fiscal impacts and feasibility of revising the System Development Charge (SDC) methodology to scale rates to unit size. Additionally, the City should pursue a partnership with the Northern Wasco County Parks and Recreation District on scaling Parks SDCs by unit size or number of units to incentivize smaller units.

SDCs are a substantial upfront cost of housing development. Data consistently show that the square footage of a dwelling unit is a reliable indicator for how much a housing unit will impact infrastructure systems. Scaling the SDCs by the size of the unit could more fairly and equitably distribute the cost of SDCs across housing developments. Furthermore, a sliding scale could provide an incentive to build smaller units, which tend to be more affordable.

Magnitude of Impact

This action is rated a **Medium** because scaling fees would reduce the cost of developing smaller units of all kinds, but the amount of fees may still be a barrier to development.

Implementation Steps and Considerations

- Conduct an SDC rate and feasibility study to evaluate the feasibility of scaling rates by unit size.
- The permitting system may need adjustments to collect information related to SDC tiers.
- SDC fees can be scaled that establishes a “Single-Family Equivalent” standard that allows for smaller units, such as compact houses, cottage cluster units, and ADUs to pay a lower fee than larger homes. The City could also scale the connection fees by the square footage of the unit or the number of bedrooms.
- Reducing fees may result in lower overall fee revenue; however, this can be mitigated by increasing the base fee rate or scaling fees higher for larger units to offset reductions in fees for smaller units.
- While SDC fees represent only a fraction of overall project costs (often less than 6%), reducing costs by even a few percentage points can be the difference in a project being feasible or infeasible.

SDC DEFERRAL

Action 3.3

Allow System Development Charges (SDCs) to be deferred until occupancy

IMPLEMENTATION TIMELINE

1-2 Years	**3-4 Years**
5-6 Years	7-8 Years

ACTION IMPACT

High	Medium	**Low**

IMPACT TARGETS

AFFORDABILITY

- ★★☆ Deeply Affordable
- ★★☆ Affordable
- ★★★ Workforce
- ★★★ Market Rate

HOUSING TYPE

- ★★☆ Single-Family
- ★★★ Middle Housing
- ★★★ Multifamily

TENURE

- ★★★ For Sale
- ★★★ For Rent

DEMOGRAPHIC

- ★★☆ Communities of Color
- ★★☆ People Experiencing Homelessness
- ★★☆ People with Disabilities
- ★★☆ Seniors

Description

Partner with Wasco County to modify permitting and development review procedures so that System Development Charges (SDCs) are not required to be paid until after a housing development is constructed and prior to issuing a final certificate of occupancy (CO).

SDCs are a significant upfront cost of development. Allowing the payment to be deferred until occupancy can reduce the cost of SDCs to developers (particularly small developers with limited access to capital). Developers rely on cash (equity) or higher interest rate construction loans to pay SDCs. By delaying payment, those developers can reduce the carrying costs (interest payments) and make SDC payments closer to the point where revenue is coming into a project through rent or sales.

Magnitude of Impact

This action is rated a **Low** because is unlikely to directly stimulate development of new housing projects on its own but can help defer upfront costs of development.

Implementation Steps and Considerations

- SDCs represent some of the largest upfront costs of development (prior to construction). Small cities like The Dalles rely on smaller, local builders and developers, and strategies designed to support these smaller builders can have a significant impact on their ability to deliver needed housing.
- Evaluate options for offering a deferral program. Consider if the program should be targeted to certain housing types or offered to all residential developments.
- Compared to SDC financing options, an SDC deferral does not require a property lien and may require less staff time for administration and compliance.
- Refer to the Oregon SDC Study prepared for Oregon Housing and Community Services (OHCS) (pg. 208-210) for more information on collecting deferred fees.

4. INVESTMENT ACTIONS

TAX ON NEW CONSTRUCTION

Action 4.1

Explore implementing a construction excise tax (CET) for an additional affordable housing revenue source

IMPLEMENTATION TIMELINE

1-2 Years	3-4 Years
5-6 Years	**7-8 Years**

ACTION IMPACT

High	Medium	Low

IMPACT TARGETS

AFFORDABILITY

- ★★★ Deeply Affordable
- ★★★ Affordable
- ★★☆ Workforce
- ★★☆ Market Rate

HOUSING TYPE

- ★★☆ Single-Family
- ★★★ Middle Housing
- ★★★ Multifamily

TENURE

- ★★☆ For Sale
- ★★★ For Rent

DEMOGRAPHIC

- ★★★ Communities of Color
- ★★★ People Experiencing Homelessness
- ★★☆ People with Disabilities
- ★★☆ Seniors

Description

Explore establishing a construction excise tax (CET) applied to both residential and commercial construction to establish an additional revenue source for affordable housing.

A CET is a tax on construction projects that can be used to fund affordable housing. Local funding sources for affordable housing have emerged as a key ingredient in the feasibility of affordable projects. While the funds often fill a small portion (a "gap") of overall costs, some level of local funding is often a required agreement for larger sources of affordable housing and communities without the ability to contribute some level of local funding can be locked out of the opportunity to secure larger state and federal funding sources for affordable housing.

According to state statutes, the tax may be imposed on improvements to real property that result in a new structure or additional square footage in an existing structure. CET can only tax up to 1% of the permit valuation for residential construction permits. The City may also tax the permit value of commercial and industrial taxes, and there is no cap on the rate for commercial and industrial tax. This can provide the option to create a linkage between new commercial or industrial development and investment in housing.

Magnitude of Impact

This action is rated as a **High** impact because having a local source of funding can help The Dalles (and their regional affordable housing partners) tap into state and federal funding sources that require local matching funds. Without local funding, The Dalles may be locked out entirely of certain key funding sources that would result in needed affordable housing developments.

Implementation Steps and Considerations

- Study the potential revenue that could be generated by the CET at different rates and approaches. Determine if grant funding or consultant support is needed to implement.
- Consider the costs that a CET would impose on new development and identify ways to offset these costs by taking other actions to improve financial feasibility, such as zoning changes. This can be assessed in part through stakeholder engagement with developers.

- Determine how CET funds would be used. Per state statute, of the revenue collected from residential CET, the City can reserve 4% for administrative costs. Of the remainder, 50% must be used on developer incentives, 35% on affordable housing programs, and 15% must go to Oregon Housing and Community Services to fund down payment assistance programs. For commercial or industrial CET, 50% of revenues must be dedicated to housing programs, and the other half is unrestricted in its allocation.
- Consider allocating a percentage of CET funds towards the rehabilitation and conversion of historic buildings into housing.
- Funds generated from CET could be used to encourage the preservation of manufactured home parks through the purchase of the land by a nonprofit or affordable housing developer, or through a co-op of residents.
- Affordable homeownership was identified as a high need from community engagement activities. Consider allocating a portion of funds generated from CET for affordable homeownership opportunities.

URBAN RENEWAL AREAS

Action 4.2

Explore creating new urban renewal areas that allocate a significant portion of tax increment and supportable debt to housing

IMPLEMENTATION TIMELINE

1-2 Years	**3-4 Years**
5-6 Years	7-8 Years

ACTION IMPACT

High	Medium	Low

IMPACT TARGETS

AFFORDABILITY

- ★★★ Deeply Affordable
- ★★★ Affordable
- ★★★ Workforce
- ★★★ Market Rate

HOUSING TYPE

- ★★★ Single-Family
- ★★★ Middle Housing
- ★★★ Multifamily

TENURE

- ★★★ For Sale
- ★★★ For Rent

DEMOGRAPHIC

- ★★★ Communities of Color
- ★★★ People Experiencing Homelessness
- ★★★ People with Disabilities
- ★★★ Seniors

Description

The City should explore forming new urban renewal areas in other locations, such as the west side of the City. Under this action, a major emphasis of the extension or creation of a new Urban Renewal plan would be to support housing development. Urban Renewal funding could be applied to infrastructure projects, land acquisition or assembly, or direct financial incentives for specific development projects. Given that Urban Renewal is one of a very limited set of tools available to the City to fund housing-related investments and incentives, it is recommended that the Urban Renewal District prioritize the supporting of projects that are the most difficult to construct without financial support, primarily income-restricted affordable housing that is not tax-exempt. The Urban Renewal District could support both affordable rental housing, including income-restricted units in mixed-income housing developments, and homeownership housing.

Magnitude of Impact

This action is rated as a **High** impact because Urban Renewal is one of the most significant and flexible sources of funding for housing production at the local level. When properly implemented, it can generate meaningful funds that can be used flexibly enough to address the many facets of a housing project that could be impacting feasibility, including infrastructure, soft costs, or direct financial support.

Implementation Steps and Considerations

- The City has one current Urban Renewal District that provides grants and incentives for housing development and is slated to sunset in 2029. This provides an opportunity explore new areas that could provide incentives to housing development.
- The first step in creating a new District would be for the City Council to determine the existence of blight in the proposed district (ORS 457.035). The Urban Renewal Agency would then prepare a plan and report on the proposed district, the contents of which are established under ORS 457.087. The report would evaluate whether the legal conditions for creating the district could be met and estimate the potential revenue that could be collected in the district. If the new district were deemed feasible, the plan could be adopted and the district established.

- Funds can be invested in housing development in the form of low-interest loans and/or grants for a variety of capital projects, including redevelopment projects, such as mixed-use or infill housing developments, streetscape improvements, land assembly, and transportation enhancements.
- Urban Renewal funding could be allocated towards the rehabilitation or conversion of older buildings for housing. This could include roof replacements, seismic upgrades, and fire suppression systems. Urban Renewal investment is critical since the community is characterized by older buildings with concomitant structural and code challenges.
- Urban Renewal can be used to fund infrastructure investments, allowing for the efficient upgrade of infrastructure systems in tandem with new housing development.
- Affordable homeownership was identified as a high need from community engagement activities. Consider allocating a portion of TIF funds generated for affordable homeownership opportunities.
- If the City pursues an urban renewal area on the west side of The Dalles, must consider protecting or replacing any manufactured home parks in the boundary by investing in affordable units as an anti-displacement strategy to alleviate redevelopment pressures on manufactured home parks. See ORS 457.095(d) and ORS 35.500 to 35.530.

DOWNTOWN PLAN

Action 4.3

Create a downtown strategic plan for housing development and investment

IMPLEMENTATION TIMELINE

1-2 Years	3-4 Years
5-6 Years	7-8 Years

ACTION IMPACT

High	**Medium**	Low

IMPACT TARGETS

AFFORDABILITY

- ∗∗∗ Deeply Affordable
- ∗∗∗ Affordable
- ∗∗∗ Workforce
- ∗∗∗ Market Rate

HOUSING TYPE

- ∗∗∗ Single-Family
- ∗∗∗ Middle Housing
- ∗∗∗ Multifamily

TENURE

- ∗∗∗ For Sale
- ∗∗∗ For Rent

DEMOGRAPHIC

- ∗∗∗ Communities of Color
- ∗∗∗ People Experiencing Homelessness
- ∗∗∗ People with Disabilities
- ∗∗∗ Seniors

Description

Create a downtown strategic plan that prioritizes housing development and investment. The plan would identify catalytic public investments to increase market demand through:

- Prioritization of key sites or areas through the City's Capital Improvement Plan
- Identification of opportunity sites and partnerships with property owners to conduct preliminary redevelopment concepts and feasibility assessment to help prepare sites for development readiness
- Acquisition of key site(s) to partner with a land trust to facilitate the development of needed housing (see **Action 5.3**)
- Identification of specific areas of downtown to focus required ground floor commercial, while providing flexibility in other areas of downtown (see **Action 2.5**)

The downtown strategic plan would analyze expanding existing incentive tools or create new tools, such as Urban Renewal incentives, to provide grants and other funding opportunities to encourage new housing development and potentially meet other downtown goals.

Magnitude of Impact

This action is rated as a **Medium** impact because the downtown area represents the single largest opportunity for new housing in the city, however, it may not directly result in housing production but could help to quickly implement many of the HPS strategies in an area of highest potential impact.

Implementation Steps and Considerations

- This plan would not only identify opportunities to incentivize and remove barriers to housing development in downtown but could also provide strategic planning for other goals for the City's downtown.
- Consider forming a stakeholder group of downtown businesses, property owners, and residents to inform the strategic plan

INFRASTRUCTURE PRIORITIZATION

Action 4.4

Continue to target and prioritize infrastructure to support housing

IMPLEMENTATION TIMELINE

1-2 Years	**3-4 Years**
5-6 Years	7-8 Years

ACTION IMPACT

High	**Medium**	Low

IMPACT TARGETS

AFFORDABILITY

- ★☆☆ Deeply Affordable
- ★☆☆ Affordable
- ★★☆ Workforce
- ★★★ Market Rate

HOUSING TYPE

- ★★★ Single-Family
- ★★☆ Middle Housing
- ★★☆ Multifamily

TENURE

- ★★★ For Sale
- ★☆☆ For Rent

DEMOGRAPHIC

- ★★☆ Communities of Color
- ★★☆ People Experiencing Homelessness
- ★★☆ People with Disabilities
- ★★☆ Seniors

Description

Continue to evaluate the Capital Improvement Program (CIP) to ensure sufficient prioritization of infrastructure projects that support new housing development. Infrastructure spending decisions by a city can significantly influence the feasibility of development in one location or another by lowering the upgrade costs that private developers need to pay in order to build housing.

Infrastructure improvements can reduce costs of housing development and enable development on sites that would otherwise not be viable. By continually monitoring the projects included in the CIP based on how they would impact the feasibility of housing development, the City can ensure that infrastructure improvements that are most likely to create new housing development opportunities will be prioritized for implementation.

Magnitude of Impact

This action is rated as a **Medium** impact because prioritizing infrastructure spending (water and sewer lines, street improvements, parks, etc.) can significantly reduce costs and improve feasibility of housing construction in upgraded areas, even if it doesn't directly result in housing production.

Implementation Steps and Considerations

- Using the inventory developed in Action 5.1, conduct additional analyses to identify properties most suitable for development in the short-term based on infrastructure conditions, location, and other factors. Prioritize infrastructure improvements in the Capital Improvement Plan that would enhance infrastructure for these sites.
- This action can be incorporated into citywide, long-term master planning efforts (such as a wastewater master plan or a transportation system plan) as well as the Capital Improvement Program (CIP) planning.
- If a high priority housing project is proposed, the City may consider accelerating implementation of previously planned improvements that would benefit the project. The City may choose to limit this option to new affordable or workforce housing projects.
- Consider hiring a consultant to conduct an infrastructure ROI analysis to evaluate the potential impact of infrastructure extensions or improvements on the economic feasibility of housing development (the "return on investment" of infrastructure spending in terms of housing production) to inform future CIP investments and priorities

5. LAND ACTIONS

INVENTORY AND ASSESS LAND

Action 5.1

Maintain an inventory of public, underutilized, and foreclosed properties and assess the development readiness of inventoried properties

IMPLEMENTATION TIMELINE

1-2 Years	3-4 Years
5-6 Years	7-8 Years

ACTION IMPACT

High	**Medium**	Low

IMPACT TARGETS

AFFORDABILITY

- ★★☆ Deeply Affordable
- ★★☆ Affordable
- ★★☆ Workforce
- ★★☆ Market Rate

HOUSING TYPE

- ★★☆ Single-Family
- ★★★ Middle Housing
- ★★★ Multifamily

TENURE

- ★☆☆ For Sale
- ★★★ For Rent

DEMOGRAPHIC

- ★★☆ Communities of Color
- ★★☆ People Experiencing Homelessness
- ★★☆ People with Disabilities
- ★★☆ Seniors

Description

Formalize and continue to maintain an inventory of sites for housing development that are publicly owned, underutilized, or foreclosed properties. The inventory can also include distressed commercial or multifamily properties that may be targeted for rehabilitation or adaptive reuse by an affordable housing developer.

Then, determine and document which of the inventoried parcels are suitable for housing development. Consider alignment with local land use and comprehensive plans; physical attributes like site access, infrastructure and utilities available, and topography; property title and ownership; and overall suitability to support housing development.

Magnitude of Impact

This action is rated as a **Medium** impact because it can help to identify opportunities for housing development but will need to be combined with other actions to have a higher impact.

Implementation Steps and Considerations

- The first step can be to adopt a policy at the City level that prioritizes selling or dedicating any surplus publicly owned land to meet housing needs when feasible and appropriate.
- This inventory should also be shared with the Urban Renewal Agency (URA) to inform strategic site acquisition related to needed housing in the Urban Renewal District.
- This action can be incorporated into citywide, long-term master planning efforts (such as a wastewater master plan or a transportation system plan) as well as CIP planning.
- If a high priority housing project is proposed, the City may consider accelerating implementation of previously planned improvements that would benefit the project. The City may choose to limit this option to new affordable or workforce housing projects.

LAND AGREEMENTS

Action 5.2

Formally prioritize surplus land for housing production

IMPLEMENTATION TIMELINE

1-2 Years	**3-4 Years**
5-6 Years	7-8 Years

ACTION IMPACT

High	**Medium**	Low

IMPACT TARGETS

AFFORDABILITY

- ★★☆ Deeply Affordable
- ★★☆ Affordable
- ★★☆ Workforce
- ★★☆ Market Rate

HOUSING TYPE

- ★★☆ Single-Family
- ★★☆ Middle Housing
- ★★☆ Multifamily

TENURE

- ★★☆ For Sale
- ★☆☆ For Rent

DEMOGRAPHIC

- ★★☆ Communities of Color
- ★★☆ People Experiencing Homelessness
- ★★☆ People with Disabilities
- ★★☆ Seniors

Description

Formalize a land disposition process by adopting a set of Intergovernmental Agreements (IGAs) between the City and other public agencies to grant the City (or its designees) the right of first refusal of surplus or foreclosed properties. Agreements or potential agreements should occur with the County, School District, or other public, civic, and/or faith-based institutions.

OAR 271.330 enables local governments to relinquish title to another governmental body if the property is used not less than 20 years for a public purpose or to a qualifying nonprofit if the property is used for low-income housing.

Under this action, the City will work with the City Attorney and/or County Counsel to establish a right of first refusal option and develop IGAs that outline the terms and conditions of the property transfer, including details on the transfer process, property use, and designees, which could include a land bank, land trust, or non-profit affordable housing developers.

Magnitude of Impact

This action is rated as a **High** impact because the City would be directly supporting a reduction of development cost in the form of land by formalizing the disposition of surplus or foreclosed land to meet housing needs. The magnitude of impact depends on how many acres of surplus or foreclosed land can be offered for first right of refusal to partners for housing development.

Implementation Steps and Considerations

- The City adopts a policy that prioritizes selling or dedicating any surplus publicly owned land to meet housing needs when feasible and appropriate.
- The City works with institutional, civic, and others to implement a similar policy that prioritizes selling or dedicating any surplus land.
- The land could be offered as a long-term lease at very minimal cost to developers for land the City or other partners are not yet ready to surplus. If there are certain properties that the City or partners wish to maintain long-term for strategic purposes, long-term leases are a way to maintain ownership but use for housing.
- The City of Port Townsend, Washington adopted a land disposition policy that prioritizes surplus public land for affordable housing.
- Partners could include the County, school district, or other public agencies, in order to broaden its impact to include other surplus public lands.

The inventory developed in Action 5.1 could identify opportunities working with public agencies or other organizations that own surplus land owned to create formalized surplus land priority/disposition

LAND BANKING

Action 5.3

Engage in land banking with partner organizations

IMPLEMENTATION TIMELINE

1-2 Years	**3-4 Years**
5-6 Years	7-8 Years

ACTION IMPACT

High	Medium	Low

IMPACT TARGETS

AFFORDABILITY

- ★★★ Deeply Affordable
- ★★★ Affordable
- ★★☆ Workforce
- ★☆☆ Market Rate

HOUSING TYPE

- ★★☆ Single-Family
- ★★☆ Middle Housing
- ★★☆ Multifamily

TENURE

- ★★★ For Sale
- ★★☆ For Rent

DEMOGRAPHIC

- ★★☆ Communities of Color
- ★★☆ People Experiencing Homelessness
- ★★☆ People with Disabilities
- ★★☆ Seniors

Description

Acquire and hold key sites for future use for housing development (otherwise known as "land banking"). The specific approach to executing land banking can vary and may not be prescribed by the HPS. Land banking can be executed by the City, an Urban Renewal agency, a newly created land bank authority (as enabled by ORS 465.600 to 465.621), or in partnership with a non-profit community land trust. The ideal approach to land banking depends on the nature of the potential sites to be acquired, the availability of local partner organizations, and other legal and administrative issues.

In general, the following conditions must be met in order for the City to engage in land banking:

- **Funding:** Funding is necessary to acquire the land and to pay for the costs of transferring ownership, maintenance, and any site preparation that will be completed by the City. The level of funding required will depend on the number and value of sites to be acquired.
- **Administrative Capacity:** City staff or staff from partner organizations must have the time to negotiate land purchase agreements, oversee transfer of ownership, and manage the properties while they are under the control of the City or the partner organization.
- **Partnerships:** The City will need to partner with other organizations to execute land banking and to ensure the land is developed in a manner that meets key housing needs. These partnerships are described in Action P1 (Housing Working Group) and Action l5 (Agreements to Acquire Land). In some cases, the City may partner with a private, for-profit developer that is willing to include affordable units in a project if the City can provide a site at a reduced or no cost.

Magnitude of Impact

This action is rated as a **High** impact because obtaining control of land is an effective strategy for the City to facilitate housing development, particularly affordable housing. If the City owns or has effective control over a potential development site, it can influence the type of housing that is built on the site. Further, land costs account for a substantial portion of development costs (approximately 15-30%). If the City provides the land to a developer at low or no costs, it can dramatically improve the feasibility of building housing that can be made affordable to households with lower incomes.

Implementation Steps and Considerations

- The City should invite community land trusts to the housing working group formed in **Action 1.1** to help build and further relationships, as well as connect the organizations with land holders.
- Create steps to help community land trusts by providing elevated technical assistance. This can include streamlining processes such as lot splits, zoning changes, and other pre-development steps for land trusts to ensure the land is development ready.
- The City can help to facilitate the transfer of ownership from public, underutilized, and foreclosed properties to organizations that can land bank, such as a Land Trust or affordable housing developer, see **Action 5.2**.
- Affordable homeownership was identified as a high need from community engagement activities. Consider prioritizing opportunities for affordable homeownership.

5. Achieving Fair and Equitable Housing

Introduction

According to Oregon Administrative Rules, a city's Housing Production Strategy (HPS) document must include an analysis summarizing how the city's strategies for facilitating housing production will achieve fair and equitable housing outcomes (OAR 660-008-0050). Specifically, the OAR identified six elements related to fair and equitable housing outcomes:

1. **Location of housing** as it relates to compact, mixed-use development with an emphasis on the production of regulated affordable housing and accessible housing.
2. **Fair housing** through addressing disproportionate housing needs, patterns of integration and segregation, racially and ethnically concentrated areas of poverty, and disparities in access to housing opportunity.
3. **Housing choice** by promoting access to existing or new housing that is located in neighborhoods with high-quality community amenities, schooling, employment and business opportunities, and a healthy and safe environment.
4. **Support for residents experiencing homelessness** through the provision of housing options and through partnerships with other organizations with similar goals.
5. **Affordable housing** by supporting and creating opportunities to encourage the production of affordable rental housing and the opportunity for wealth creation via homeownership.
6. **Housing stability** for existing residents by mitigating the impacts of gentrification and addressing the economic and physical displacement of existing residents resulting from investment or redevelopment.

The actions in this document will promote these fair and equitable housing outcomes based on three overarching key strategies which, when used in tandem, can create the kind of housing production most needed in The Dalles:

Working with partner organizations to understand the variety of housing needs that exist in The Dalles.

Providing more opportunities for market-driven housing development in general.

Subsidizing the development of specific kinds of needed housing for priority populations.

Actions by Fair and Equitable Housing Elements Addressed

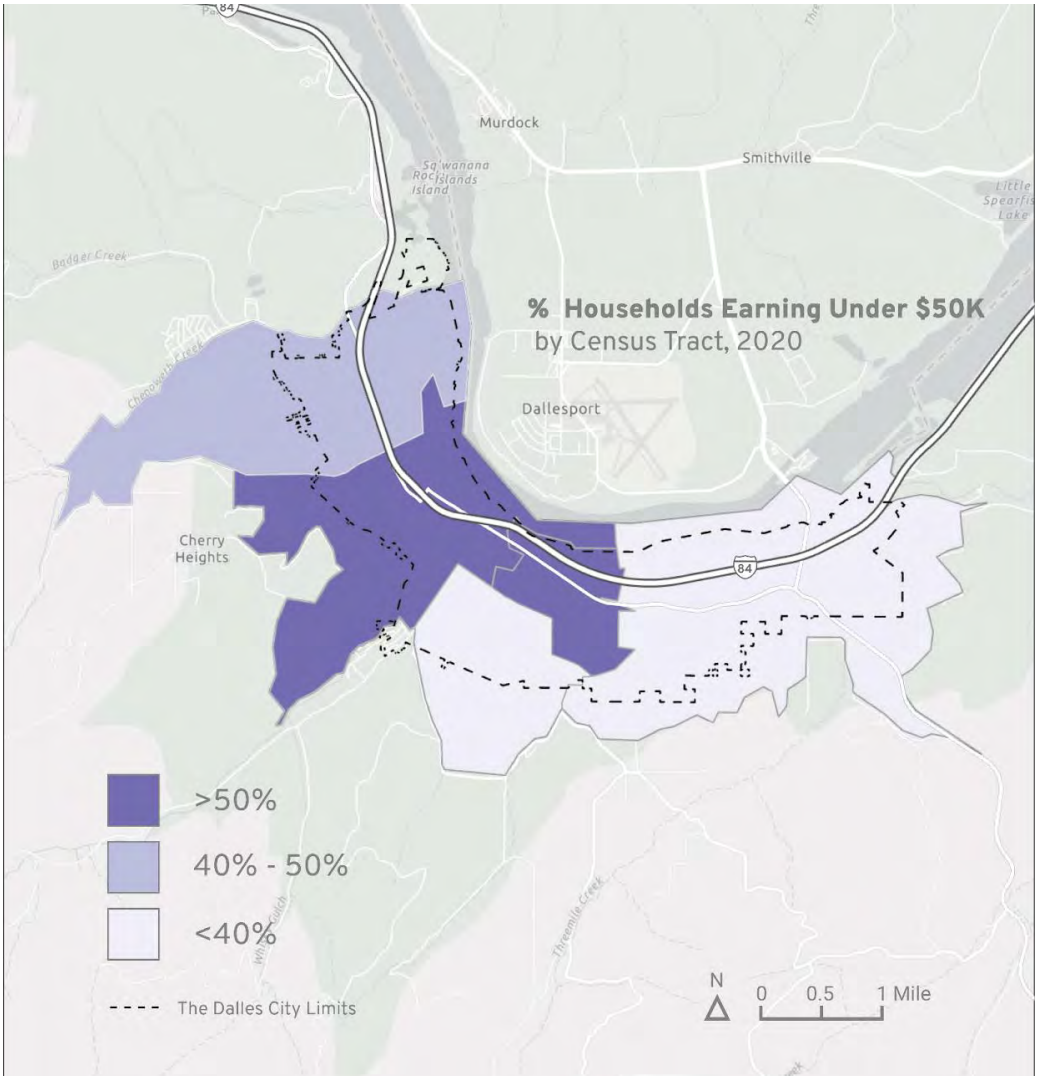
The following table provides a high-level overview of which of the six elements each action in this document addresses.

Category	Action	Location of Housing	Fair Housing	Housing Choice	Homelessness	Affordability	Stability
Partnership Actions	Action 1.1: Housing Working Group						
	Action 1.2: Pre-Approved Plans						
	Action 1.3: Technical Assistance						
Regulatory Actions	Action 2.1: Middle Housing						
	Action 2.2: Maximum Density						
	Action 2.3: Zoning Incentives						
	Action 2.4: Alternative Housing Types						
	Action 2.5: Housing in Commercial Zones						
	Action 2.6: Adaptive Reuse						
Incentive Actions	Action 3.1: Tax Exemption Incentive						
	Action 3.2: Scaling SDCs						
	Action 3.3: SDC Deferral						
Investment Actions	Action 4.1: Tax on New Construction						
	Action 4.2: Urban Renewal Areas						
	Action 4.3: Downtown Plan						
	Action 4.4: Infrastructure Prioritization						
Land Based Actions	Action 5.1: Inventory and Assess Land						
	Action 5.2: Land Agreements						
	Action 5.3: Land Banking						

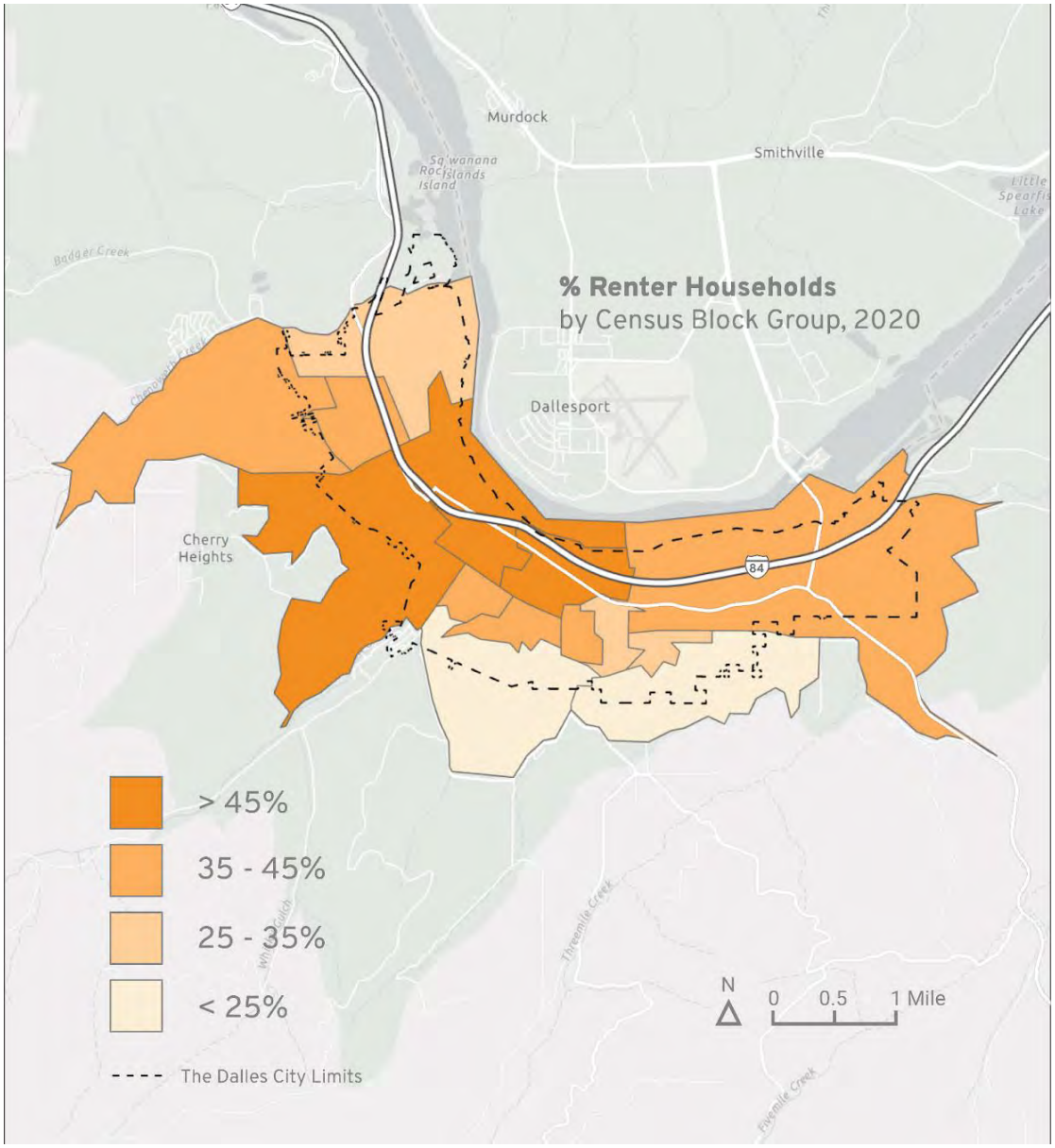
The state rules are clear that special attention must be paid to protected classes, as these often represent the most vulnerable populations in regard to housing needs. Additionally, populations with the greatest needs are typically spatially concentrated in specific areas of a city.

Due to both the geographic and population size of The Dalles, the data needed to understand demographic distribution is limited. However, the data that is available from the Decennial Census and American Community Survey can still usefully illustrate the spatial relationships among demographic variables (Map 1-3).

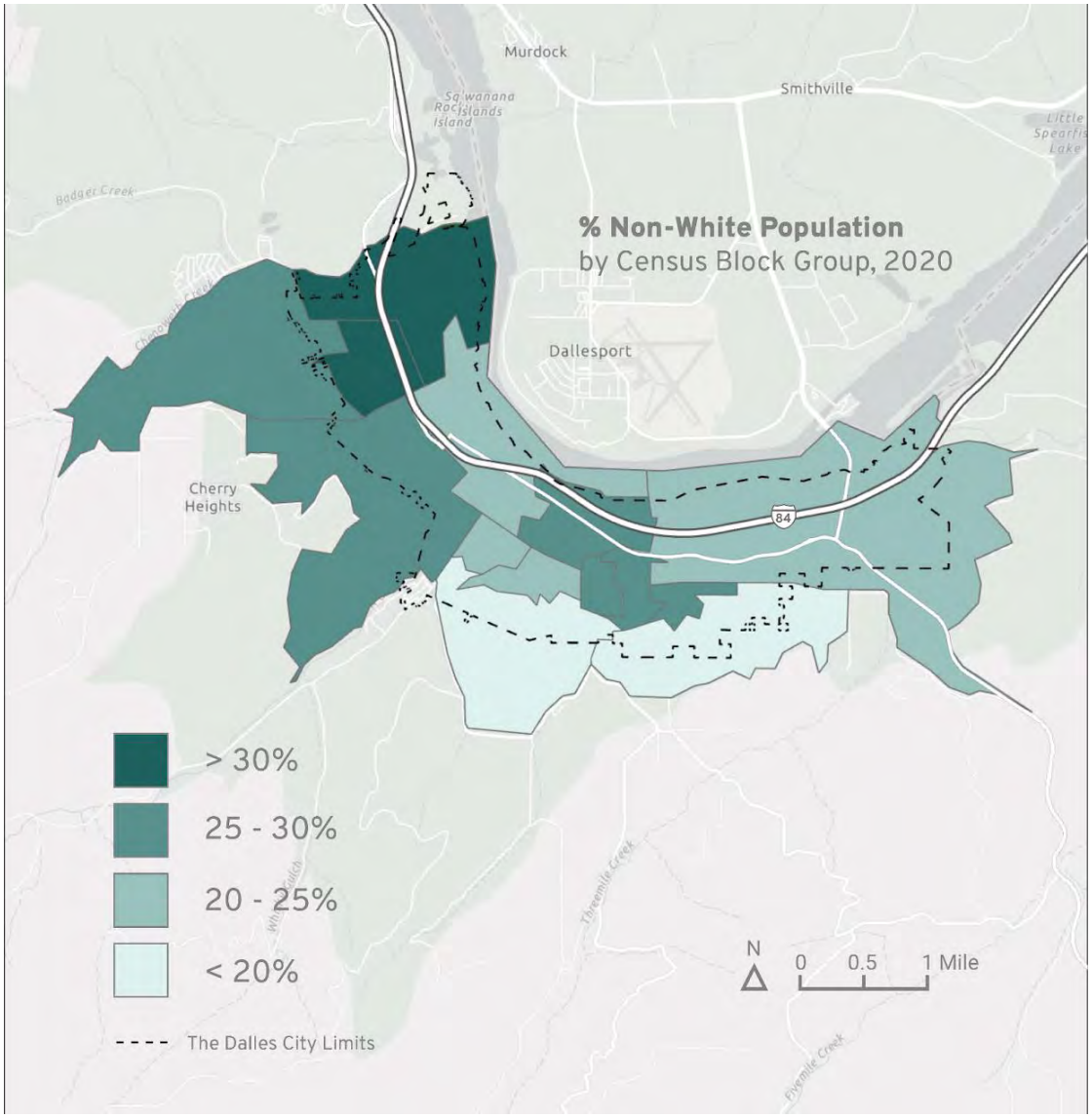
Map 1. Households Earning Under $50,000 (Census Tract, 2020)



Map 2. Percentage of Renter Households (Census Block Group, 2020)



Map 3. Percentage of Non-White Population (Census Block Group, 2020)



These maps show that there is a greater concentration of residents of color, renter households, and households earning less than $50,000 per year in the western portion of the City of The Dalles. The fact that these variables are spatially correlated is unsurprising given that state and national trends indicate that people of color are more likely to rent their homes and have lower household incomes.

Additionally, Wasco County is home to more seasonal farmworkers than any other county in Oregon. In 2018, 22,300 seasonal farmworkers lived in Wasco County. Agriculture workforce housing is crucially needed in order to support farms and farmworkers. Some of the actions in the HPS will be targeted to increasing and improving the supply of agriculture workforce housing.

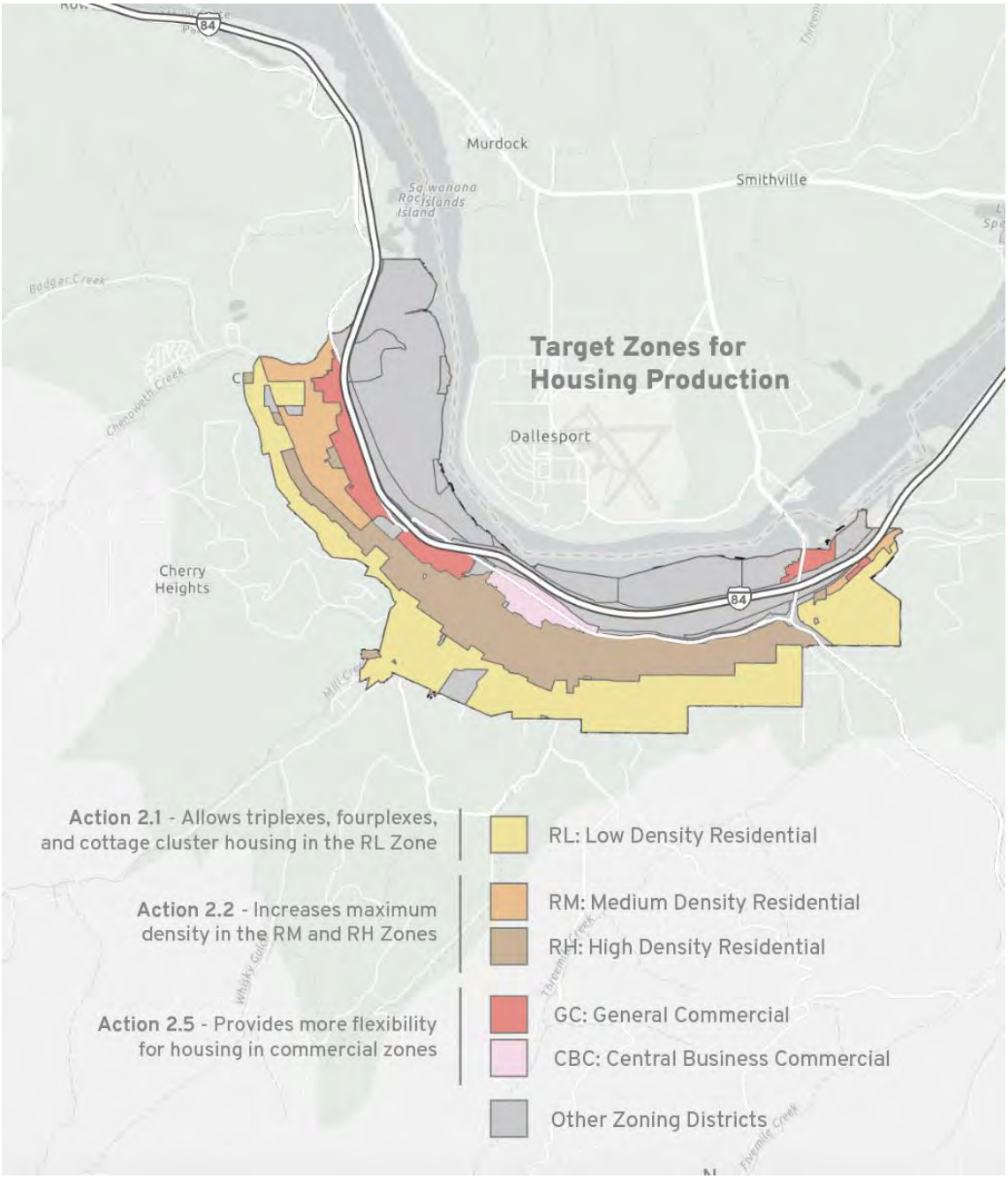
Location of Housing

The HPS includes multiple actions that will help Oregon meet its statewide greenhouse gas emissions reduction goals through the creation of compact, mixed-use neighborhoods. The HPS directly supports these goals through actions to increase housing allowances and permitted densities in residential zones, commercial zones, and the downtown area. Collectively, these actions set the City's course toward a more compact, mixed-use development pattern with more attached and dense housing and smaller distances between homes and businesses. That development pattern will also benefit lower-income households and

people with disabilities who may rely on transit, as well as offer per capita greenhouse gas emissions reductions both in the form of improved energy efficiency via attached housing and reduced vehicle miles traveled.

The zones that are impacted by regulatory actions are identified in the following map.

Map 4. Target Zones for Housing Production



The actions that most directly support reduced greenhouse gas emissions and promote dense housing in compact, mixed-use neighborhoods are outlined below:

2.2 - Increase maximum density in the RM (Medium Density Residential), RH (High Density Residential), and NC (Neighborhood Center) Zones: Existing maximum density standards in the RM, RH, and NC Zones may be constraining dense multifamily development by unnecessarily restricting limiting the number of units that can be built on a site, even while meeting other development standards.

Current maximum density standards in these zones are below densities that are commonly achieved among middle housing and 3-story apartment developments in towns of similar size to The Dalles, even while meeting all parking, open space, and setback requirements. Additionally, if a developer has reached the maximum density and cannot add more units, but the zoning envelope would otherwise allow a larger building, then the developer is likely to build larger, more costly units.

The RM and RH Zones include mixed-use neighborhoods proximate to transit and walkable to goods and services. By increasing the maximum density in these zones, The Dalles would support efficient use of land, increase housing capacity, and create more units in areas with good access to amenities.

2.5 - Provide more flexibility for housing in commercial zones: Existing requirements for ground-floor commercial can make multifamily housing development financially infeasible, as vertical mixed-use development is more expensive relative to multifamily development due to the more complex structural, design, infrastructure, and operational requirements. As a result, vertical mixed-use projects are unlikely to be developed except for in a few locations in The Dalles, such as the downtown district. By modifying commercial zones to allow for greater flexibility in the location and type of residential developments in commercial zones, compact housing development is more likely to occur in high amenity commercial areas.

4.3 - Create a downtown strategic plan for housing development and investment: Strategic planning in the downtown area could help to catalyze compact development that is proximate to transit, amenities, and services. The downtown plan could improve market conditions and make housing development in downtown more feasible and attractive by identifying and prioritizing key public investments, such as street improvements or new public spaces. The plan would prioritize infrastructure projects that improve development readiness, especially for strategic redevelopment sites that are well-suited for dense housing.

The following actions are also expected to have a positive impact on housing location goals:

- **1.2 - Create pre-approved dwelling plans:** Pre-approved plan sets for mixed-use, compact units would incentivize and expedite the development of these housing types.
- **1.3 - Provide information and technical assistance to small developers:** Small developers are more likely to take on compact forms of development like residential infill projects on small lots distributed across existing neighborhoods. Additional technical support would reduce their development risk.
- **2.1 - Allow triplexes, fourplexes, and cottage cluster housing in the RL (Low Density Residential) Zone:** Allowing middle housing types in zones that have historically been exclusively zoned for detached single-family homes support compact development across more areas of the City.
- **3.2 - Evaluate the feasibility of scaling SDCs to unit size:** A sliding fee scale would incentivize smaller units, thereby encouraging more compact development.
- **4.4 - Continue to target and prioritize infrastructure to support housing:** Prioritizing capital improvement projects that are in strategic locations for future housing development, such as neighborhoods near transit, removes a degree of financial risk from developers and partners and improves the likelihood that new housing will be built in those locations.

Fair Housing

As outlined in Maps 1-3 of this section, there is a spatial correlation in The Dalles between race/ethnicity, poverty, and housing tenure. Fair housing strategies address disproportionate housing needs, patterns of integration and segregation, racially or ethnically concentrated areas of poverty, and disparities in access to housing opportunities. The HPS includes actions that affirmatively further fair housing by allowing more affordable forms of housing to be built in more areas, including in high opportunity areas, and by implementing zoning and financial incentives that can help produce more income-restricted and accessible units. These actions work in tandem to help low-income households access more affordable housing, particularly in high opportunity areas.

Because many protected classes disproportionately fall into the lower end of the income spectrum, actions to support lower-income households tend to benefit protected classes, such as communities of color and people with disabilities. The “Housing

Choice" and "Affordable Homeownership and Affordable Rental Housing" subsections provide detailed descriptions of how the HPS's actions work to reduce disparities in access to housing for these populations.

The action that most directly furthers fair housing goals is outlined below:

2.1 - Allow triplexes, fourplexes, and cottage cluster housing in the RL (Low Density Residential) Zone: Today, the RL zone exclusively allows single-family homes, duplexes, and ADUs. Restricting higher density housing options in this zone limits the availability of affordable housing options for a large area of The Dalles and may have contributed to the patterns of segregation by income and race/ethnicity. Allowing a wider variety of housing types in the RL Zone, which includes almost 200 acres of buildable land, would prevent neighborhoods in this zone from being limited to higher-income households, create opportunities for smaller and more affordable units across a large area of the city, and support more socioeconomically diverse neighborhoods.

The following actions are also expected to have a positive impact on furthering fair housing goals:

- **1.1 - Convene a housing working group to pursue state funding and implement housing actions:** This group would make policy recommendations and resource requests for priority populations, as well as be able to identify and better understand the specific barriers and needs of those populations.
- **2.3 - Implement zoning incentives for affordable and accessible housing:** By offering higher density, reduced parking, and other benefits to projects that include affordable or accessible units, the City will increase the likelihood that new developments include units that meet the needs of protected classes.
- **3.1 - Adopt a multi-unit property tax exemption (MUPTE) program to incentivize needed housing:** A tax exemption is an effective financial incentive to encourage projects to include affordable or accessible units that meet the needs of protected classes.

Housing Choice

The HPS takes two sets of coordinated actions to improve housing choices for low-income communities, communities of color, people with disabilities, and other protected classes in high amenity neighborhoods. First, the HPS plans for actions to ease regulatory hurdles that make it difficult to build the most affordable forms of housing in high amenity areas through code changes that support multi-unit and middle housing.

Second, the City will take action to evaluate a slate of investments and incentives to support the financial feasibility of building housing, especially with affordability requirements. That slate includes implementing zoning incentives for affordable and accessible housing, exploring new revenue sources for income-restricted housing, and providing tax abatements for new multi-unit housing. These incentives and investments will benefit communities of color, people with disabilities, and other protected classes that tend to have lower incomes. And because they are paired with regulatory actions that reduce barriers in high amenity areas, the incentives and investments can enable new affordable forms of housing in these areas.

The housing actions that most directly promote affordable and accessible housing and support housing choice are outlined below:

2.3 - Implement zoning incentives for affordable and accessible housing: The Dalles will grant increased density, reduced parking, or other relief from code standards in exchange for a certain share of units in a proposed development being affordable or accessible. These opt-in incentives could require affordability covenants as a condition of approval, guaranteeing some or all units in a property are affordable to middle- or lower-income households. Likewise, incentives could be designed to require a percentage of units to meet accessibility standards beyond those required under the Americans with Disabilities Act. These incentives would help to create additional units that serve the needs of people with disabilities and other protected classes that tend to have low incomes, especially in housing developed by for-profit developers that may build in high amenity areas but would not otherwise include these units.

2.4 - Clarify rules for non-site-built homes such as tiny homes and prefabricated/modular housing: This action would allow tiny homes and other prefabricated or modular homes to serve as permanent dwellings. These housing types offer practical benefits for low-income households and may meet the needs of people with disabilities. Due to efficiencies realized

during production, construction, and siting, these types of homes are often more affordable than conventional, site-built homes. Their designs can be more easily customized or modified to include accessible design features, and their small sizes make them well-suited for infill in high amenity areas. Updating the regulatory framework would make them a more viable housing option for residents in The Dalles.

3.1 - Adopt a multi-unit property tax exemption (MUPTE) to incentivize needed housing: Tax abatements can significantly improve development feasibility by reducing a major operating cost for new housing development: local property taxes. In a housing market like The Dalles, market rents are lower than in larger metropolitan areas, but the cost of construction is similar. The discrepancy challenges financial feasibility, and a property tax exemption can make the difference between feasible and infeasible projects. If the MUPTE program is designed to be eligible for developments that include low-income or accessible units, it can encourage private developers to include these unit types in mixed-income developments that may be in high amenity areas but would not otherwise include these units.

4.1 - Explore implementing a construction excise tax (CET) for an additional affordable housing revenue source: Income-restricted affordable housing is challenging to finance without local support in the form of gap funding. Though local gap funding is typically a small proportion of these projects' total sources, local support makes it easier for affordable housing developments to attract larger state and federal public subsidies that make up the bulk of these projects' capital needs. A CET would create a source of revenue dedicated to affordable housing, making it much more likely that affordable housing developers will pursue projects in The Dalles. These projects would include income-restricted units, could be located in high amenity areas, and may include other unit types like accessible units to serve people with disabilities.

The following actions are also expected to have a positive impact on housing choice:

- **2.1 - Allow triplexes, fourplexes, and cottage cluster housing in the RL (Low Density Residential) Zone:** By allowing middle housing types in zones that have historically been exclusively zoned for detached single-family homes, The Dalles would be providing geographic diversification of more affordable and accessible housing types.
- **2.2 - Increase maximum density in the RM (Medium Density Residential), RH (High Density Residential), and NC (Neighborhood Center) Zones:** By increasing maximum density, The Dalles would be improving the economic feasibility of housing types like middle housing and multifamily housing that tend to be more affordable housing types, providing more affordable housing options in more neighborhoods.
- **2.5 - Provide more flexibility for housing in commercial zones:** This action would provide flexibility for ground-floor commercial requirements and modify parking regulations, which would facilitate high density housing development in high amenity commercial neighborhoods.
- **4.3 - Create a downtown strategic plan for housing development and investment:** The downtown plan would outline key public investments that would catalyze the development of a variety of housing types in downtown, a high amenity area in The Dalles.
- **5.3 - Engage in land banking with partner organizations:** If banked land is located in a high amenity area and the City transfers ownership to a land trust or affordable housing development partner, this action can result in increased housing choice in The Dalles for low-income households or other protected classes.

Housing options for residents experiencing homelessness

Two major barriers to developing housing for people experiencing homelessness are the limited availability of funding and additional need for wrap-around services. Strategies that expand affordable and supportive housing options and foster partnerships between the City and organizations that are experienced in serving these residents' specific needs can help overcome these barriers.

The two actions described below are prime examples of how to combine gap funding approaches with partnership-based strategies to better serve residents experiencing homelessness:

4.1 - Explore implementing a construction excise tax (CET) for an additional affordable housing revenue source: Establish a new revenue stream to fund affordable housing through a CET applied to both residential and commercial

construction. This revenue has the potential to help fill a small portion (a "gap") of overall development, improving the feasibility of affordable housing projects that can meet the needs of residents experiencing homelessness. It also makes the city eligible for receiving larger state and federal funding sources for affordable housing projects where local buy-in is often a prerequisite.

5.3 - Engage in land banking with partner organizations: Land banking can expand housing options by acquiring and holding land for affordable housing projects that meet the specific needs of residents experiencing homelessness. Land banks can also transfer land to nonprofits at low or no cost, freeing up an organization's funds to spend on building and maintaining housing for target populations. Land banks also create an opportunity to establish community land trusts that preserve long-term affordability, preventing displacement and ensuring lasting affordability.

The following actions are also expected to expand housing options for residents experiencing homelessness:

- **1.1 - Convene a housing working group to pursue state funding and implement housing actions:** This group could include representatives from local or regional non-profit organizations with expertise in permanent supportive housing and comprehensive wrap-around services essential to addressing homelessness.
- **2.4 - Clarify rules for non-site-built homes such as tiny homes and prefabricated/modular housing:** The relatively low cost and rapid assembly of these housing types make them viable options for both short-term emergency shelter and long-term supportive housing options. By making clear the development and design standards required for production, this action streamlines approval processes and reduces overall development costs.
- **4.2 - Explore creating new urban renewal areas (URAs) that allocate a significant portion of tax increment and supportable debt to housing:** Tax increment revenue from a URA has the potential to make possible housing projects that are otherwise difficult to develop without financial support. Income-restricted affordable housing that is not tax-exempt is just one example of housing that could be made possible.

Affordable Homeownership and Affordable Rental Housing

Options for both affordable rental housing as well as an affordable path to homeownership are critical for an accessible housing market. A little more than 40% of needed housing in The Dalles will need to be affordable to households at or below 80% of AMI. Still, the concept of affordability is relative. A healthy housing market would supply a variety of housing options to serve a variety of household incomes.

The logic behind housing production strategies includes the principle that increasing the overall supply of housing decreases the overall consumer price of housing. For this reason, nearly every action in this HPS would lead to greater affordability for all current and future residents.

The actions listed below directly address the need for affordable homeownership and affordable rental housing:

2.3 - Implement zoning incentives for affordable and accessible housing: Adopting zoning incentive(s) for housing developments that include income-restricted affordable housing will grant increased density, reduced parking, or relief from other code standards in exchange for a certain share of units in a proposed development being affordable. These incentives can help to create additional units that serve the needs of lower and middle-income households, especially in projects developed by private, for-profit developers that would otherwise not provide these units.

3.1 - Adopt multi-unit property tax exemption (MUPTE) to incentivize needed housing: Tax abatements can significantly improve development feasibility by reducing property taxes, a major operating cost for new housing development. In a housing market like The Dalles, market rents are lower than in larger metropolitan areas, but the cost of construction is similar. The discrepancy challenges financial feasibility, and a property tax exemption can make the difference between feasible and infeasible projects. If the MUPTE program is designed to be eligible for developments that include low-income or accessible units, it can encourage private developers to include these unit types in mixed-income developments that may be in high amenity areas but would not otherwise include these units.

4.1 - Explore implementing a construction excise tax (CET) for an additional affordable housing revenue source: Income-restricted affordable housing is challenging to finance without local support in the form of gap funding. Though local

gap funding is typically a small proportion of these projects' total sources, local support makes it easier for affordable housing developments to attract larger state and federal public subsidies that make up the bulk of these projects' capital needs. A CET would create a source of revenue dedicated to affordable housing, making it much more likely that affordable housing developers will pursue projects in The Dalles. These projects would include income-restricted units, could be located in high amenity areas, and may include other unit types like accessible units to serve people with disabilities.

5.3 - **Engage in land banking with partner organizations:** Land banking can expand housing options by acquiring and holding land for affordable housing projects that meet specific affordability needs of the community. Land banks also create an opportunity to establish community land trusts that preserve long-term affordability, preventing displacement and ensuring lasting affordability for those who need it.

The following actions are also expected to expand affordable rental and ownership options for residents in The Dalles:

- **1.1 - Convene a housing working group to pursue state funding and implement housing actions:** This group could include representatives from local or regional affordable housing developers who could inform policy making to best support the creation of affordable rental and ownership opportunities in The Dalles.
- **2.2 - Increase maximum density in the RM (Medium Density Residential), RH (High Density Residential), and NC (Neighborhood Center) Zones:** Current maximum density standards in the RM, RH, and NC Zones are below densities that are needed to develop middle housing and 3-story apartments in towns of similar size to The Dalles. Increasing the maximum density standard in these zones would support more efficient land use, help to increase overall housing supply, and bring a wider variety of small and more affordable housing units to The Dalles.
- **2.5 - Provide more flexibility for housing in commercial zones:** Modifying commercial zones to allow for greater flexibility in the location and type of residential units creates more opportunity for housing construction. Expanding housing supply can help alleviate the housing shortage and bring down costs.
- **3.2 - Evaluate the feasibility of scaling System Development Charges (SDCs) to unit size:** A sliding fee scale would bring down development costs for smaller units, increasing overall housing supply and promoting affordability. It is important to note that scaling SDCs may not have the maximum positive effect for marginalized populations if the City is not able to partner with the Northern Wasco County Parks and Recreation District to scale park SDCs as well.
- **4.2 - Explore creating new urban renewal areas (URAs) that allocate a significant portion of tax increment and supportable debt to housing:** Tax increment revenue from a URA has the potential to make possible housing projects that are otherwise difficult to develop without financial support, including affordable housing.
- **5.1 - Maintain an inventory of public, underutilized, and foreclosed properties and assess the development readiness of inventoried properties:** This action creates a more attractive environment for affordable housing developers who are more likely to pursue projects when they don't have to spend their own time and money to independently assess site readiness and suitability.
- **5.2 - Formalize agreements to acquire land:** Granting the City or its designees the right of first refusal or surplus of foreclosed properties gives affordable housing projects a competitive advantage in securing land for development. Agreements could occur with the County, school board, or other public, civic, and/or faith-based institutions.

Gentrification, Displacement, and Housing Stability

A critical element of ensuring fair and equitable outcomes in housing is a careful focus on preventing the displacement of existing residents. Actions that have a higher risk of displacement or gentrification without intervention or mitigation are:

- **2.2 - Increase maximum density in the RM (Medium Density Residential), RH (High Density Residential), and NC (Neighborhood Center) Zones**
- **2.5 - Provide more flexibility for housing in commercial zones**
- **4.2 - Explore creating new urban renewal areas that allocate a significant portion of tax increment and supportable debt to housing**

- **4.4 - Continue to target and prioritize infrastructure to support housing**

These actions could increase rent or displacement-pressure burdens on low-income and marginalized populations if current multifamily zones or infrastructure investments disproportionately fall in displacement-vulnerable areas or are currently home to naturally occurring affordable housing that may be susceptible to rapid rent increases or redevelopment.

The HPS includes a set of actions that engage the balancing act implied by the dual goals of producing more housing—including through redevelopment—while also mitigating displacement. The HPS plans an evaluation of zoning changes across the city to orient development toward high opportunity areas, such as transit, goods and services, and parks. In this way, the City can avoid concentrating housing production in areas with a higher share of lower income residents and other demographic groups that are more vulnerable to displacement. Likewise, for housing that *is* built in areas where displacement is a risk and redevelopment may cause displacement, the HPS provides strategies to provide incentives and subsidies to projects, so they are more likely to include units that are affordable to residents that are at risk of displacement.

The following actions specifically address issues of gentrification and displacement:

1.1 - Convene a housing working group to pursue state funding and implement housing actions: The working group will be formed to facilitate both affordable and market rate housing development in the City. The working group will be tasked with recommending policies and resource requests that can provide stable housing options for various priority populations, including affordable housing and projects benefiting homeless and very low-income populations. The working group will meet regularly to track local housing market trends and can be agile in its response to displacement risk where stability-specific actions may need to be taken.

3.1 - Adopt a multi-unit property tax exemption (MUPTE) program to incentivize needed housing: This tax exemption can encourage new developments in areas that have a higher share of residents at risk of displacement to include units affordable to those residents. Further, the action could also provide particular benefit to seniors and people with disabilities if it is targeted to projects that include accessible units or features.

4.1 - Explore implementing a construction excise tax (CET) for an additional affordable housing revenue source: Funds generated from the CET program could be used for housing stability initiatives, such as preserving naturally occurring affordable housing in the community or development of affordable ownership housing.

4.2 - Explore creating new urban renewal areas that allocate a significant portion of tax increment and supportable debt to housing: The City could set aside a percentage of new Tax Increment Financing (TIF) revenue for affordable housing to create more affordable housing units in neighborhoods with residents at risk of displacement.

4.3 - Create a downtown strategic plan for housing development and investment: This plan will include strategies to prioritize the development of needed housing, which includes affordable housing, that could help alleviate spillover redevelopment pressures on displacement risk households.

5.3 - Engage in land banking with partner organizations: Land banks can transfer land to nonprofits at low or no cost, which can help to create additional affordable housing options while also allowing the organization to allocate their funds on building and maintaining housing for target populations. Land banks also create an opportunity to establish community land trusts that preserve long-term affordability, preventing displacement and ensuring lasting affordability for those who need it.

6. Measuring Progress

Per OAR 660-008-0060, The Dalles will track progress on implementing the actions detailed in the HPS. Four years after adopting the HPS, the city will submit a narrative report to DLCD summarizing its progress on implementation. The report must include a summary of the steps already taken by the city to implement the actions included in the HPS. If the city has not implemented actions on the schedule specified in the HPS, an explanation of the conditions that posed a barrier to implementation and a plan for addressing the identified need that the strategy targeted must be provided. Additionally, the report will include an assessment of the relative efficacy of implemented actions as well as a reflection on actions taken in response to achieving fair and equitable housing outcomes.

In anticipation of this reporting requirement, the following methods and performance metrics for monitoring progress on HPS actions are recommended. The quantity of housing permitted and produced, both City-wide and in areas targeted by actions, should be tracked on an annual basis. This data should be compared to data from before actions were implemented to monitor the effects of the changes on total production, type of production, and location of production. More specific metrics for measuring progress are included below for each action group.

Action Group	Methods	Metrics
Partnership Actions	Progress on implementation of partnership actions can be indicated by the following: • Staff reporting on existing and new partnerships established with developers, service providers, and other partners through the formation of a Housing Working Group • Determining which housing types to include and developing pre-approved plans and additional resources • Engaging small developers and generating a set of technical assistance materials	• # of pre-approved plans available through the city and # of units produced using pre-approved plans • # of technical assistance materials produced and available to developers
Regulatory Actions	Progress on implementation of regulatory actions can be indicated by the following: • Adopting a package of changes to remove barriers to multifamily development • Adopting a package of changes that defines and expands permitted housing types to allow middle housing in more zones • Adopting a package of changes that increase housing potential in commercial zones • Adopting zoning incentives for affordable and accessible units • Adopting a package of changes to allow permanent residency for tiny homes and other prefabricated or modular homes • Adopting a package of changes to remove barriers for adaptive reuse of existing buildings	• # of total housing units permitted and produced • # of middle housing units permitted and produced • # of units permitted and produced in multi-dwelling zones • # of units permitted and produced in commercial zones • # of units permitted and produced that are income-restricted • % of units permitted and produced that are accessible
Incentive Actions	Progress on implementation of incentive actions can be indicated by the following:	• # of housing units permitted and produced, by housing type, tenure and unit size

	• Conducting a fee and SDC rate study • Making any adjustments to fee structures as the result of a fee and rate study • Modifying permitting and development review procedures • Evaluation and adoption (if approved) of a multi-unit property tax exemption (MUPTE)	• # of projects that went through the SDC deferral process
Investment Actions	Progress on implementation of investment actions can be indicated by the following: • A study has been conducted on the potential revenue that could be generated by the CET at different rates and approaches • Conducting a feasibility study and plan (if feasible) to create a new urban renewal area • Creating and adopting a downtown strategic plan for housing • Identifying specific infrastructure investments with high housing development potential	• If CET is adopted, track: o $ raised through CET for affordable housing o # of affordable units (0-80% AMI) produced with support from CET • If URA is adopted, track: o # of housing units using TIF funding o $ TIF allocated to housing development projects and/or investments
Land Actions	Progress on implementation of land actions can be indicated by the following: • Creating an inventory of surplus properties and formalizing a process to update the inventory annually • Developing site suitability metrics for the surplus properties inventory • Adopting Intergovernmental Agreements between the City and other public agencies that grant first right of refusal for surplus properties • Identifying and earmarking funding for the City to acquire and bank land • Identifying ways the City can support community land trusts and designating staff capacity to provide this support • Engaging in partnerships to execute land banking and develop housing on banked land	• # of inventoried parcels suitable for housing development • # of land acquisition agreements adopted between the City and other public agencies • # of surplus or foreclosed properties offered for first right of refusal to partners for housing development • # of affordable or middle-income units produced on underutilized land the City may possess, track, or have facilitated the transfer of to a development partner • # of sites/acres banked for housing development • # of affordable or middle-income units produced on banked land

CASCADIA PARTNERS

Housing Strategies and Actions - *DRAFT*

The Dalles Housing Production Strategy

June 19, 2024



Background and Purpose

The purpose of this document is to propose a draft set of strategies and actions to be included in the City of The Dalles' Housing Production Strategy. The City of The Dalles conducted a Housing Needs Analysis (HNA) in 2023, which was adopted through Ordinance 23-1404, into the Goal 10 Chapter of the City's Comprehensive Plan. As required by state law, the HNA projects the housing needs of the City over the next 20 years and evaluates the City's supply of residentially zoned land designated to meet that need.

Through passage of House Bill 2003 in 2019, the state legislature directed the Department of Land Conservation and Development (DLCD) to require that each City with a population of more than 10,000 produce a Housing Production Strategy (HPS) that includes a list of specific actions the City intends to undertake to fulfill the commitment of meeting the housing needs identified in the HNA, as well as an expected timeline for adoption and implementation of each action.

Organization

The following draft strategies are divided into the five HPS Framework categories: Partnerships, Regulatory, Incentives, Investments, and Land strategies. Each category has an overview table with all draft strategies, including: strategy title, description, tenure, income, housing types, and magnitude of impact. The HPS considers the impact of each action or strategy on targeted housing needs in four areas and its overall magnitude of impact:

- **Tenure Targets:** This section evaluates the degree to which an action will help to produce housing that is either for-sale or for-rent.
- **Affordability Targets:** This section evaluates the degree to which an action will help to produce housing affordable to various income levels. The evaluation is based on the housing types that are most likely to be produced as a result of the action and the extent to which the City can target the action to meet housing for certain income levels.
    - **Affordable**: Affordable housing refers to housing units that are affordable to households earning less than 60% of the area median income. Affordable housing units are typically rental properties that are developed with public subsidies and include mechanisms such as deed restrictions to ensure residents meet income requirements.
    - **Workforce:** Workforce housing refers to housing units that are affordable to households earning between 60% and 120% of the area median income. Workforce housing can be rental or ownership units that target middle-income workers, may or may not be developed with public subsidies, and may include employment-based deed restrictions to ensure residents work in the community where the housing is located.
    - **Market:** Market rate housing refers to non-subsidized housing properties that are rented or owned by those who pay market rate rents or market value to purchase the property.
- **Housing Type Targets:** This section evaluates the degree to which an action will help to produce single-family, "missing middle," and multi-family housing.
- **Magnitude of Impact:**

- **Low impact**: This indicates that the action is likely to have a minimal or limited effect on housing production. It may support housing production but on its own it is not likely to spur new housing development.
- **Medium impact**: This indicates that the action is likely to have a more substantial impact on housing production generally or on meeting a specific housing need. It may be impactful enough on its own to spur new housing development.
- **High impact:** This indicates that the action is likely to have a significant, wide-reaching impact on housing production or would directly spur housing development that meets a specific housing need.

The high impact strategies following the table delve into more detail to provide opportunities, constraints, administrative and funding needs, and magnitude of impact. These sections include:

- **Opportunities and constraints:** These sections identified opportunities for the City to pursue this strategy and the various types of constraints to implement due to funding or staff time.
- **Administrative Time:**
  - **Low:** Requires low staff time to develop the action and requires low on-going staff time to implement the action.
  - **Medium:** Requires more staff time to develop the action and requires more on-going staff time to implement the action.
  - **High:** Requires significant staff time to develop the action and/or significant on-going staff time to implement the action.
- **Funding Needs:**
  - **Low:** Has relatively small funding impact
  - **Medium:** Has relatively moderate funding impacts.
  - **High:** Has relatively larger funding impacts.

PARTNERSHIP STRATEGIES

Appendix A

Partnership Strategy Overview Table

	Strategy Title + Description	Tenure *Renter, Owner, Both*	Income *Affordable, Workforce, Market*	Housing Type *Single Detached, Middle Housing & Multifamily, All*	Magnitude of Impact *Low, Medium, High*
High Impact Strategies (A detailed description begins in the following section)					
P1	**Convene a housing working group to pursue state funding and implement housing strategies** Convene a housing working group of staff and civic, institutional, faith based, employer, and builder (private, public, and nonprofit) stakeholders that meets regularly and leads the exploration of opportunities to facilitate both affordable and market rate housing development in the City.	Both	All	All	High
P2	**Create pre-approved dwelling plans** Create pre-approved dwelling plans to help incentivize and expedite the development of various housing types by partnering with Wasco County and architect or builder to develop multiple ADU options that can be quickly reviewed and permitted.	Both	Workforce, Market	Middle Housing	High
Medium and Low Impact Strategies					
P3	**Form partnerships with organizations that are capable of land banking** Form partnerships with existing organizations that can land bank in the region to help to implement housing strategies (see **strategy P1**), as well as be a recipient of future land disposition or land banking by civic partners (see **land strategies**).	Both	Affordable, Workforce	All	Medium
P4	**Partner with North Wasco County Parks & Recreation on scaling Parks SDC fee** Pursue opportunity to partner with North Wasco County Parks & Recreation District on scaling Parks SDC fee by unit size or number of units to incentivize smaller units.	Both	All	All	Medium

P5	**Provide information and technical assistance to small developers** Provide information to developers to help them find suitable sites for housing development, understand land use permitting processes and incentive opportunities, and establish a sense of clarity and certainty about housing development requirements.	Both	Workforce, Market	All	Low

High Impact Partnership Strategies

P1 Convene a housing working group to pursue state funding and implement housing strategies

Description	Convene a housing working group of staff and civic, institutional, faith based, employer, and builder (private, public, and nonprofit) stakeholders that meets regularly and leads the exploration of opportunities to facilitate both affordable and market rate housing development in the City. The working group's activities could include: • Meeting with large employers to identify ways to partner provide workforce housing • Assisting in the implementation of housing strategies identified in the HPS • Meeting with developers proactively to pursue the State's New Housing Loan Fund and identify potential projects (see **Strategy I3**) • Making policy recommendations and resource requests based on the above conversations
Opportunities	A housing working group can help to provide a pro-housing culture in the City that can help implement housing strategies, as well as pursue state funding.
Constraints	Staff time and funding may be necessary to engage with these organizations and assist with strategy implementation.
Administrative Time	Medium
Funding Needs	Low
Magnitude of Impact	High

P2 Create pre-approved dwelling plans

Description	Create pre-approved dwelling plans to help incentivize and expedite the development of various housing types, such as cottage clusters and duplexes, by partnering with Wasco County, architects, builders, or an institution to develop multiple dwelling unit options that can be quickly reviewed and permitted. The plans would be highly-efficient, designed for constrained lots and low-cost solutions, and allow for streamlined permitting. Partnering with an institution could include Columbia Gorge Community College or another college or university to create a competitive competition with compensation in the form of a scholarship for selected plans.
Opportunities	Various dwellings would be further incentivized and cost efficient for homeowners.
Constraints	Pre-approved dwelling plans would require hiring an architect or working with an institution to produce plans that may require additional funding.
Administrative Time	Medium
Funding Needs	Medium
Magnitude of Impact	High

REGULATORY STRATEGIES

Appendix A

Regulatory Strategy Overview Table

	Strategy Title + Strategy Description	Tenure *Renter, Owner, Both*	Income *Affordable, Workforce, Market*	Housing Type *Single Detached, Middle Housing & Multifamily, All*	Magnitude of Impact *Low, Medium, High*
High Impact Strategies (A detailed description begins in the following section)					
R1	**Allow triplexes, fourplexes, and cottage cluster housing in the RL zone** Expand permitted housing types in the RL Zone to include triplexes, fourplexes, and cottage clusters in order to provide more affordable housing options in this zone.	Both	Workforce, Market	Middle Housing	High
R2	**Increase maximum density in the RM, RH, and NC Zones** Increase the maximum density and reduce minimum lot area in the RM, RH, and NC zones to improve economic feasibility, ensure efficient use of land, and encourage smaller unit sizes.	Both	All	Multifamily Housing	High
R3	**Implement zoning incentives for affordable and accessible housing** Implement parking reductions and density increases for developments that provide affordable housing targeted at specific AMI levels and percentage of affordable units in the development.	Renter	Affordable	Multifamily Housing	High
Medium and Low Impact Strategies					
R4	**Clarify rules for non-site-built homes such as tiny homes and prefabricated/modular housing** Provide a clear regulatory pathway to allow prefabricated/modular housing and tiny homes on wheels (THOWs) in appropriate locations/zones. Develop a regulatory framework for these housing types that addresses siting, utilities, sanitation, exterior appearance, and other issues.	Both	Workforce, Market	Single Detached, Middle Housing	Medium
R5	**Provide more flexibility for housing in commercial zones** Evaluate options for providing more flexibility for housing in the NC,	Renter	All	Multifamily Housing	Medium

	CBC, and GC commercial zones. This may include allowing for horizontal mixed-use development (residential behind commercial), only requiring a portion of the ground floor to be commercial uses, or only requiring ground floor commercial in select locations within commercial zones.				
R6	**Remove potential barriers of conversion or adaptive reuse of existing buildings for housing** Some existing code provisions may discourage the conversion of an existing house to a multi-unit building or the adaptive reuse of a commercial building for housing. Update the City's non-conforming uses and other provisions to: • Allow ground floor spaces to be converted to residential (exception to ground floor commercial requirement) • Provide exception to parking requirements when a building is converted from commercial to residential • Allow non-conforming single-family houses to be expanded and increase non-conformity if they are being converted to a duplex, triplex, or fourplex. • Provide an exception to parking requirements for conversion of single-family detached houses to a duplex, triplex, or fourplex.	Both	All	Middle Housing and Multifamily Housing	Medium
R7	**Provide location-based parking reductions** Reduce minimum off-street parking standards to incentivize multifamily dwellings in target areas to lessen barriers to higher density and infill development and reduce the cost of development.	Renter	All	Multifamily Housing	Medium

High Impact Regulatory Strategies

R1 Allow triplexes, fourplexes, and cottage cluster housing in the RL zone

Description

The RL zone currently only allows single-family detached and attached houses, ADUs, and duplexes. This strategy would involve expanding permitted housing types in the RL zone to include triplexes, fourplexes, and cottage clusters. The City would update the code to define triplexes and fourplexes rather than include them within multifamily housing definition. The code change should also define appropriate development and design standards for these housing types that are tailored to existing conditions in the RL zone.

Opportunities

- Triplexes, fourplexes, and cottage clusters may be more feasible to develop than single-family houses or duplexes due to lower land costs per unit. It also expands housing development options that are smaller and more affordable.
- According to the Buildable Lands Inventory, the RL Zone has just under 200 acres of capacity for development, but the only allowed housing types are single-family houses, duplexes, and ADUs. This code change would create opportunities for smaller and more affordable units across a large area.

Constraints

- Triplexes, fourplexes, and cottage clusters may be perceived as incompatible with established patterns of some neighborhoods with predominantly single-family zones. This issue can be mitigated with appropriate development and design standards.
- Some areas in the RL zone may require infrastructure extensions or upgrades to service new housing. This constraint also applies to single-family housing.

Administrative Time Medium

Funding Needs Low

Magnitude of Impact High

R2 Increase maximum density in the RM, RH, and NC Zones

Description

The maximum density or minimum lot area standards that apply in the RM, RH, and NC zones may create barriers to development of middle housing and multi-family housing in these zones, especially on smaller sites. This strategy would involve revising those standards to improve economic feasibility of developing these housing types, ensure efficient use of land, and encourage smaller unit sizes. Specific density and lot area standards are not proposed at this stage. However, it is common for middle housing projects on smaller sites to exceed the 21 units per acre that is allowed in the RM and NC zone and for 3-story apartment projects to exceed the 29 units per acre allowed in the RH zone. Further study of desired housing/building types is recommended in order to best calibrate the maximum density and minimum lot area standard.

Opportunities

- Enable development of apartment buildings on more sites. Providing more opportunities for high density housing in these zones could help to spur more multifamily housing in the City.
- Reduce land costs per unit and overall cost of development. Allowing higher densities enables the cost of land to be spread across more units, improving economic feasibility of development.
- Encourage smaller units. If a developer has reached the maximum density and cannot add more units but the zoning envelope would otherwise allow a larger building, then the developer is likely to build larger units. A higher maximum density encourages smaller units.

Constraints

- Higher density housing may be perceived as incompatible with established patterns of lot size and house scale in some neighborhoods with predominantly single-family zones. This issue can be mitigated with appropriate development and design standards.
- Some areas in these zones may require infrastructure extensions or upgrades to service higher density housing.

Administrative Time

Medium

Funding Needs

Low

Magnitude of Impact

High

R3 Implement zoning incentives for affordable housing and accessible housing

Description

When adopting any code change that increases density, reduces parking requirements, or provides other relief from certain standards, implement additional parking reductions and density increases for developments that provide affordable housing or accessible housing. Affordable housing typically has less parking demand and results in smaller units, so decreased parking requirements and increased density would help both affordable housing developers and market-rate developers pursue affordable or accessible housing development.

Incentives for affordable housing would define the level of affordability required as a percentage of Area Median Income (AMI) and overall percentage of units in a development that are affordable. Accessible housing units could require the unit to meet certain standards, such as Universal Design or Lifelong Housing Certification.

Opportunities

- Encourage for-profit developers to build needed housing that may otherwise not be feasible to develop, as well as provide additional benefit to affordable housing developers.
- Housing developers require higher densities to overcome the high cost of land, spread fixed costs of development across more units, and offset the impact of lower rents/prices for affordable deed-restricted units.
- By reducing parking standards, this allows for additional land to be developed for housing and most affordable and accessible housing developments have lower parking demands compared to market rate housing.

Constraints

- If the incentive is not set at the right level to be attractive to use, it may not be effective.
- Higher density housing may be perceived as incompatible with established patterns of lot size and house scale in some neighborhoods with predominantly single-family zones.

Administrative Time Medium

Funding Needs Low

Magnitude of Impact High

INCENTIVE STRATEGIES

Appendix A

Incentive Strategy Overview Table

	Strategy Title + Strategy Description	Tenure *Renter, Owner, Both*	Income *Affordable, Workforce, Market*	Housing Type *Single Detached, Middle Housing & Multifamily, All*	Magnitude of Impact *Low, Medium, High*
High Impact Strategies (A detailed description begins in the following section)					
I1	**Adopt Multi Unit Property Tax Exemption (MUPTE) to incentivize needed housing** Design and adopt a Multi-Unit Property Tax Exemption to replace Vertical Housing Tax Zone, specifically considering tax exemptions to offset creation of workforce and multi-family units.	Renter	Affordable, Workforce	Multifamily	High
I2	**Proactively pursue the State's new State Revolving Loan and Find Candidate Projects** Continue to work with regional partners to identify candidate projects and proactively pursue applying Oregon Housing and Community Services' new SB 1537 $75M State Revolving Loan to fill housing financing gaps. It is recommended this strategy work in tandem with **Strategy P1**.	Renter	Affordable, Workforce	All	High
Medium and Low Impact Strategies					
I3	**Evaluate the feasibility of scaling SDCs** Evaluate the fiscal impacts and feasibility of revising the SDC methodology to scale rates to unit size.	Both	All	All	Medium
I4	**Allow System Development Charges to be deferred until occupancy** Partner with Wasco County to modify permitting and development review procedures so that System Development Charges (SDCs) are not required to be paid until after a housing development is constructed and prior to issuing a final certificate of occupancy.	Both	All	All	Medium

High Impact Incentive Strategies

I1 Adopt Multi-Unit Property Tax Exemption (MUPTE) to Incentivize Needed Housing

Description

Property tax abatements can stimulate development of critically needed housing types, while being designed to only be available to projects that would otherwise not be feasible. Design and adopt a Multi-Unit Property Tax Exemption to replace the City's Vertical Housing Tax Zone (VHTZ), specifically considering tax exemptions to offset creation of workforce and multi-family units. The program provides the City flexibility on the project approvals, geography, exemption amount, and public benefits required, e.g.:

- Inclusion of income defined housing
- Accessibility, visitability standards
- Calibrate to incent not-quite-feasible projects

Opportunities

- The City can control which projects are eligible and cap the total amount of tax abatement annually.
- Can be designed to incentivize housing that would not otherwise be built, so it can have a net positive impact on the tax base over time.
- Incentives customized to City's needs
- Support projects not feasible on their own
- Long-term tax base growth (after 10 year exemption)

Constraints

This new program will require additional staff time to administer the program and must be approved by the majority (over 50%) of taxing districts.

Administrative Time

High

Funding Needs

Medium

Magnitude of Impact

High

12 Proactively pursue the State's new State Revolving Loan and Find Candidate Projects

Description

Continue to work with regional partners to identify candidate projects and proactively pursue applying Oregon Housing and Community Services' new SB 1537 $75M State Revolving Loan to fill housing financing gaps. It is recommended this strategy work in tandem with **Strategy P1**.

The State Loan Fund provides interest-free loans of $15,000-$35,000 per unit with a 10-year payback target to be repaid through the growth in property taxes derived from the new developments. Eligible costs include SDCs, predevelopment costs, construction costs, and land write-downs. The housing provided can include single-family, middle housing, multifamily, and ADUs for-sale or for rent below 120% AMI. Additionally, the housing developments must be taxable and not located in a Tax-Increment Financing District. The loan program will be operational by June 30, 2025. *To see how this process will work, see diagram below.*

Opportunities

- The City can utilize **Strategy P1** to identify eligible projects or partners.
- The funding could be a significant catalyst for affordable or workforce housing development.
- The funds are flexible for the types of housing that can be developed and where the funds can be used.

Constraints

This will be a competitive funding opportunity, and the City is not guaranteed to receive this funding.

Administrative Time

Medium

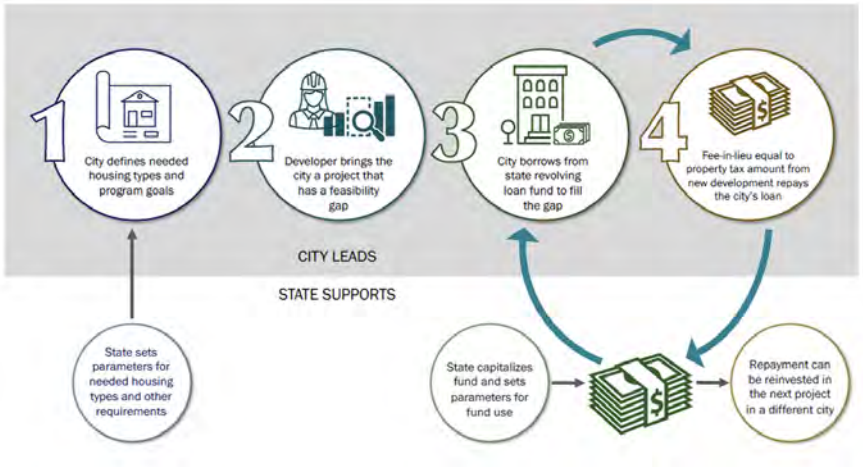
Funding Needs

Low

Magnitude of Impact

High

Diagram of the Revolving Loan Fund Process



INVESTMENT STRATEGIES

Appendix A

Investment Strategy Overview Table

	Strategy Title + Strategy Description	Tenure *Renter, Owner, Both*	Income *Affordable, Workforce, Market*	Housing Type *Single Detached, Middle Housing & Multifamily, All*	Magnitude of Impact *Low, Medium, High*
High Impact Strategies (A detailed description begins in the following section)					
V1	**Explore implementing a Construction Excise Tax for an additional affordable housing revenue source** Explore establishing a Construction Excise Tax (CET) applied to both residential and commercial construction to establish an additional revenue source for affordable housing.	Renter	Affordable	Middle Housing and Multifamily	High
V2	**Explore creating/extending urban renewal areas (URAs) that allocate a significant portion of tax increment financing dollars and supportable debt to housing projects** Evaluate the feasibility of expanding MI to 2029 without incurring new formal debt and establishing a new, smaller downtown Urban Renewal District following termination of current district and a new West Side Urban Renewal District.	Both	All	All	High
V3	**Create downtown strategic plan for housing development and investment** The downtown area will be a primary location for denser housing. The City needs a current, focused and actionable plan for downtown that identifies key opportunity sites, and details strategies and investments to increase market demand and accelerate investment.	Renter	All	All	High

Medium and Low Impact Strategies

V4	**Prioritize the rehabilitation and conversion of historic buildings in the City for housing** Prioritize steps to help rehabilitate and convert historic buildings for housing through specific provisions in URA spending that could be targeted on this outcome, waiving fees (connect with **Incentive Strategies** and **Strategy R7**), and other opportunities for buildings to be reused including UR funding for roof replacement, seismic upgrades and fire suppression systems. Urban Renewal investment is critical, since downtown is characterized by historic buildings with concomitant structural and code challenges. These present economic barriers for building owners contending with commercial financing constraints and high insurance costs.	Both	All	All	Medium
V5	**Continue to target and prioritize infrastructure to support housing** Continue to evaluate Capital Improvement Program (CIP) to ensure sufficient prioritization of infrastructure projects that support new housing development.	Both	Workforce and Market	All	Low-Medium

High Impact Investment Strategies

V1 Explore implementing a Construction Excise Tax for an additional affordable housing revenue source

Description	A Construction Excise Tax (CET) is a tax on construction projects that can be used to fund affordable housing. Explore establishing a Construction Excise Tax (CET) applied to both residential and commercial construction to establish an additional revenue source for affordable housing. According to state statutes, the tax may be imposed on improvements to real property that result in a new structure or additional square footage in an existing structure. CET can only tax up to 1% of the permit valuation for residential construction permits. The City may also tax on the permit value of commercial and industrial taxes, and there is no cap to the rate for commercial and industrial tax.
Opportunities	The primary benefit of a CET is a dedicated source of revenue for housing programs. It also provides the option to create a linkage between new commercial or industrial development and investment in housing.
Constraints	CET can reduce the financial feasibility of a development project, or it may be passed on to consumers in the form of higher costs (if the market will bear a higher rent/price).
Administrative Time	High
Funding Needs	Medium
Magnitude of Impact	High

V2 Explore creating new urban renewal areas (URAs) that allocate a significant portion of tax increment financing dollars and supportable debt to housing projects

Description

Urban Renewal districts are an effective tool for funding investments that support housing development in specific locations. Evaluate the feasibility of Evaluate the feasibility of expanding MI to 2029 without incurring new formal debt and establishing a new, smaller downtown Urban Renewal District following termination of current district and a new West Side Urban Renewal District. There is opportunity to expand MI without incurring new formal debt or extending the current district termination. This would generate new revenue to invest in and encourage housing development. Also, consider key areas of the City that need investment for housing development to occur including the City's West Side, a new Urban Renewal District downtown after the current District terminates, or both.

Opportunities

- A new URA could be organized from the outset to focus on promoting housing development.
- A new Columbia Gateway downtown district could focus on housing and mixed-use development to encourage housing in a walkable, high amenity area, including multi-unit development along First Street.

Constraints

- The size of the URA may be limited by state law if it is put in place prior to the closure of the existing URA.
- The URA must be approved by other taxing jurisdictions.

Administrative Time High

Funding Needs Medium

Magnitude of Impact High

V3 Create downtown strategic plan for housing development and investment

Description

The downtown area will be a primary location for denser housing. The City needs a current, focused and actionable plan for downtown that identifies key opportunity sites, and details strategies and investments to increase market demand and accelerate investment. The plan would identify catalytic public investments to increase market demand through:

- Prioritization of key sites or areas through the City's Capital Improvement
- Identification of opportunity sites and partner with property owner to conduct preliminary redevelopment concepts and feasibility assessment to help prepare the site for development readiness
- Acquisition of key site(s) and partner with a land trust to facilitate the development of needed housing (see **land strategies**)
- Identification of specific areas of downtown to focus required ground floor commercial while providing flexibility in other areas of downtown (see **Strategy R5**)
- Analysis to expand existing incentive tools or create new tools, such as URA incentives, to provide grants and other funding opportunities to encourage new housing development and meet other potential downtown goals

Opportunities

This plan would not only identify opportunities to incentivize and remove barriers to housing development in downtown but could also provide strategic planning on other goals for the City's downtown.

Constraints

This plan would require additional funding to hire a consultant.

Funding Needs

Medium

Magnitude of Impact

High

LAND STRATEGIES

Appendix A

Land Strategy Overview Table

	Strategy Title + Strategy Description	Tenure *Renter, Owner, Both*	Income *Affordable, Workforce, Market*	Housing Type *Single Detached, Middle Housing, Multifamily, All*	Magnitude of Impact *Low, Medium, High*
L1	**Prioritize the use of surplus public land for housing needs** Adopt a policy that prioritizes selling or dedicating any surplus publicly-owned land to meet housing needs when feasible and appropriate.	Both	All	All	High
L2	**Create an inventory of public, underutilized, and foreclosed properties** Create an inventory of sites for housing development that are publicly-owned, underutilized, or foreclosed properties. The inventory can also include older, distressed properties that may be targeted for acquisition by a non-profit affordable housing operator.	Both	All	All	High
L3	**Establish streamlined process and assist land trusts through key pre-development steps** Create steps to streamline processes such as lot splits, zoning changes, and other pre-development steps for land trusts. Additionally, help to facilitate the transfer of ownership from public, underutilized, and foreclosed properties to land trust.	Both	All	All	High
L4	**Study how capital spending can most efficiently make land development ready for housing development** The City can use data collected for the Buildable Land Inventory (BLI), then conduct additional analysis to identify properties from the L2 strategy most suitable for development in the short-term, based on infrastructure conditions, location, and other factors. The CIP process is a likely opportunity to complete this analysis.	Both	All	All	High

L5	**Formalize agreements that improve the chances of the City or its designees to acquire land for eventual housing production** Adopt a set of formal Intergovernmental Agreements (IGAs) between the City and other public agencies that grants the City or its designees the right of first refusal of surplus or foreclosed properties. Designees could include a land bank, land trust, or non-profit affordable housing developers. Agreements or potential agreements with IGAs could include the County, school board, or other public, civic, or faith-based institutions.	Both	All	All	High
L6	**Partner with a Land Trust to create land bank by utilizing URA funds to acquire properties** The inventory created in Strategy L2 should also be shared with the Urban Renewal Agency (URA) to inform strategic site acquisition related to needed housing in future URAs to create a land bank in partnership with a Land Trust.	Both	All	All	High

Step-by-Step Process of Land-Base Strategies

The land-based set of strategies are unique ways the City can play a more proactive role in unlocking land for housing production. Cities have a unique role in creating sites ready for development through ways that private entities do not, such as improving entitlements, modifying how land is used, streamlining subdivision of land, reducing land cost, and offering first right of refusal through agreements.

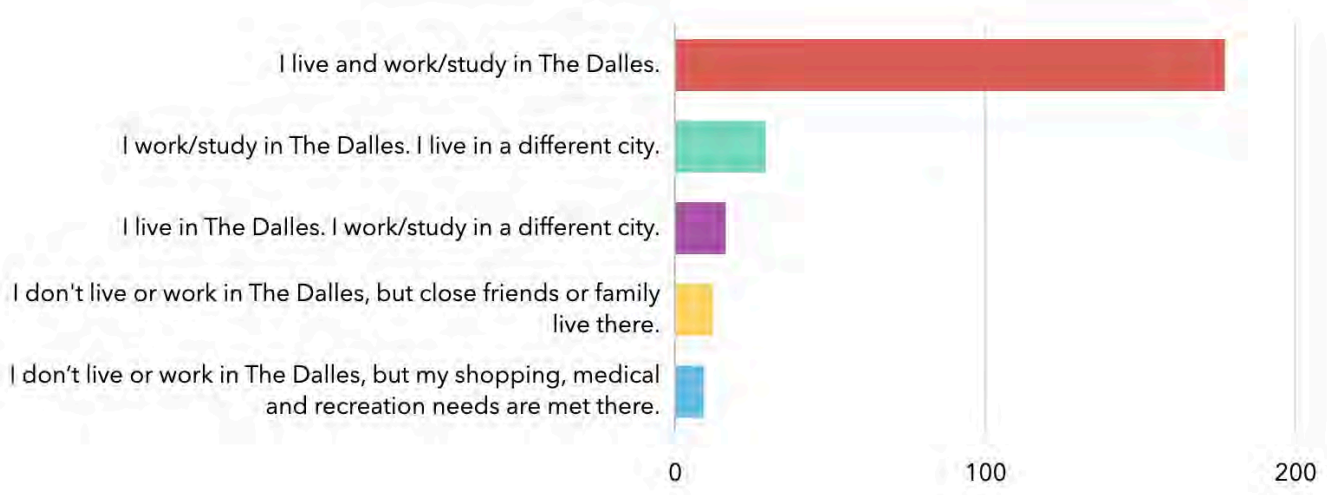
The City could pursue any of these strategies in isolation but taken as a whole, these can greatly improve the process of unlocking land for housing production. The strategies are presented as a step-by-step process to demonstrate the series of actions to prioritize, prepare, and provide land for housing development. The first three steps highlighted are foundational to the process and are recommended for the City to pursue as the first few steps in playing an active role in preparing land for housing production.



The Dalles Housing Production Strategy Survey 2024

244 responses

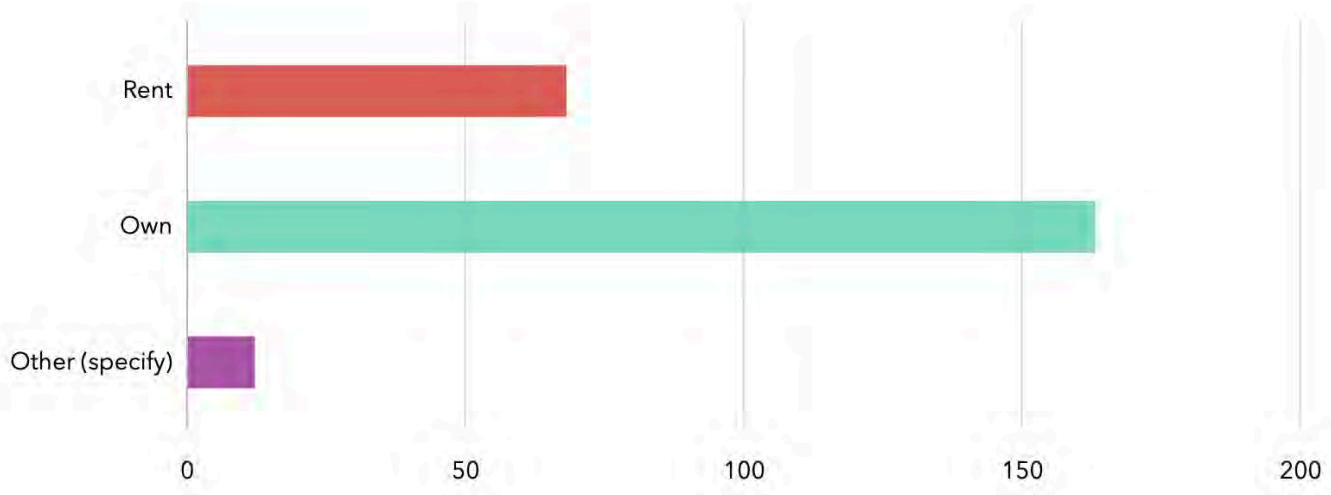
1. Which of the following best describes your relationship to The Dalles?



Answers	Count	Percentage
I live and work/study in The Dalles.	177	72.54%
I work/study in The Dalles. I live in a different city.	29	11.89%
I live in The Dalles. I work/study in a different city.	16	6.56%
I don't live or work in The Dalles, but close friends or family live there.	12	4.92%
I don't live or work in The Dalles, but my shopping, medical and recreation needs are met there.	9	3.69%

Answered: 243 Skipped: 1

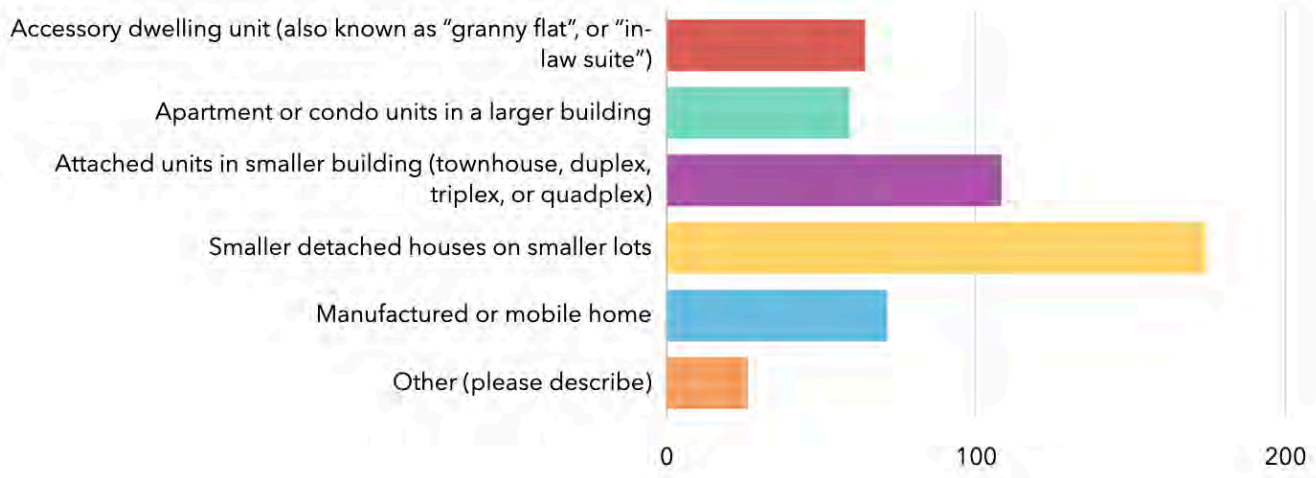
2. Do you rent or own your home?



Answers	Count	Percentage
Rent	68	27.87%
Own	163	66.8%
Other (specify)	12	4.92%

Answered: 243 Skipped: 1

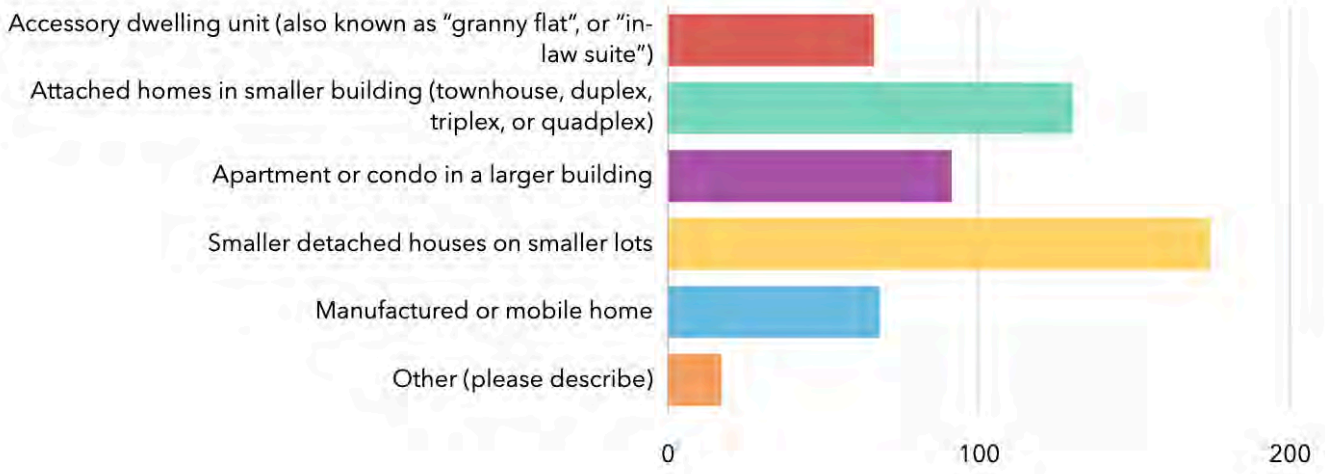
3. If you were searching for a smaller home, which of these housing types would meet your needs?



Answers	Count	Percentage
Accessory dwelling unit (also known as "granny flat", or "in-law suite")	64	26.23%
Apartment or condo units in a larger building	59	24.18%
Attached units in smaller building (townhouse, duplex, triplex, or quad plex)	108	44.26%
Smaller detached houses on smaller lots	174	71.31%
Manufactured or mobile home	71	29.1%
Other (please describe)	26	10.66%

Answered: 242 Skipped: 2

4. Considering the need for smaller homes, which type of housing do you think would best meet the needs of people you know in The Dalles (family, friends, etc.)?

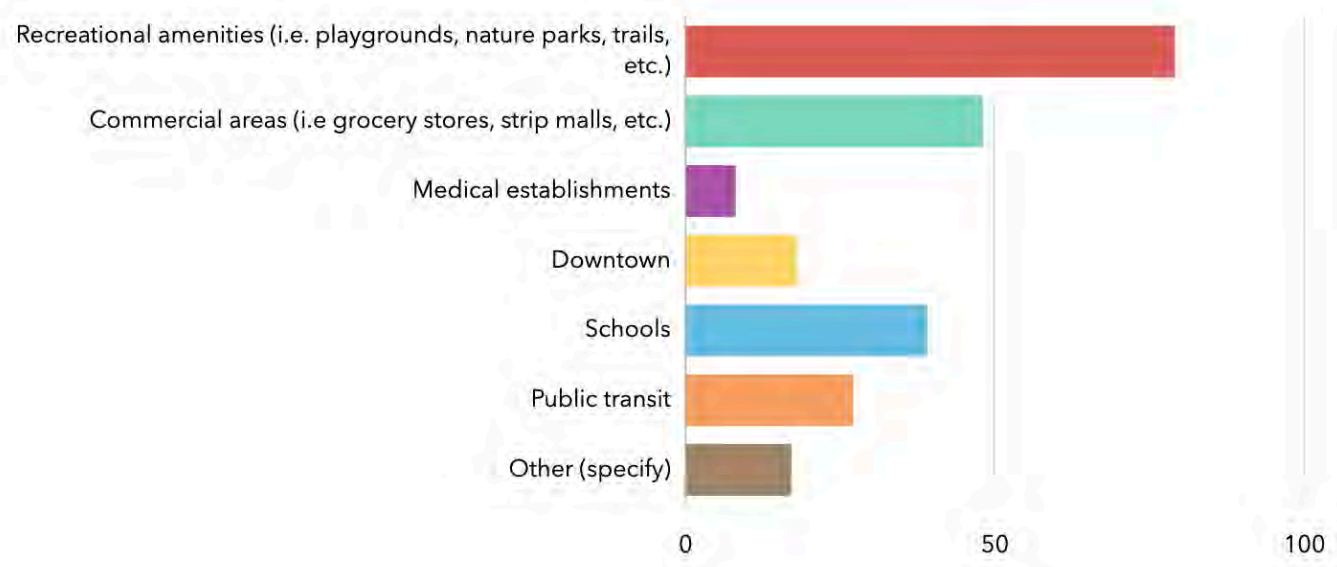


Answers	Count	Percentage
Accessory dwelling unit (also known as "granny flat", or "in-law suite")	66	27.05%
Attached homes in smaller building (townhouse, duplex, triplex, or quadplex)	130	53.28%
Apartment or condo in a larger building	91	37.3%
Smaller detached houses on smaller lots	174	71.31%
Manufactured or mobile home	68	27.87%
Other (please describe)	17	6.97%

Answered: 239 Skipped: 5

5. What would you like to see housing development near?

First Choice

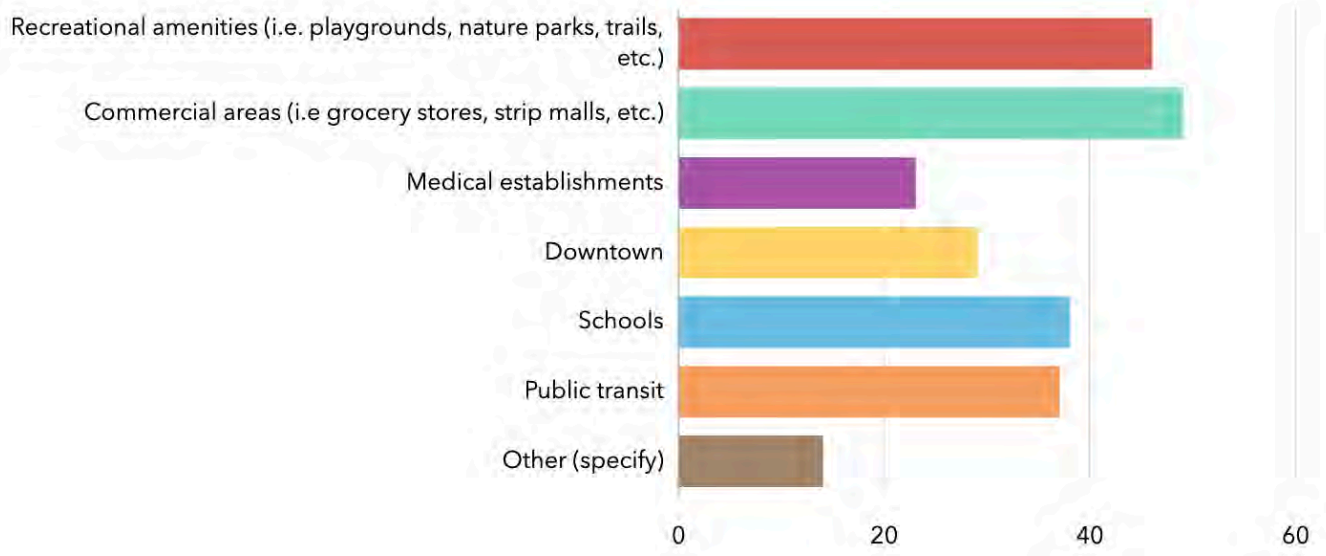


Answers	Count	Percentage
Recreational amenities (i.e. playgrounds, nature parks, trails, etc.)	79	32.38%
Commercial areas (i.e grocery stores, strip malls, etc.)	48	19.67%
Medical establishments	8	3.28%
Downtown	18	7.38%
Schools	39	15.98%
Public transit	27	11.07%
Other (specify)	17	6.97%

Answered: 236 Skipped: 8

5. What would you like to see housing development near?

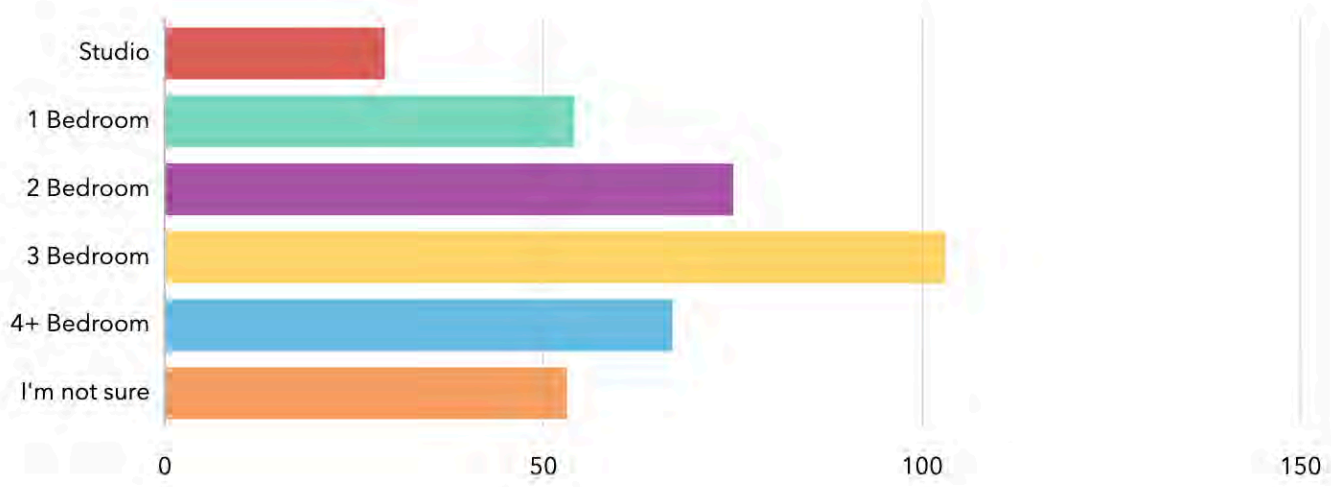
Second Choice



Answers	Count	Percentage
Recreational amenities (i.e. playgrounds, nature parks, trails, etc.)	46	18.85%
Commercial areas (i.e grocery stores, strip malls, etc.)	49	20.08%
Medical establishments	23	9.43%
Downtown	29	11.89%
Schools	38	15.57%
Public transit	37	15.16%
Other (specify)	14	5.74%

Answered: 236 Skipped: 8

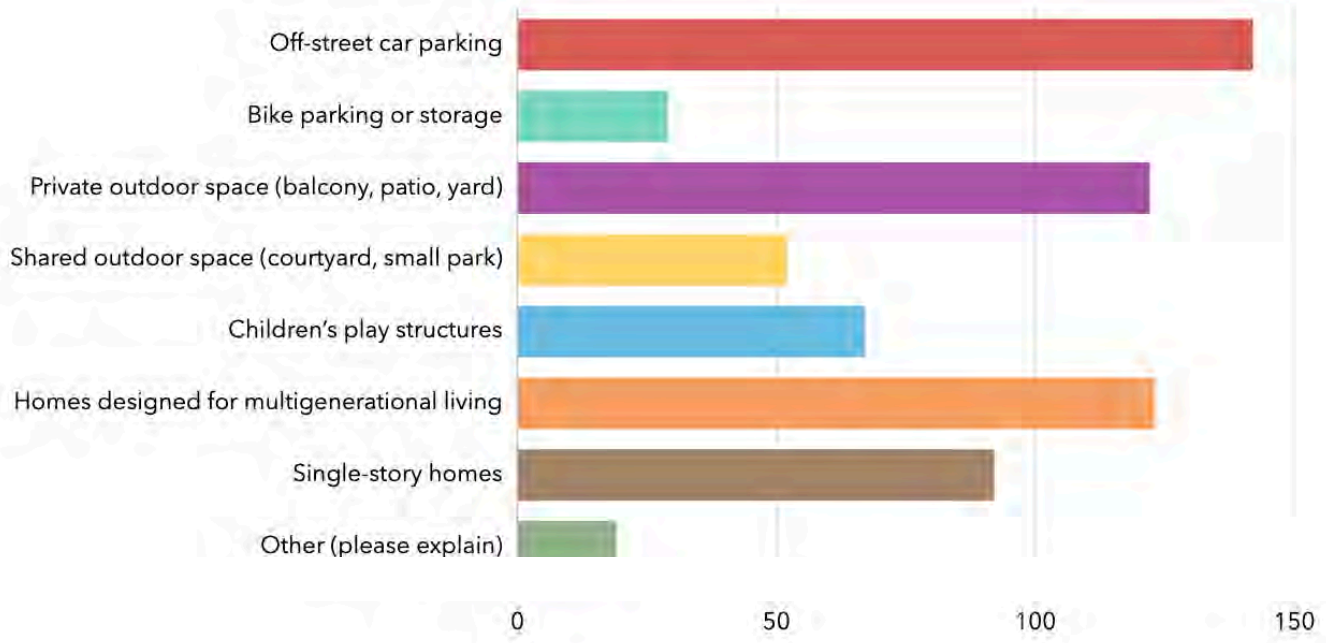
6. In your experience, which types of homes do you think are the most challenging to find in The Dalles?



Answers	Count	Percentage
Studio	29	11.89%
1 Bedroom	54	22.13%
2 Bedroom	75	30.74%
3 Bedroom	103	42.21%
4+ Bedroom	67	27.46%
I'm not sure	53	21.72%

Answered: 240 Skipped: 4

7. Which amenities or features related to housing are most important to you, but are often missing in homes in The Dalles?



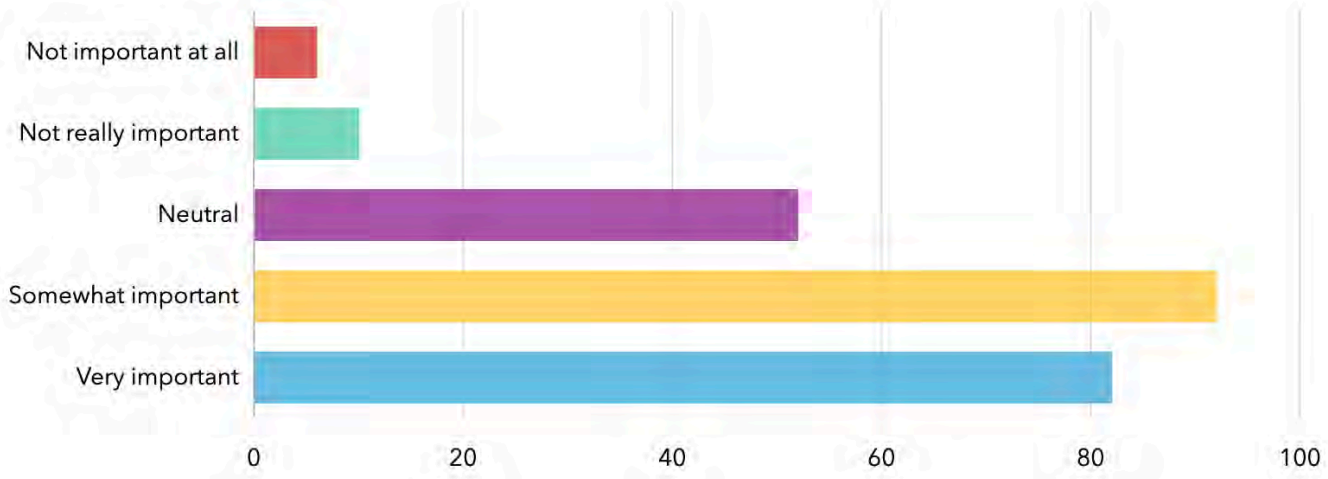
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Answers	Count	Percentage
Off-street car parking	142	58.2%
Bike parking or storage	29	11.89%
Private outdoor space (balcony, patio, yard)	122	50%
Shared outdoor space (courtyard, small park)	52	21.31%
Children's play structures	67	27.46%
Homes designed for multigenerational living	123	50.41%
Single-story homes	92	37.7%
Other (please explain)	19	7.79%

Answered: 239 Skipped: 5

8. The City may make changes to zoning and land use rules to encourage more housing production. In your view, what goals should the City prioritize when designing these changes? Please rate each priority from not important to very important.

a. Create more opportunities to build for-sale homes

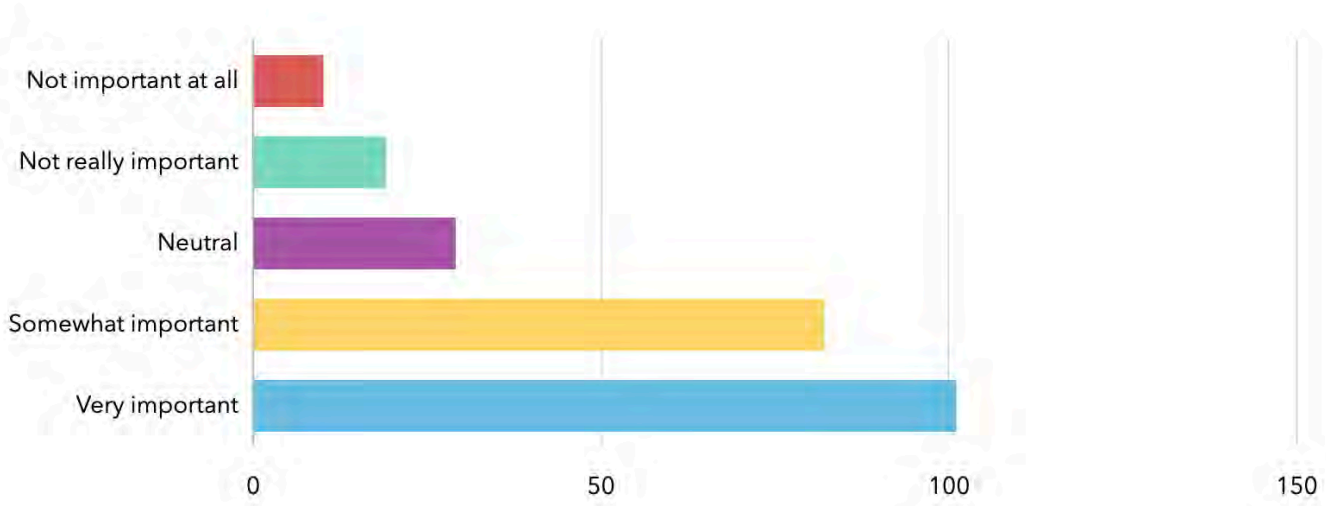


Answers	Count	Percentage
Not important at all	6	2.46%
Not really important	10	4.1%
Neutral	52	21.31%
Somewhat important	92	37.7%
Very important	82	33.61%

Answered: 242 Skipped: 2

8. The City may make changes to zoning and land use rules to encourage more housing production. In your view, what goals should the City prioritize when designing these changes? Please rate each priority from not important to very important.

b. Create more opportunities to build rental homes

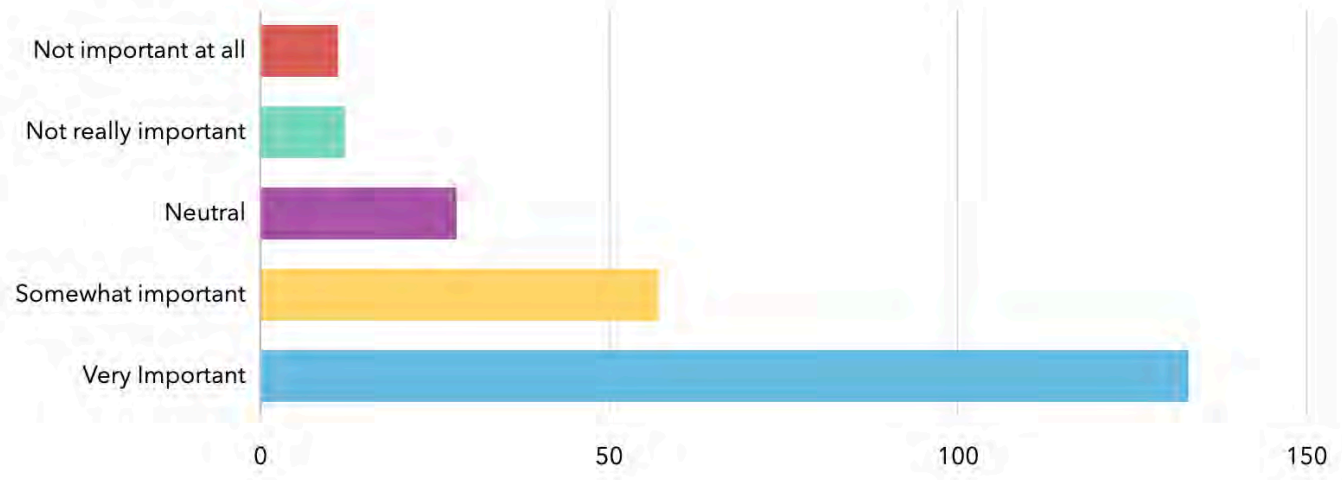


Answers	Count	Percentage
Not important at all	10	4.1%
Not really important	19	7.79%
Neutral	29	11.89%
Somewhat important	82	33.61%
Very important	101	41.39%

Answered: 241 Skipped: 3

8. The City may make changes to zoning and land use rules to encourage more housing production. In your view, what goals should the City prioritize when designing these changes? Please rate each priority from not important to very important.

c. Reducing barriers to building unconventional housing types like tiny homes or modular homes

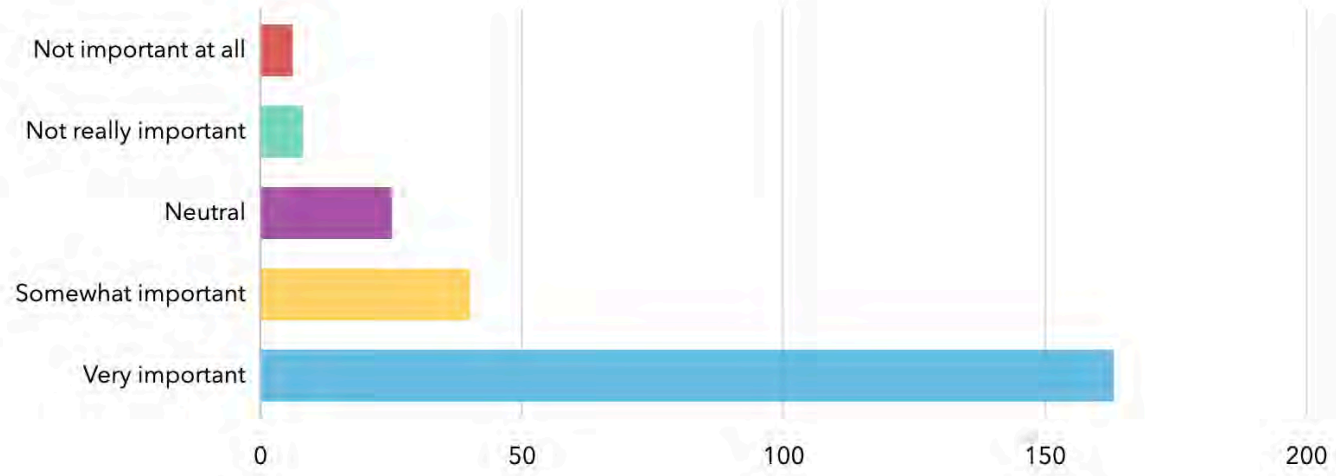


Answers	Count	Percentage
Not important at all	11	4.51%
Not really important	12	4.92%
Neutral	28	11.48%
Somewhat important	57	23.36%
Very Important	133	54.51%

Answered: 241 Skipped: 3

8. The City may make changes to zoning and land use rules to encourage more housing production. In your view, what goals should the City prioritize when designing these changes? Please rate each priority from not important to very important.

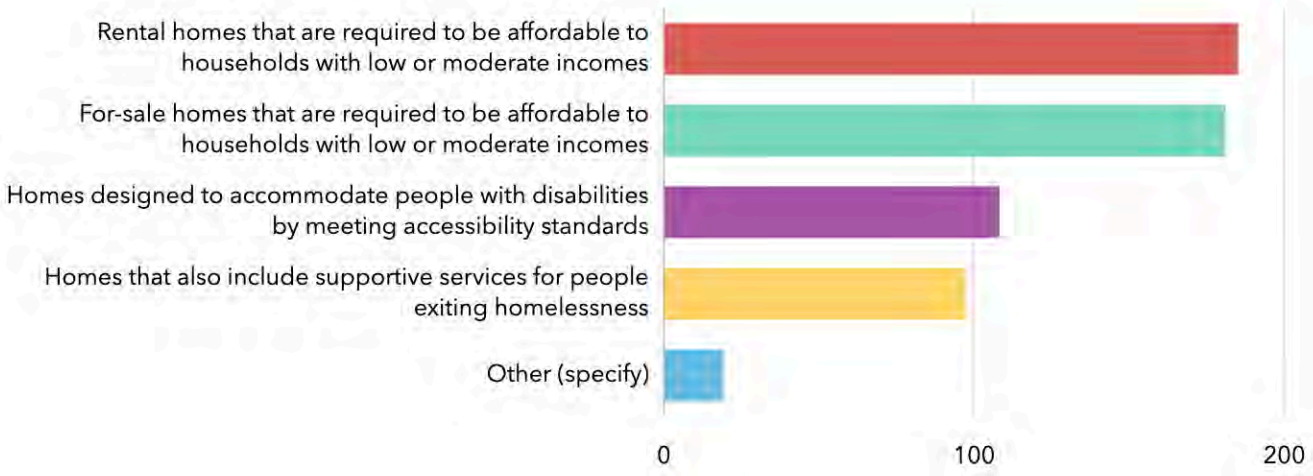
d. Using zoning rules to encourage builders to provide units that are required to be affordable to households with low or moderate incomes



Answers	Count	Percentage
Not important at all	6	2.46%
Not really important	8	3.28%
Neutral	25	10.25%
Somewhat important	40	16.39%
Very important	163	66.8%

Answered: 242 Skipped: 2

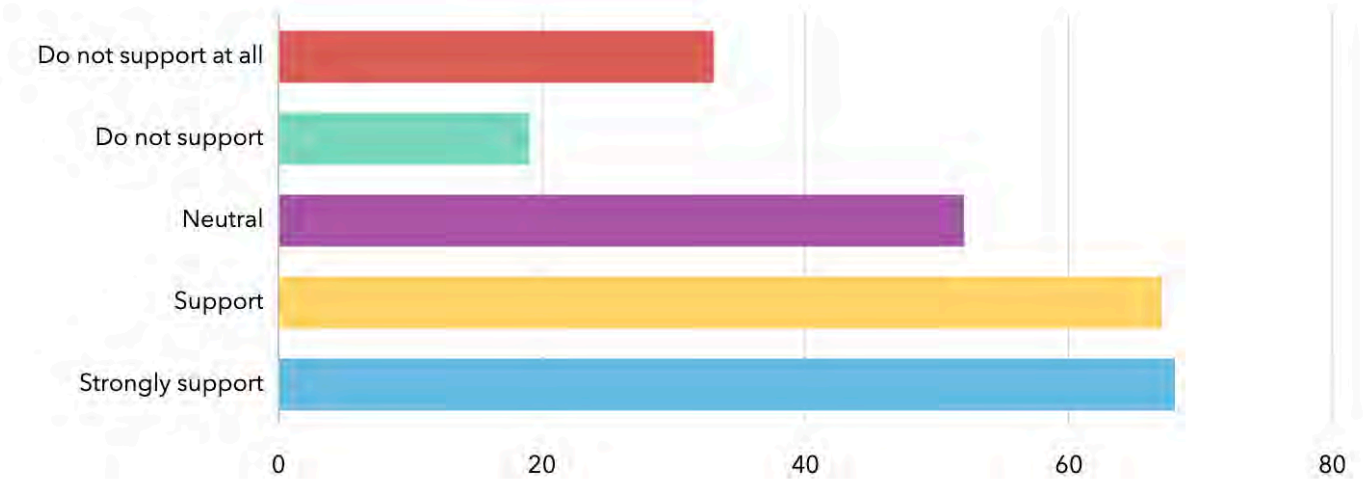
9. If the City were to offer a reduction in fees or taxes for builders that provide certain types of housing, what type of housing should receive this benefit?



Answers	Count	Percentage
Rental homes that are required to be affordable to households with low or moderate incomes	185	75.82%
For-sale homes that are required to be affordable to households with low or moderate incomes	181	74.18%
Homes designed to accommodate people with disabilities by meeting accessibility standards	108	44.26%
Homes that also include supportive services for people exiting homelessness	97	39.75%
Other (specify)	19	7.79%

Answered: 239 Skipped: 5

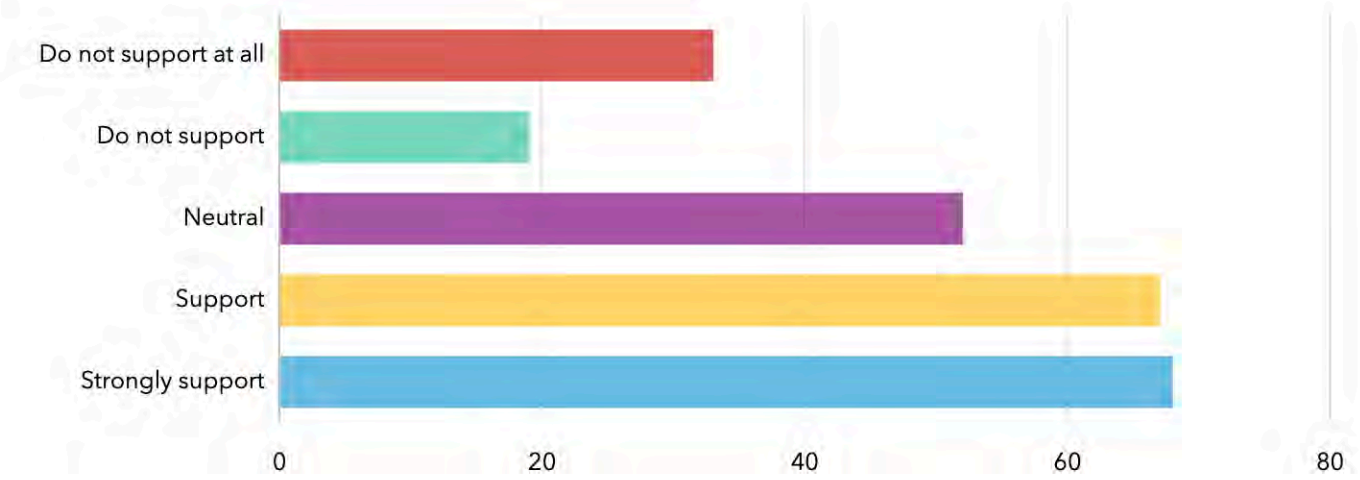
10. The City is looking for ways to raise revenue to fund affordable programs. Would you support a tax on new commercial and industrial development (limited to 1% of construction value) in order to fund affordable housing programs?



Answers	Count	Percentage
Do not support at all	33	13.52%
Do not support	19	7.79%
Neutral	52	21.31%
Support	67	27.46%
Strongly support	68	27.87%

Answered: 239 Skipped: 5

11. Would you support the City working with other government agencies and institutions to repurpose land that is no longer needed for public uses to build affordable housing?



Answers	Count	Percentage
Do not support at all	33	13.52%
Do not support	19	7.79%
Neutral	52	21.31%
Support	67	27.46%
Strongly support	68	27.87%

Answered: 239 Skipped: 5

Answered: 240 Skipped: 4

12. Do you have any other comments on actions the City should take to include in the Housing Production Strategy?



1. **Affordable Housing**: There is a significant demand for housing that is affordable across various income levels, particularly for working-class families, seniors, young professionals, and low-income households. Suggestions include incentivizing affordable rentals, mixed-income neighborhoods, rent caps, and developing housing co-ops or land trusts.

2. **Regulatory and Financial Barriers**: Feedback highlights challenges due to high building permit fees, system development charges (SDCs), and strict zoning rules. Many suggest simplifying permits, offering pre-approved ADU designs, and providing tax incentives to encourage both private developers and residents to create additional units.

3. **Development Approach**: Many residents recommend building up rather than out to maximize urban land use and reduce environmental impacts. There is a preference for infill development over expanding the urban growth boundary and a call to prioritize underutilized or vacant buildings downtown.

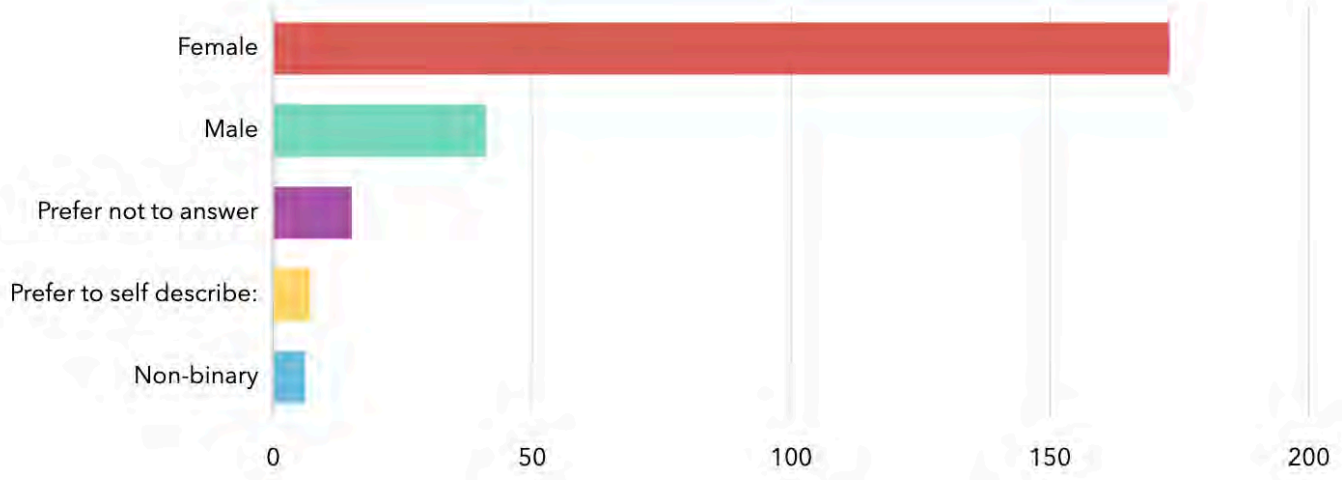
4. **Homelessness and Social Support**: Several comments advocate for targeted support for the homeless, such as dedicated shelters, transitional housing, and community-based programs. Some residents feel that resources for homelessness should be balanced with services for the working population.

5. **Community Amenities and Infrastructure**: Residents express the need for accessible green spaces, safe pedestrian infrastructure, and parking, particularly in downtown areas and new developments. Additionally, there's a call to enhance services like EV charging, renewable energy, and neighborhood amenities such as grocery stores and public parks.

6. **Equity in Housing**: Many respondents are concerned about displacement and gentrification. There's support for housing policies that prevent corporate buying, prioritize local ownership, and prevent high-end developments that exclude local residents. There is a desire for larger units for family and multigenerational living, and single-story housing that is accessible for seniors and populations with disabilities.

7. **Transparency and Public Engagement**: Some feedback reflects skepticism about city initiatives and encourages more transparent decision-making and public involvement.

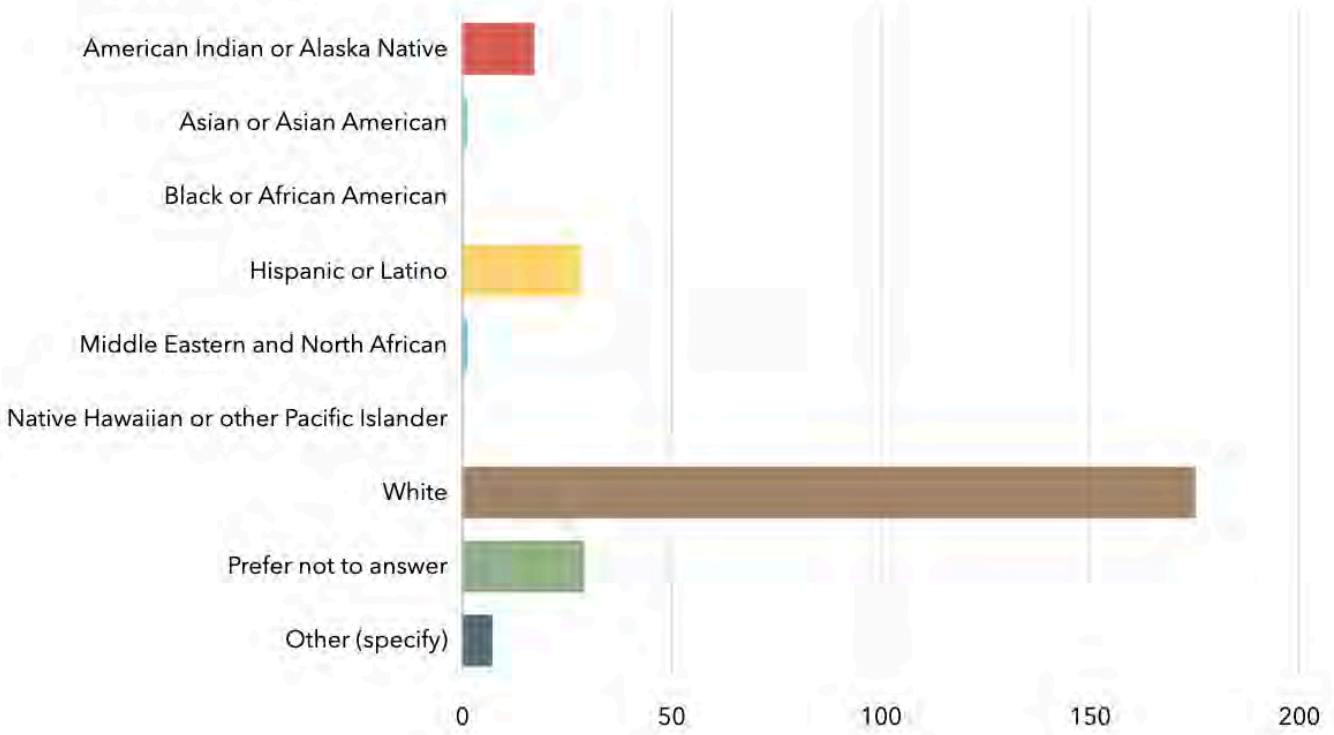
13. How do you identify your gender?



Answers	Count	Percentage
Female	173	70.9%
Male	41	16.8%
Prefer not to answer	15	6.15%
Prefer to self describe:	7	2.87%
Non-binary	6	2.46%

Answered: 242 Skipped: 2

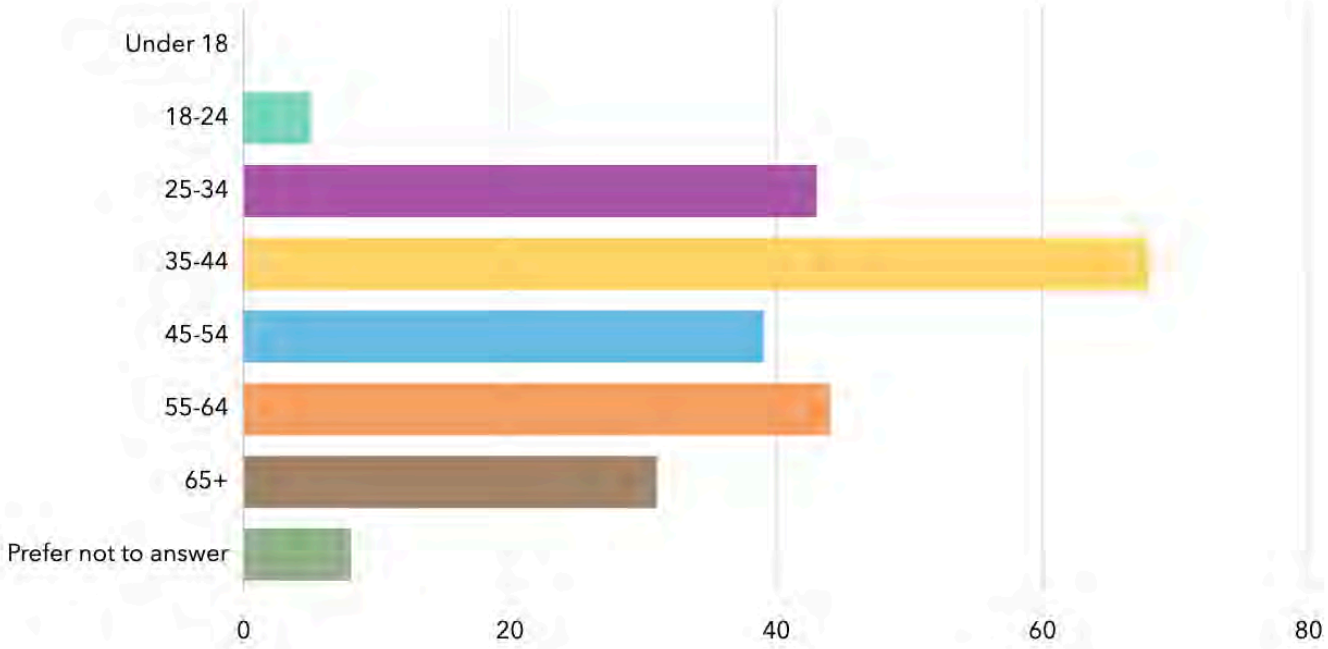
14. Which of the below best describes your race/ethnicity?



Answers	Count	Percentage
American Indian or Alaska Native	17	6.97%
Asian or Asian American	1	0.41%
Black or African American	0	0%
Hispanic or Latino	28	11.48%
Middle Eastern and North African	1	0.41%
Native Hawaiian or other Pacific Islander	0	0%
White	175	71.72%
Prefer not to answer	29	11.89%
Other (specify)	7	2.87%

Answered: 241 Skipped: 3

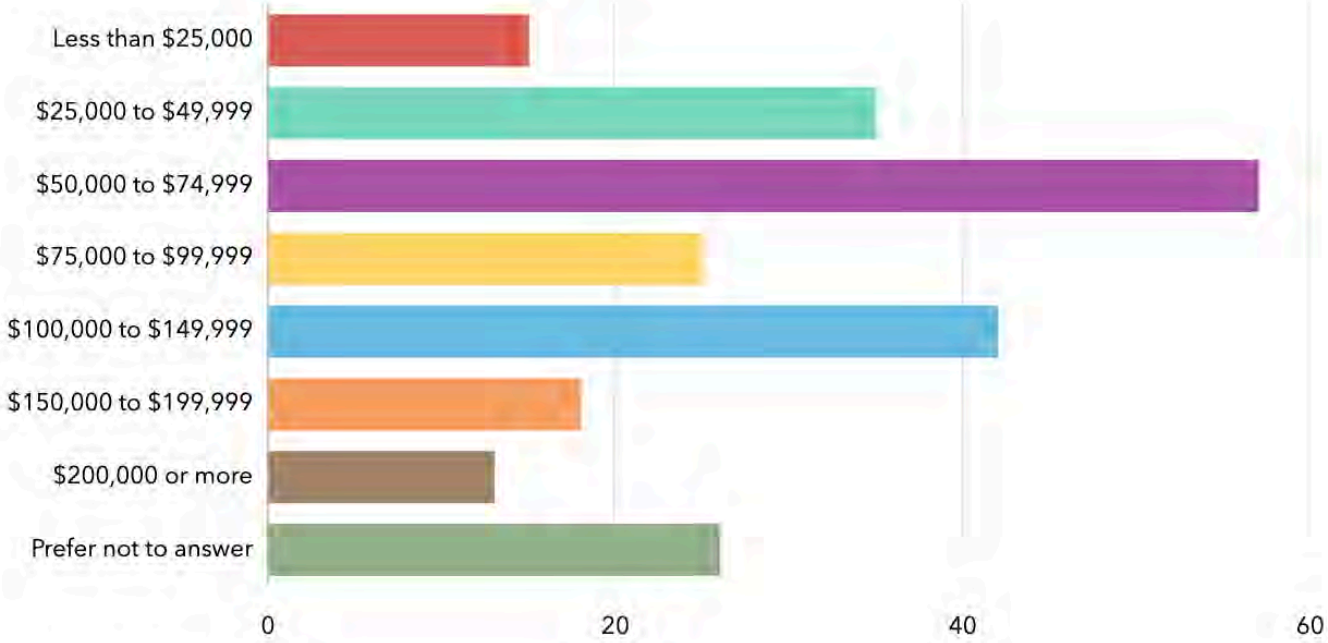
15. What is your age?



Answers	Count	Percentage
Under 18	0	0%
18-24	5	2.05%
25-34	43	17.62%
35-44	68	27.87%
45-54	39	15.98%
55-64	44	18.03%
65+	31	12.7%
Prefer not to answer	8	3.28%

Answered: 238 Skipped: 6

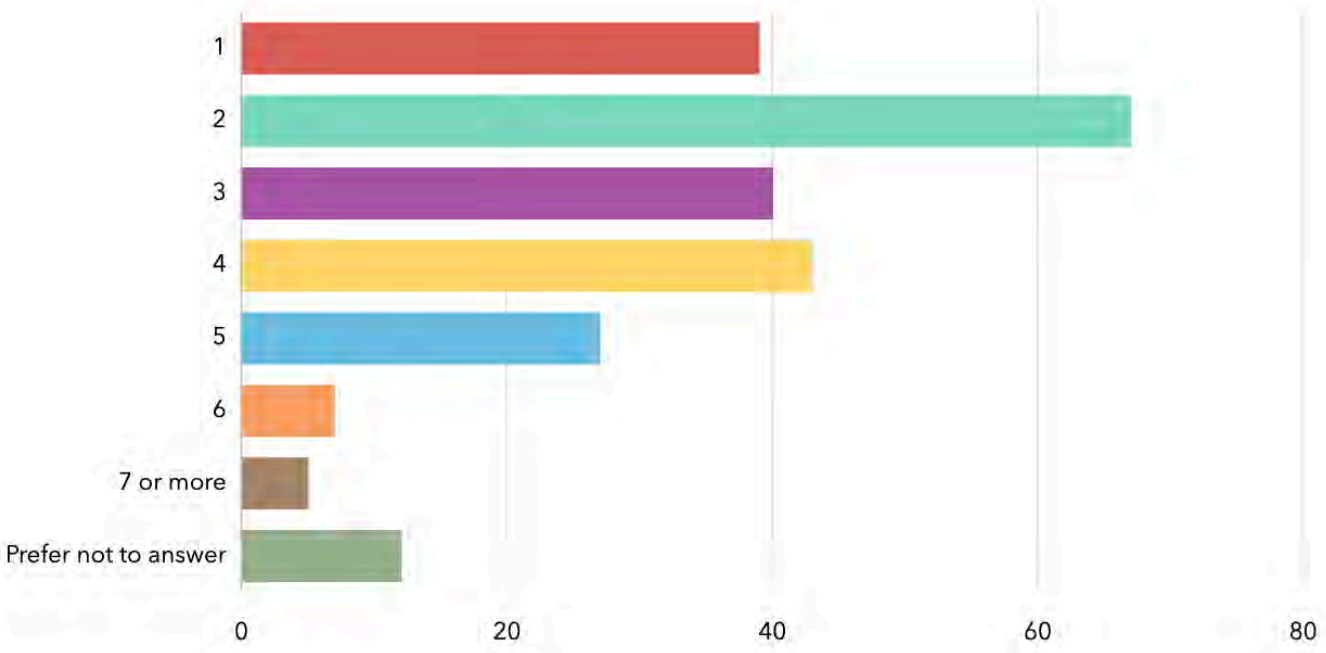
16. What is your total annual household income before taxes?



Answers	Count	Percentage
Less than $25,000	15	6.15%
$25,000 to $49,999	35	14.34%
$50,000 to $74,999	57	23.36%
$75,000 to $99,999	25	10.25%
$100,000 to $149,999	42	17.21%
$150,000 to $199,999	18	7.38%
$200,000 or more	13	5.33%
Prefer not to answer	26	10.66%

Answered: 231 Skipped: 13

17. How many people, including yourself, live in your household?



Answers	Count	Percentage
1	39	15.98%
2	67	27.46%
3	40	16.39%
4	43	17.62%
5	27	11.07%
6	7	2.87%
7 or more	5	2.05%
Prefer not to answer	12	4.92%

Answered: 240 Skipped: 4

Housing Production Strategy

City of The Dalles

January 2025



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Appendix A: Draft Housing Strategies and Actions

Appendix B: HPS Community Survey

1. Executive Summary

This document is the Housing Production Strategy (HPS) for the City of The Dalles. The HPS is a plan required by state law (OAR 660-008-0050) that describes how the City will promote the creation of housing to meet the needs identified in the City's 2023 Housing Needs Analysis (HNA). The HPS includes a variety of tools and actions the City will use to help improve the production, availability, and affordability of housing in The Dalles, both across the income spectrum and for protected classes. The HPS was created in partnership with a variety of community and local stakeholders, including residents, community leaders, and experts on housing policy and development.

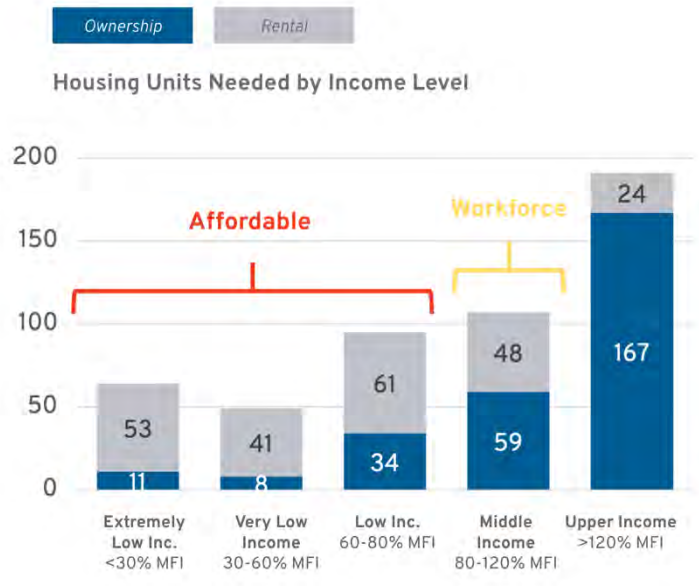
The HPS is organized into six sections:

1. **Executive Summary.**
2. **Overview of The Dalles' Contextualized Housing Needs.** This section summarizes current and future housing needs, demographic trends, market factors affecting housing production, and the housing needs of various groups and protected classes.
3. **Community Engagement.** This section summarizes stakeholder and community input used to develop the HPS's actions.
4. **Strategies to Meet Future Housing Need.** This section describes 19 actions the City will undertake to support housing production and fulfill its commitment to meeting its housing needs.
5. **Achieving Fair and Equitable Housing Outcomes.** This section offers a narrative summary of how the actions in the HPS will achieve equitable housing outcomes.
6. **Measuring Progress.** This section recommends methods and performance metrics for monitoring progress on HPS actions.

The Dalles' Housing Need

Overall Need

The City of The Dalles' 2023 HNA showed that the City needs 505 new housing units over the next 20 years, including 208 units affordable to households earning less than 80% of the Median Family Income (MFI). The HNA also showed that the housing The Dalles needs will take a variety of forms, from single-family detached houses to multi-unit dwellings (i.e. apartments). Nearly half (45%) of the need is expected to be for rental units, and 55% is expected to be for ownership units.



2043, Tables 4.3

Population-Specific Housing Needs

The diversity of The Dalles' population is reflected in the diverse range of housing needs present in the City. The list below offers examples of the housing needs experienced by different groups:

- **Low-income households** (less than 80% of MFI). These households represent over 40% of the city's need. Due to their limited budgets, they have an elevated need for affordable housing.
- **Communities of color**. About 27% of The Dalles' residents are people of color. Communities of color have historically had less access to homeownership and tend to be cost burdened (meaning they spend over 30% of their household income on housing) more often than other residents. This means communities of color can experience elevated need for affordable housing, particularly ownership housing.

- **People with disabilities**. About 19% of The Dalles' population has a disability. In Oregon, people with disabilities are more than twice as likely to live in poverty, and some people with disabilities experience difficulties with mobility. This elevates their needs for affordable and physically accessible (e.g. built to Americans with Disabilities Act (ADA) standards) housing.
- **Seniors**. Seniors are 20% of The Dalles' population, which is slightly elevated compared to the state. They experience housing problems like cost burden and overcrowding at higher-than-average rates and may experience difficulties with mobility. This elevates their needs for affordable and physically accessible housing.
- **People experiencing homelessness**. As of the January 2024 Point-in-Time count, Wasco County has an estimated 172 people experiencing homelessness, up 7.5% from 2023. The Dalles, home to the majority of the county's population, plays a central role in addressing this issue. People experiencing homelessness have elevated needs for affordable housing, which is sometimes provided with additional services.

The City's housing need is described in greater depth in *Section 2: Overview of The Dalles' Contextualized Housing Needs."*

The City of The Dalles' HPS Actions

Throughout 2024, City staff and project consultants gathered input from community stakeholders and developed a list of housing actions. These actions aimed at addressing the overall and population-specific housing needs identified in the City's 2023 HNA and *Section 2: Overview of The Dalles' Contextualized Housing Needs*. The list of actions draws directly from community members' suggestions, from the team's policymaking experience, from an assessment of The Dalles' Land Use and Development Code and housing policies, from best practices research, and from a list of potential actions published by Oregon's Department of Land Conservation and Development (DLCD).

The actions are divided into five categories: Partnership, Regulatory, Incentives, Investments, and Land-Based. Later in the document, *Section 4: Actions to Meet Future Housing Need* offers a detailed summary of each action, providing with the following information:

- Overview, background, and rationale for the action
- Steps to implement the action, considerations for implementation, and a timeline
- An estimate of magnitude of the action's impact on housing production
- The types of housing need the action addresses (across income, housing type, and tenure)

Actions will impact the production of needed housing over time, with some actions having nearer-term effects and others longer-term effects.

Partnership Actions

- Action 1.1: Housing Working Group
- Action 1.2: Pre-Approved Plans
- Action 1.3: Technical Assistance

Regulatory Actions

- Action 2.1: Middle Housing
- Action 2.2: Maximum Density
- Action 2.3: Zoning Incentives
- Action 2.4: Alternative Housing Types
- Action 2.5: Mixed-Use Development
- Action 2.6: Adaptive Reuse

Incentive Actions

- Action 3.1: Tax Exemption Incentive
- Action 3.2: Scaling SDCs

- Action 3.3: SDC Deferral

Investment Actions

- Action 4.1: Tax on New Construction
- Action 4.2: Urban Renewal Areas
- Action 4.3: Downtown Plan
- Action 4.4: Infrastructure Prioritization

Land-Based Actions

- Action 5.1: Inventory and Assess Land
- Action 5.2: Land Agreements
- Action 5.3: Land Banking

2. The Dalles' Housing Needs

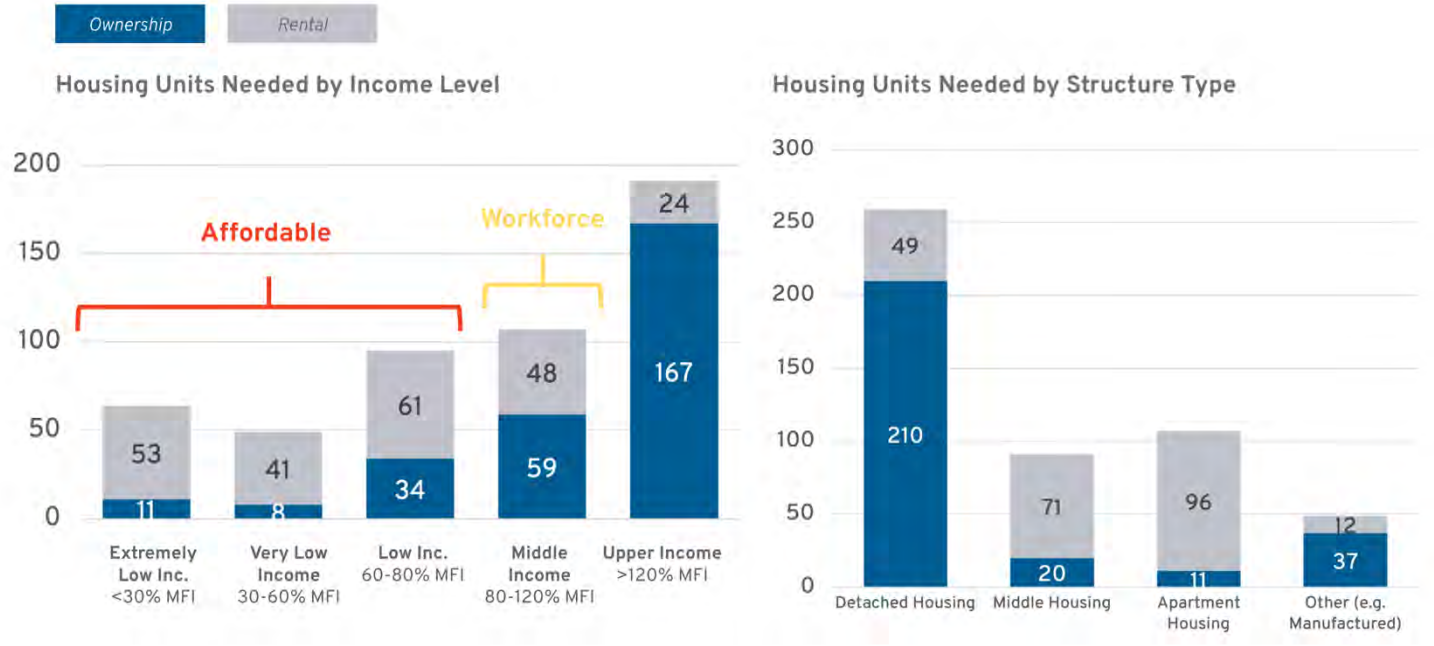
Understanding the Relationship Between Income & Attainability

Income determines the housing price point each household can afford. The Dalles needs a wide variety of housing types to serve households of different incomes.

Per the most recent 2022-vintage of the American Community Survey (ACS), The Dalles' median household income is $59,714, below the statewide and county medians of $76,632 and $ $61,316, respectively.

The Dalles' Housing Needs Analysis (HNA) found that the city will need 505 new housing units over 20 years, including 208 units affordable to households earning less than 80% of the Median Family Income.

The Dalles' HNA found that the City will need new housing units serving its full income spectrum and taking a variety of forms, from single-family detached houses to multi-unit dwellings. The HNA projects that half of the need will be for various forms of attached housing, like townhomes, multi-plexes, and apartments.



City of The Dalles Housing and Residential Land Needs Assessment 2023-2043, Tables 4.3 and 4.4

Community Demographic Profile

The City of The Dalles is a demographically distinct community. The information below is taken from the 2022 ACS. It is important to note that Census data in The Dalles paints an incomplete picture of community demographics. This can be attributed to a few factors. ACS data, while comprehensive at a national and state level, has higher margins of error at more granular levels including the census tracts levels. In smaller communities like The Dalles, estimates based on population samples may be less accurate, making the data less reliable for local decision-making. High margins of error make it challenging to rely on for precise decision-making. There are also significant cultural and political realities that sow mistrust in the government and contribute to resistance in completing the census survey. This leads to an undercount of certain groups, including, but not limited to, the Latino and Indigenous population in The Dalles. Still, census data remains an important starting point for a high-level understanding of The Dalles. Data used to inform housing strategies should be carefully evaluated and, when needed, supplemented with input from the community to ensure accuracy and relevance.

The Dalles' racial diversity is comparable to the state at large. Roughly 27% of The Dalles residents are people of color, the same as the statewide rate of 27%. Latino (21%) residents are the largest of The Dalles' communities of color, with Black (<1%), Asian (<1%), Indigenous (<1%), and multiracial (5%) populations comprising much smaller proportions.

The Dalles has a smaller working-age population. About 23% of The Dalles' residents are children – just above the statewide rate of 20% – and 20% are seniors – just above the statewide rate of 18%. While Oregon has seen its children and working age population decrease on percent terms between 2010 and 2022, The Dalles has held steady in its age distribution.

The Dalles has relatively more renters. Renters comprise 40% of The Dalles' households. Renters are just over a third of households in Wasco County and statewide. This difference may stem from a combination of factors, including the housing and job types in The Dalles, its racial and ethnic makeup, and its age profile.

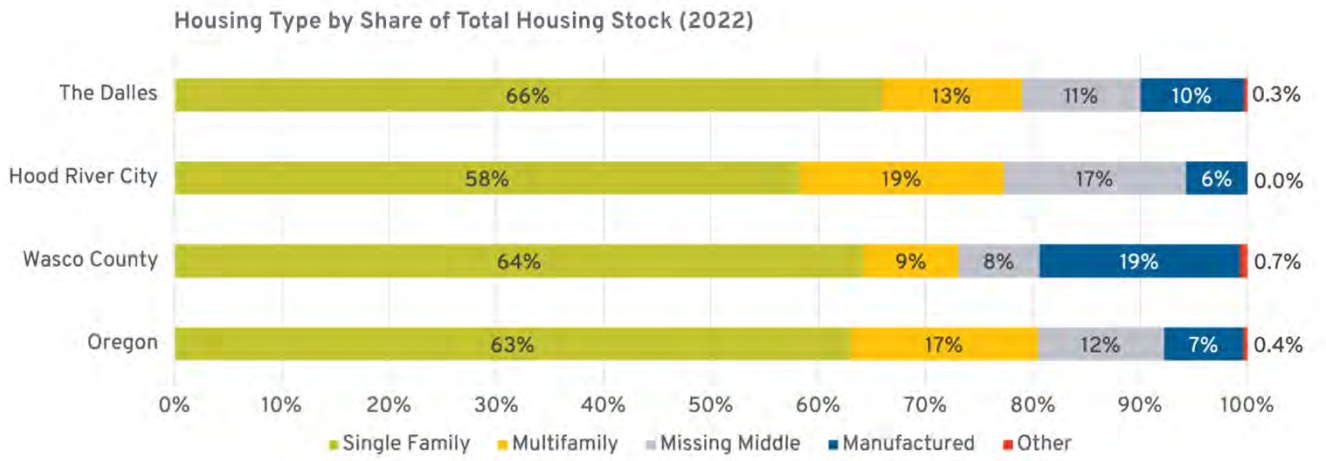
The Dalles is relatively low-income. The median household income in The Dalles is about $12,000 below the regional median, and $17,000 below the statewide median. This suggests the city's residents have a smaller budget for housing.

	The Dalles	Wasco County	Oregon
Race and Ethnicity			
American Indian or Alaska Native	0.3%	2.4%	0.7%
Asian	0.5%	0.7%	4.4%
Black	0.3%	0.3%	1.8%
Hispanic or Latino	20.8%	19.9%	13.8%
Native Hawaiian or Pacific Islander	0.2%	0.1%	0.4%
Other Race	0.1%	0.1%	0.4%
Two or More Races	4.8%	4.4%	5.2%
White	73.0%	72.1%	73.3%
Age			
Under 18	23.1%	21.8%	18.3%
18 - 64 years	57.1%	20.7%	61.5%
Over 65	19.8%	57.6%	20.2%
Tenure			
Renters	40.0%	34.9%	36.8%
Homeowners	60.0%	65.1%	63.2%
Median Household Income			
	$59,714	$61,316	$76,632

American Community Survey 2022 5-Year Estimates, Tables B03002, B01001, B19013, and B25003

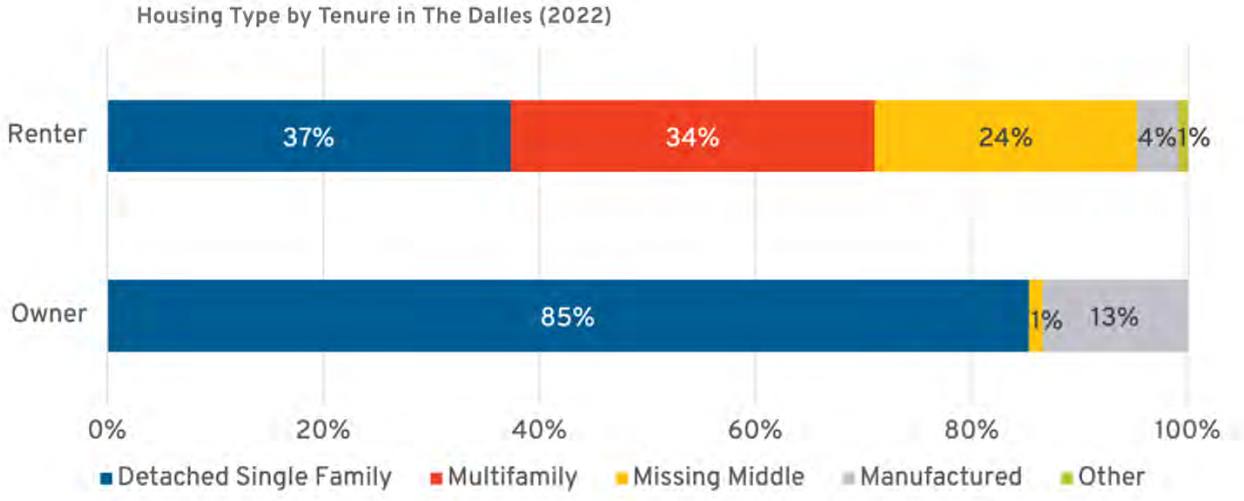
Existing Housing & Who Lives in Different Kinds of Housing

Per the 2022 ACS, 66% of The Dalles' housing stock is detached single-family and 13% is multifamily. This is consistent with state and county-wide trends where 63% and 64% of housing is detached single-family and 17% and 9% are multifamily, respectively.



American Community Survey 5 Year Estimates, Table B25024

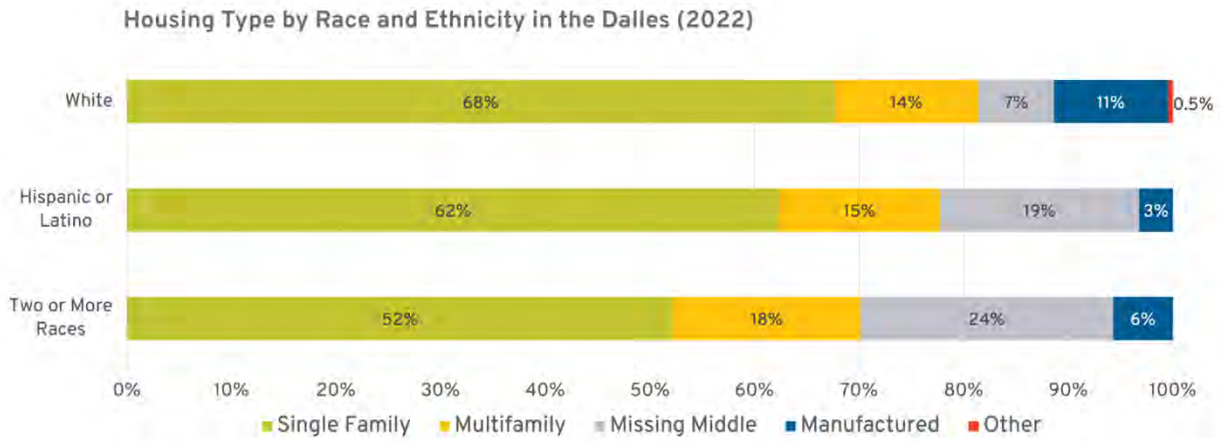
The Dalles' renter households disproportionately live in multifamily and middle housing (58%) compared to owner households (1%). Initiatives that support further growth of multifamily housing in The Dalles will help meet the needs of renters and support a competitive rental market in which rents are less likely to rise quickly.



American Community Survey 5 Year Estimates, Table B25125

Like renters, The Dalles' households of color are also less likely to live in a detached single-family home. Whereas 68% of White households live in 68% of The Dalles' housing stock that is detached single-family housing, only 62% of Latino households and only 52% of multiracial households do. That means White households disproportionately have access to that form of housing and wealth building.

Missing middle housing types house 19% of Latino households and 24% of multiracial households despite that housing type representing only 11% of the housing stock. Missing middle housing types include duplexes, triplexes, quadplexes, townhouses, and cottage clusters. This housing type is also almost exclusively rental housing in The Dalles. In fact, the path to property ownership and wealth building in The Dalles is overwhelmingly through single-family homes. Creating more ownership opportunities in missing middle housing stock may serve as a key tool in building homeownership among communities of color. This data also reveals the importance of multifamily as a housing type that tends to serve various communities of color, suggesting the importance of supporting multifamily housing via policy to achieve Fair Housing outcomes.



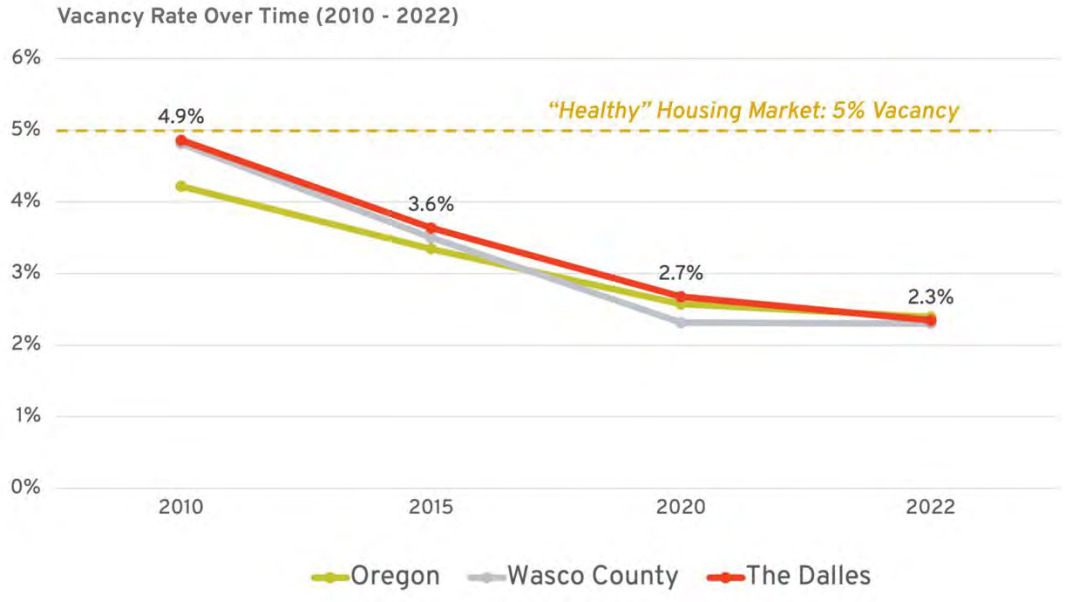
Data for certain racial and ethnic categories, specifically for American Indian or Alaska Native, Asian, Black, Native Hawaiian or Pacific Islander, and Other Race groups, are left out from this visualization due to exceptionally high margins of error. This limitation arises from smaller sample sizes or population counts, which results in unreliable estimates.

American Community Survey 5 Year Estimates, Table B25032

Housing Market Dynamics

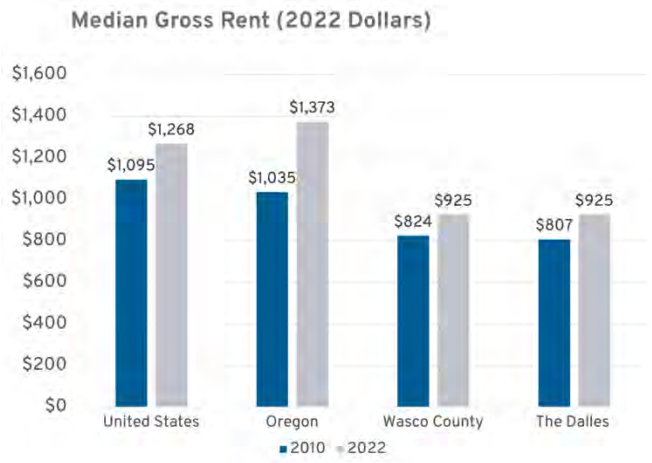
Vacancy and Cost

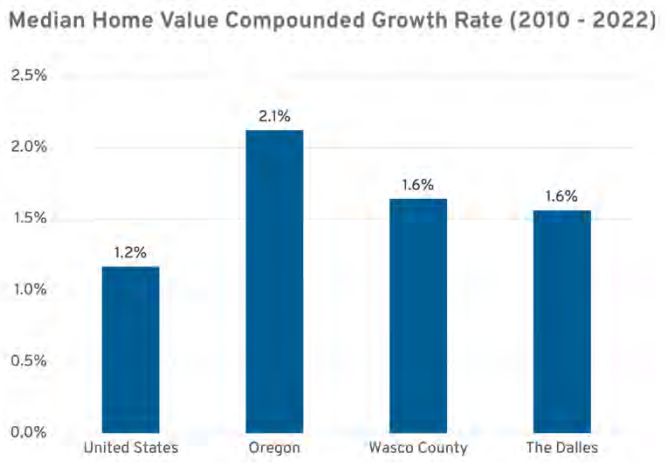
Much of The Dalles' 20-year housing need comes from expected growth; however, underproduction in the city and region is also a contributing factor. Mirroring an underproduction trend seen across Oregon and Wasco County, The Dalles' residential vacancy rate has fallen from a very healthy 4.9% in 2010 to 2.3% in 2022.



American Community Survey 5-Year Estimates, Table B25004. Includes typical market vacancy (e.g. for sale, for rent), excludes recreational and seasonal housing and "other" vacancy (e.g. abandonment, foreclosure)

When vacancy is low, competition among renters and buyers for the limited available stock of housing often fuels price increases. Still, The Dalles did not see the same housing cost increases that the state did over the last decade. Between 2010 and 2022, The Dalles' median gross rents grew by 15% per month after adjusting for inflation, compared with 34% per month statewide. Likewise, The Dalles' home values grew at a slower annual rate than the state. Increasing housing supply and alleviating low vacancy is crucial to preserving The Dalles' relative affordability and protecting against future price increases.

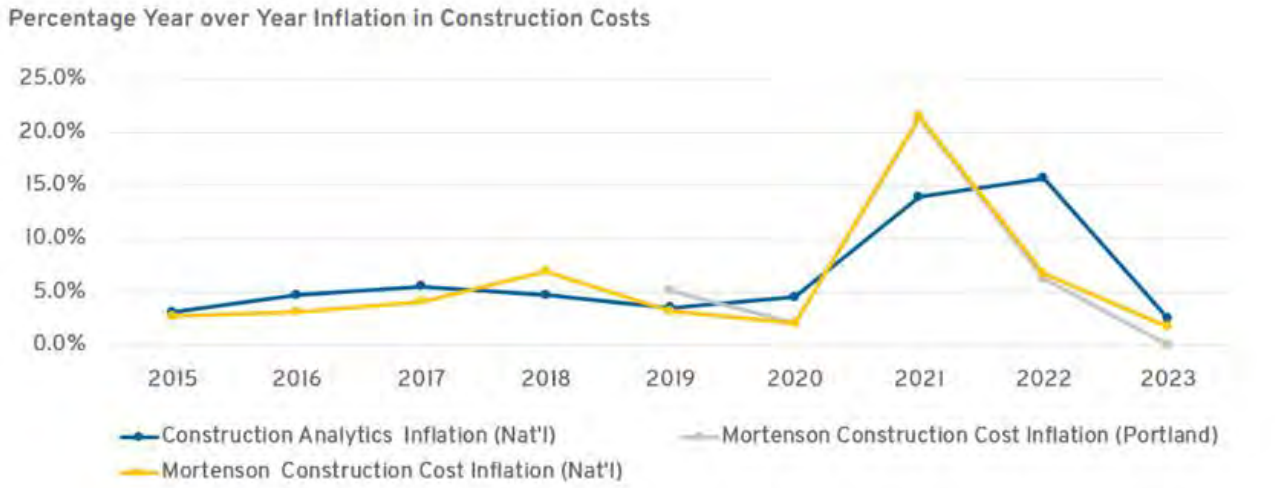




American Community Survey 5 Year Estimates, Table B25077

Existing and Expected Barriers to Production

Since 2020, development costs have risen sharply. Mortenson's Construction Cost Index for Portland indicates the Portland region experienced a 29% increase in construction costs between 2020 and 2024. Interest rates have also increased, dramatically raising the cost of borrowing for both buyers and builders. These macroeconomic headwinds cause rents and sales prices to fall out of sync with development costs, reducing the financial feasibility of development and ultimately posing a significant barrier to near-term housing production.



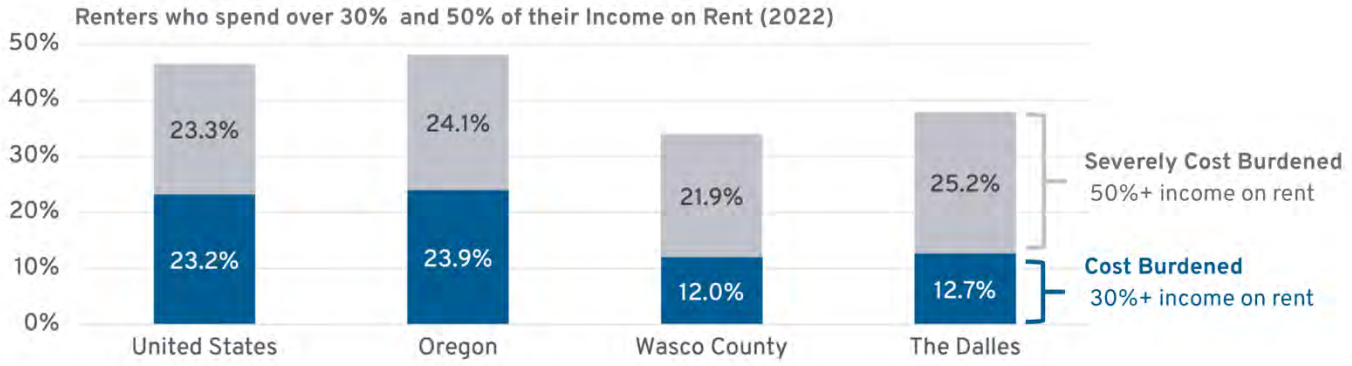
Mortenson Construction Cost Inflation; Ed Zarenski Construction Inflation

A statewide survey of government staff and developers by the University of Oregon's Institute for Policy and Research and Engagement reinforces this perspective that these are major barriers to production. Six of the 12 barriers perceived by respondents as "extreme" had to do with construction costs (both materials and labor) and labor availability. The report also finds the land cost and relatedly, the availability of development-ready, adequately zoned land were also considered major barriers. Infrastructure, systems development charges, and various regulatory details were deemed more moderate barriers to production.

Real estate is cyclical, and eventually cost, price, and rent conditions will reach a new equilibrium in which development is more feasible. In the meantime, adopting policies that support lower development costs, broaden the labor pool, open up land to development, and prepare that land for development will be crucial to counteracting these difficult conditions.

Cost Burden

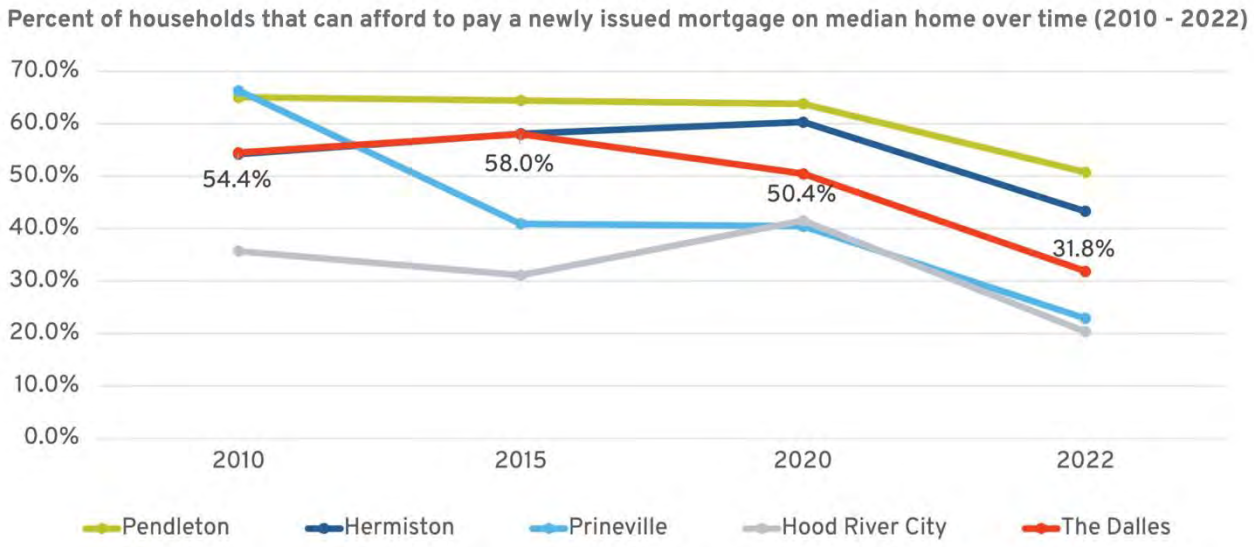
38% of The Dalles' 2,500 renter households are cost burdened



American Community Survey 5 Year Estimates, Table B25070

Per the 2022 ACS, The Dalles' overall prevalence of renter cost burden and severe cost burden is slightly lower (38%) than national (46%), statewide (48%), and county (34%) averages. However, renters are more likely to be paying over half of their income on rent compared to regional, state and national rates. Though The Dalles' median rent is lower per month than state and national averages ($925 vs. $1,373 and $1,268), the city's median income is also comparatively lower ($59,714 vs. $76,632 vs. $75,149).

After price & interest rate spikes, fewer than half of households in The Dalles can afford a typical mortgage.



Zillow Home Value Index (seasonally adjusted, all for sale homes); Federal Reserve Bank of St. Louis (FRED) average 30-year mortgage rates; SmartAsset & Nerdwallet tax and insurance estimates for Oregon

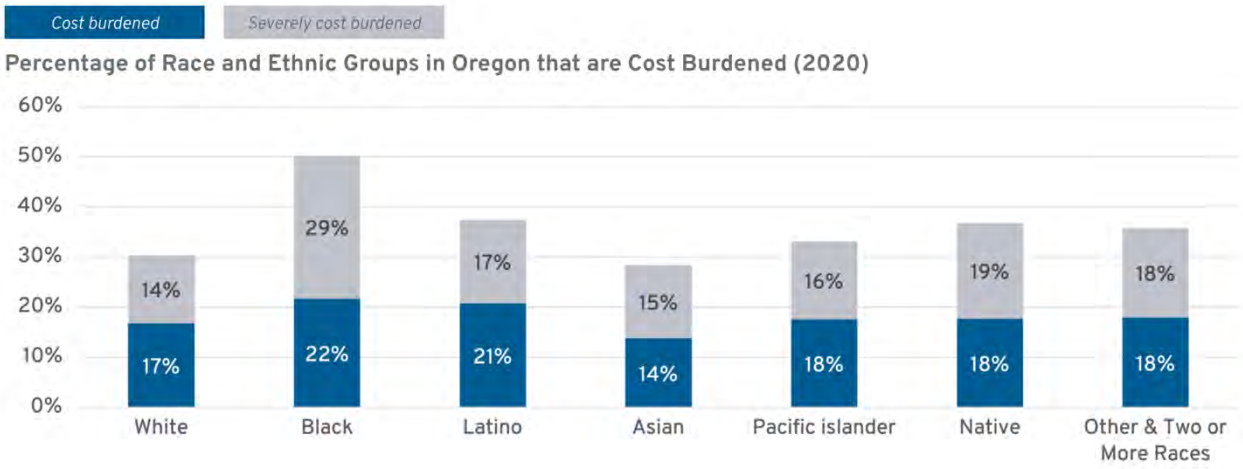
While the ACS tracks cost burden due to owner costs, it falls short of accurately capturing an up-to-date picture of the ownership housing market in 2024. This is because a large share of owners in that data locked in low mortgage rates and housing prices decades ago, resulting in low-cost burden today. The percentage of households that can afford to pay a newly issued mortgage on a median home is a better reflection of the affordability of the ownership market over time. In 2010, The Dalles, given its modest home prices, enjoyed relative success in having the majority of its households being able to afford to buy the median home in the City. However, when rates climbed, The Dalles, like other peer areas, suffered a significant decrease to ownership affordability. Now, fewer than one third of households can afford a newly issued mortgage on the City's median-priced home.

Needs of Communities of Color

Statewide, Black & Latino households – whether owners or renters – are cost burdened most often. The Dalles has a high percentage of Latino residents in particular.

As stated above, roughly 27% of The Dalles' residents are people of color, the same share as the state as a whole. The Dalles is 20% Latino, a higher rate than Oregon (14% Latino). The typical data source for cost burdened analysis by race categories is CHAS data but given the size of the population in The Dalles, statewide data is used due to large margins of error.

Statewide trends suggest that communities of color - especially Black, Latino, and Native populations - tend to be cost burdened at the highest rates. For example, 51% of Black households and 38% of Latino households in Oregon are cost burdened compared to 31% of White households. These estimates are more reliable because they are based on a much larger sample of the population given the state's population of 4 million compared to the population in The Dalles. This data implies the importance of planning for the housing needs of communities of color across the state, including in The Dalles.



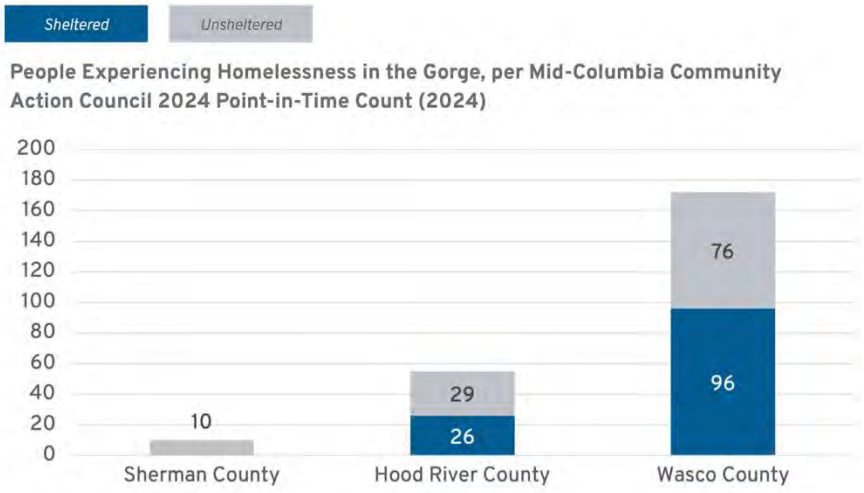
HUD Comprehensive Housing Affordability Strategy (CHAS) data, Table 9, 2016-2020 estimates

For further information on the housing needs of communities of color, see the "Needs of People Experiencing Homelessness" and "Existing Housing & Who Lives in Different Kinds of Housing" sections, which contain housing-need data disaggregated by race and ethnicity.

Needs of People Experiencing Homelessness

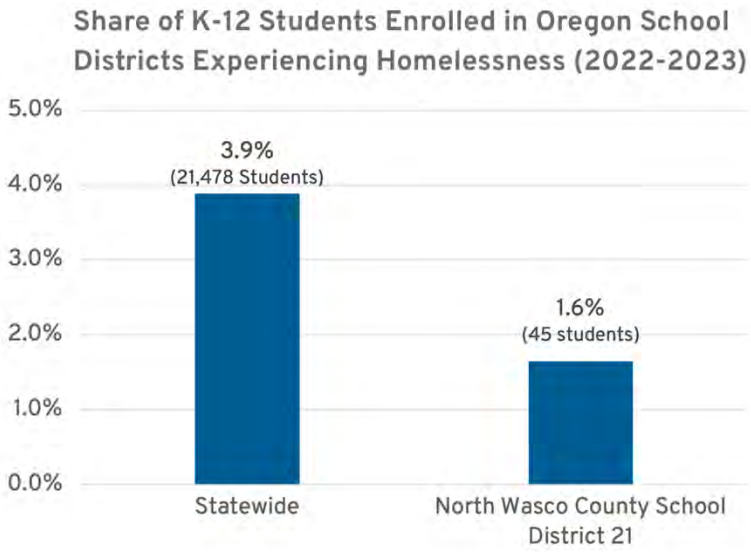
Homelessness Trends

According to the Mid-Columbia Community Action Council Point-in-Time Count, 172 people in Wasco County were experiencing homelessness as of January 2024, up 7.5% from 2023. The Dalles, home to the majority of the county's population, plays a central role in addressing this issue. People experiencing homelessness in Wasco County are disproportionately American Indian, Alaska Native or Indigenous (22% vs. 2% county-wide), and Multiracial (9% vs. 4% county-wide). White and Latino populations are more proportionately represented or are even underrepresented among people experiencing homelessness.



Mid-Columbia Community Action Council 2023 Point-in-Time Count. See https://www.mccac.com/data-reports#block-48ed6d86a593cc0ab0d9

McKinney Vento data on student homelessness from 2024 shows that many students in the North Wasco County School District (1.6% of students) experience severe housing insecurity and homelessness. This is below the statewide rate of 4%. Student homelessness is likely missed by the January Point-in-Time counts. That data found that 36 (80%) of these students were living doubled-up with another family. Six were living in a shelter.



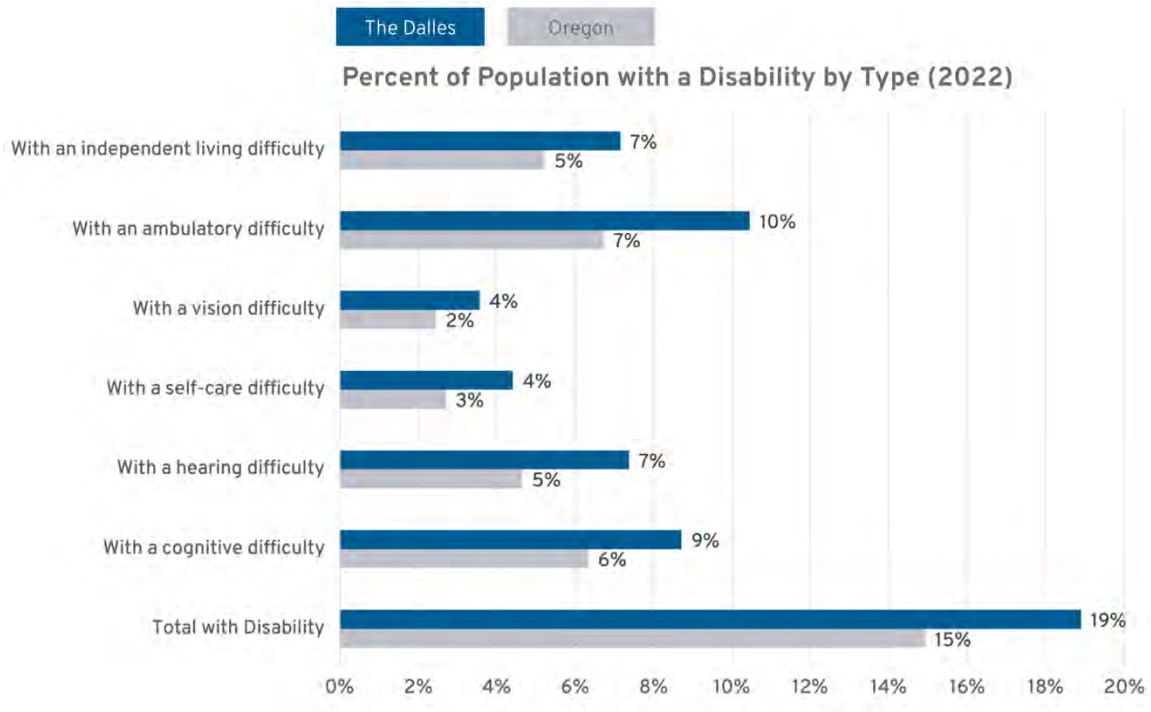
McKinney Vento Act, 2022-2023 Houseless Student Data. See https://www.oregon.gov/ode/schools-and-districts/grants/esea/mckinney-vento/pages/default.aspx

Needs of Seniors & People with Disabilities

Per the 2022 ACS, The Dalles had a slightly higher percentage of seniors than the state as a whole (20% vs. 18%). However, despite state and national trends of a steady increase over time, The Dalles' percentage of seniors among its population has remained steady over the last decade. Per the Department of Housing and Urban Development, about 32% of The Dalles' residents ages 62 and above face at least one of the following housing problems: cost burden, overcrowding, or inadequate kitchen or plumbing facilities. This figure is 33% statewide, meaning seniors in The Dalles tend to have housing problems at roughly the same rate. Given the senior population is holding steady in The Dalles and that the population faces known housing challenges, senior needs are key to plan for.

The Dalles has a higher percentage of individuals with disabilities compared to the state overall (19% vs. 15%), likely influenced by the City's age distribution and its robust network of healthcare and social services, including Adventist Health

Columbia Gorge, a concentration of senior living facilities, Oregon DHS vocational rehabilitation services, One Community Health, the Mid-Columbia Center for Living, the Oregon Veterans Home, and other social service agencies. Even when broken down by disability type, The Dalles outpaces the state, as shown in the chart below.



American Community Survey 5 Year Estimates, Table S1810

People with disabilities are more likely than people without them to live in poverty, with 21% of Oregon's population with a disability below the poverty line compared with 10% for the no-disability population. This data is not available at the city level, but the statewide trend implies that the City can expect to serve the needs of more households with disabilities if it successfully adds more housing affordable to lower-income households. The Dalles' comparatively low housing costs may be one reason a larger share of the population is living with a disability. In order to preserve affordability and prevent displacement, affordable and accessible housing is a key to meeting the community's needs.

3. Community Engagement

The implementation of the Housing Production Strategy (HPS) will impact many existing and future residents of The Dalles. The HPS was developed with input from a variety of community members and stakeholders in the housing development process. This engagement process included the formation of an Advisory Committee that met three times over the course of the project, as well as three joint work sessions with the Planning Commission and City Council. Stakeholder interviews were held with housing producers and equity priority populations with historically marginalized communities to solicit input on their housing needs.

The engagement process included:

- Three meetings of an Advisory Committee
- Three joint work sessions with Planning Commission and City Council
- Five stakeholder interviews, one with a housing producer and four with representatives of historically marginalized communities
- Virtual Open House and Community Survey open to the public

Advisory Committee Meetings

The HPS Advisory Committee was comprised of 11 community members identified as experts on housing and the community in The Dalles. The Advisory Committee included housing developers in The Dalles (including multi-unit, detached, small home, land, and affordable housing developers), real estate brokers, property managers, regional policy experts, as well as community organizers and advocates. Three Advisory Committee meetings were held between April, July, and October 2024 to review potential housing actions for the HPS, discuss priorities and concerns, and share community and policymaker feedback.

Advisory Committee members approached the work with a shared understanding that The Dalles faces a severe housing shortage. The group identified farmworkers, native populations, and students among groups shouldering the most severe housing cost burden. Advisory Committee members discussed housing quality also as a concern, particularly among the farmworker community.

Over the course of the three meetings, members discussed and responded to a range of housing production strategies, including expanding housing types and increasing density in certain zones, adopting a multi-unit property tax exemption (MUPTE), exploring a construction excise tax (CET), land banking feasibility, as well as identifying and repurposing surplus land for affordable housing.

The committee also discussed goals for achieving fair and equitable housing, underscoring the importance of housing strategies being responsive to threats of gentrification, displacement, and climate change. Ongoing community engagement, the group agreed, would be key in achieving these goals.

Planning Commission and City Council Meetings

Three Joint Planning Commission and City Council work sessions were held in May, July, and October 2024 to provide an overview of the HPS requirements and process, receive feedback on the Contextualized Housing Need memo, and discuss and receive feedback on draft strategies and actions.

Planning Commission and City Council members agreed that The Dalles needs more housing options, particularly smaller, more affordable homes for ownership. Despite some hesitancy to raise density maximums, the group was ultimately supportive of easing regulations to usher in new housing typologies like cottage clusters, larger multi-plexes, tiny homes and modular housing. They also discussed the feasibility of a range of tools to incentivize development including CET, expanding the Urban Renewal Areas (URAs), Community Land Trusts, and pre-approved building plans. Realistic staffing requirements and implementation timelines shaped the conversation around each strategy, remaining sensitive to the City's capacity over the next eight years.

Like the AC members, Planning Commission and City Council members emphasized the importance of ongoing community engagement in shaping housing strategies. They viewed it as essential for accurately addressing housing needs. Special focus

was placed on reaching out to the Latino and Indigenous communities, given feedback and anecdotal evidence of incomplete census data.

Stakeholder Interviews

Targeted Engagement with Housing Producers

The consultant team collaborated with the City to identify and interview housing producers for their perspectives and experience in The Dalles. The team reached out to both private and non-profit housing developers, as well as other stakeholders in the development community and were able to connect with a small-scale local developer with a background in construction. Below is a summary of the key themes that emerged from this outreach:

- High and escalating System Development Charges (SDCs) are significant barriers to housing development, especially combined with high interest rates and a tight housing market.
- Costly public right-of-way improvements including requirements for fire trucks, sprinklers, and other infrastructure are expensive and only feasible for large-scale developments in The Dalles.
- Developers in The Dalles would benefit from the city exploring scaled SDCs, MUPTE (deferring property taxes), easing requirements for middle housing development, and streamlining review processes in the planning office.

Targeted Engagement with Equity Priority Populations

The consultant team collaborated with the City to identify and interview stakeholders or organizations that work with equity priority populations. The goal of this engagement was to understand needs around accessing and navigating housing services; culturally specific housing types, preferences for design, amenities, transportation, and location; and social services and program needs. Below is a summary of the key themes that emerged from these interviews:

- There is a shortage and urgent demand for affordable housing options in The Dalles, including single-family homes, apartments, and smaller units like cottages or townhomes. There's also a strong push for housing that supports aging in place and accommodates multigenerational households, ensuring long-term residents can stay in The Dalles. There are widespread concerns about homelessness and population growth and the growing pressure on housing availability and affordability.
- Community demographic data presented to stakeholders did not resonate with their lived experience. Census data on demographics and housing needs, especially for the Latino and Indigenous communities, is lacking due to high margins of error and undercounting due to mistrust of the survey. Alternative data sources like Portland State projections and Oregon Health Authority data could provide more accurate insights. This can be supplemented with more community engagement in housing surveys, which may foster broader participation and data accuracy. Working with a more accurate demographic snapshot of the community is important to making housing production recommendations and can help build trust with communities that are underrepresented in census data.
- Undocumented individuals face significant challenges in accessing housing due to ineligibility for vouchers, programs, and mortgages, exacerbating housing gaps.
- Culturally appropriate housing solutions are important for meeting the needs of the Indigenous community in The Dalles. For example, supporting tribal housing, reducing restrictions on tiny home communities, facilitating land acquisition, advancing the "land back" movement, and considering the cultural significance of the Columbia River.
- Challenges like NIMBYism, zoning restrictions, and lack of incentives for landlords are significant barriers to development in The Dalles. Solutions include utility-based incentives, mixed-use zoning, and promoting affordable housing projects through public-private partnerships.
- The City needs to prioritize smaller affordable units (e.g., ADUs and studios), remove rental barriers (e.g., pet rent, high deposits), and provide behavioral health support for individuals needing minimal assistance in stable housing situations.

Virtual Open House and Survey

In the Fall of 2024, the consultant group published an interactive website and online community survey to educate the public about the HPS project and solicit feedback on housing needs in The Dalles. On September 18, 2024, the consultant group, with

assistance from City staff, facilitated a town hall-style discussion to hear directly from community members in-person and virtually.

Virtual Open House

Six community members, along with several City staff and consultant facilitators attended the open house. Attendees shared their personal housing stories, emphasizing the need for affordable, accessible, and diverse housing options, including higher density housing. Participants saw a need for homes that accommodated multigenerational families, were accessible to an aging population, and attainable for low and moderate-income community members. The discussion also covered the importance of having amenities like green space, grocery stores and laundry facilities nearby. Attendees expressed concern for people in The Dalles who were experiencing homelessness and emphasized the need for more supportive housing services to ensure people's needs are being met. Multiple participants also raised concerns around parking, traffic, and the need to improve infrastructure to continue to accommodate growth in The Dalles.

Survey

Two hundred and forty-four people responded to the survey, 73 percent of whom both live and work in The Dalles. Sixty-seven percent of respondents were homeowners, and a majority self-described as white women. Respondents ranged in age, with a fairly even distribution between the ages of 25 and 64. Key themes from the survey are summarized below:

- The top three preferences for home alternatives in The Dalles were smaller detached houses on smaller lots and attached homes in a smaller building (townhouse, duplex, triplex, or quadplex). ADUs and apartments or condos were also somewhat popular.
- Survey respondents overwhelmingly prioritized recreational amenities (i.e. playgrounds, nature parks, trails, etc.) as the most desirable feature to have near new housing development.
- In general, multi-unit housing is considered harder to find than smaller units in The Dalles. Forty percent of respondents identified three-bedroom homes as the most challenging to find.
- Off-street parking, private outdoor space (balcony, patio, yard), and homes designed for multigenerational living are "very important" housing-related features often missing in homes in IT.
- The majority of survey respondents believed the following strategies would be at least "somewhat important" to prioritize if the City were to make changes to zoning and land use rules to encourage more housing production:
    - Creating more opportunities to build for-sale homes
    - Creating more opportunities to build rental homes
- The majority of survey respondents identified the following strategies as "very important" to prioritize if the City were to make changes to zoning and land use rules to encourage more housing production:
    - Reducing barriers to building unconventional housing types like tiny homes or modular homes
    - Using zoning rules to encourage builders to provide units that are required to be affordable to households with low or moderate incomes
- An overwhelming majority (about 75%) of respondents believed that housing production strategies should focus on creating homeownership and rental opportunities for low- and moderate-income households. Respondents did not rank producing homes designed to accommodate people with disabilities or supportive services for people exiting homelessness as high of a priority.
- 54% of respondents supported a tax on new commercial and industrial development to fund affordable housing programs. 22% opposed.
- 83% of respondents supported the city working with other government agencies and institutions to repurpose land that is no longer needed for public uses to build affordable housing. Just 5% opposed.

Integrating Community Feedback into HPS

Input from housing stakeholders, the Advisory Committee, Planning Commission and City Council, and public shaped recommendations in the HPS. At the outset of the project, the insights from the engagement activities helped the consultant

team to focus on the types of strategies that might be most effective in meeting The Dalles' housing needs and would be supported by the community. The general themes of this initial input included:

- The City is interested in assessing the feasibility of actions that can help to directly benefit housing development, such as a CET to help facilitate affordable housing development and offset development costs and land banking.
- The City agrees there is a need for more affordable housing options, particularly for lower-income households and large intergenerational households. Many of the zoning recommendations specifically address ownership and rental housing options, including cottage housing, small lot single-family houses, and multifamily housing.
- The actions include implementation considerations that guide the City on opportunities to address specific housing needs of marginalized communities that were addressed in various community engagement activities. This helps to give the City direction on how they can implement programs and incentives that directly benefit communities' needs, such as affordable homeownership and rental opportunities, accessible housing, and expanded housing options.

Recommendations for Future Engagement

The following recommendations are provided for consideration in future updates to the HPS and during implementation of any of the actions in the HPS.

- Consider forming a housing committee made up of different interest groups/stakeholders, including both consumers and producers of housing—such as people experiencing homelessness, people living in low-income housing, local homebuilders, real estate professionals, higher education representatives, local employers and non-profit affordable housing providers—in order to provide more opportunities for review and input on strategies included in the HPS as they are implemented over time (see Action 1.1).
- Use a variety of approaches to build awareness of the HPS among the general public and to encourage participation. This may include communicating through trusted leaders in the community, additional media outreach, and offering incentives for participation. Consider partnering with location organizations and service providers to conduct engagement at regularly scheduled events or locations where community members will already be. This approach reduces barriers to access and expand reach. Provide multiple formats and times for public engagement meetings. The COVID-19 pandemic introduced new possibilities for meetings, including virtual, in-person and hybrid options as well as the ability to record meetings for community members to watch and/or listen to at their convenience.
- Build on the previous two recommendations by seeking ongoing guidance on how to address the limitations of demographic data from the Decennial Census and American Community Survey (ACS) in The Dalles. Leverage local knowledge to ensure that housing production strategies are responding to the true proportions of community needs.

4. Actions to Meet Future Housing Needs

The actions included in this document were identified by the project consulting team based on experience with policies in similar jurisdictions, an audit of local zoning codes and policies, best practices research, and a list of potential strategies published by the Department of Land Conservation and Development (DLCD). Working collaboratively with staff, and based on input from stakeholders and the community, the consulting team refined the actions to best fit The Dalles' housing needs and capacity for implementation over time.

Format

The actions in this document to meet permanent housing need fall into five categories:

1. Partnership Actions
2. Regulatory Actions
3. Incentive Actions
4. Investment Actions
5. Land Based Actions

Within each category there is a one-page summary devoted to each action, which includes a description of the action, implementation steps and considerations, an implementation timeline, a measure of the magnitude of impact, and impact targets. Once adopted, it is assumed that these actions will continue to impact the production of needed housing over time.

Housing Need Targets

The HPS considers the impact of each action on targeted housing needs in three areas:

- **Affordability Targets:** This section evaluates the degree to which an action will help to produce housing affordable to various income levels. This evaluation is based on the housing types that are most likely to be produced as a result of the action and the extent to which the City can target the action to meet housing for certain income levels. The following table summarizes the affordability targets used for this report.
- **Housing Type Targets**: This section evaluates the degree to which an action will help to produce single-family, middle housing and multifamily housing. Middle housing includes Accessory Dwelling Units, duplexes, triplexes, quadplexes, townhouses, and cottage clusters.
- **Tenure Targets**: This section evaluates the degree to which an action will help to produce housing that is either for sale or for rent.

Affordability Target	Percent of Median Family Income (MFI)	Monthly Housing Cost Range
Subsidized	Less than 30%	$700 or less
Affordable	30% to 80%	$700 to $1,200
Workforce	80% to 120%	$1,200 to $1,900
Market Rate	Over 120%	$1,900 or more

Source: City of The Dalles Housing and Residential Land Needs Assessment 2023-2043, Table 4.4

The impact of each action on a housing need has been assessed as follows:

*** **Low or no impact**: This indicates that the action is likely to have a minimal or limited effect on housing production. It may support housing production, but on its own it is not likely to spur new housing development.

**** **Moderate or potential impact**: This indicates that the action is likely to have a more substantial impact on housing production generally or on meeting a specific housing need. It may be impactful enough on its own to spur new housing development.

***** **High impact**: This indicates that the action is likely to have a significant, wide-reaching impact on housing production or would directly spur housing development that meets a specific housing need.

Actions by Implementation Timeline and Impact

Action Group	Action Title	Implementation Years				Action Impact
		1-2	3-4	5-6	7-8	
Partnership Actions	Action 1.1: Housing Working Group					High
	Action 1.2: Pre-Approved Plans					High
	Action 1.3: Technical Assistance					Low
Regulatory Actions	Action 2.1: Middle Housing					High
	Action 2.2: Maximum Density					High
	Action 2.3: Zoning Incentives					Medium
	Action 2.4: Alternative Housing Types					Medium
	Action 2.5: Mixed-Use Development					Medium
	Action 2.6: Adaptive Reuse					Medium
Incentive Actions	Action 3.1: Tax Exemption Incentive					High
	Action 3.2: Scaling SDCs					Medium
	Action 3.3: SDC Deferral					Low
Investment Actions	Action 4.1: Tax on New Construction					High
	Action 4.2: Urban Renewal Areas					High
	Action 4.3: Downtown Plan					Medium
	Action 4.4: Infrastructure Prioritization					Medium
Land Based Actions	Action 5.1: Inventory and Assess Land					Medium
	Action 5.2: Land Agreements					Medium
	Action 5.3: Land Banking					High

1. PARTNERSHIP ACTIONS

Action 1.1

Convene a housing working group to pursue state funding and implement housing actions

IMPLEMENTATION TIMELINE

1-2 Years	3-4 Years
5-6 Years	7-8 Years

ACTION IMPACT

High	Medium	Low

IMPACT TARGETS

AFFORDABILITY

- ***** Deeply Affordable
- ***** Affordable
- ***** Workforce
- ***** Market Rate

HOUSING TYPE

- ***** Single-Family
- ***** Middle Housing
- ***** Multifamily

TENURE

- *** For Sale
- *** For Rent

DEMOGRAPHIC

- ***** Communities of Color
- ***** People Experiencing Homelessness
- ***** People with Disabilities
- ***** Seniors

Description

Convene a housing working group of staff and civic, institutional, faith based, employer, and builder (private, public, and nonprofit) stakeholders that meets regularly and leads the exploration of opportunities to facilitate both affordable and market rate housing development in the City. The working group's activities include:

- Meeting with large employers to identify ways to partner to provide workforce housing
- Coordinating on the implementation of several housing strategies identified in the HPS
- Engaging with developers proactively to pursue the State's New Housing Revolving Loan Fund and identify potential projects.
- Making policy recommendations and resource requests based on the above conversations for various priority populations, including affordable housing and projects benefiting homeless and very low-income populations.

A housing working group can help to develop a pro-housing culture in the City that can help implement housing strategies, as well as pursue state funding.

Magnitude of Impact

This action is rated as a **High** impact because it is facilitating collaboration among partners that can lead to housing developments occurring which would otherwise not have happened.

Implementation Steps and Considerations

- The City should develop a list of stakeholders and organizations, recruit participation, and convene a housing working group.
- A first task of the working group should be to identify an eligible project for the State Revolving Loan Fund. See more information on this program below.
- Offer technical support to help stakeholders understand housing-related zoning and infrastructure needs, as well as opportunities to collaborate on funding opportunities.

- Facilitate connections with local developers who may be interested in partnering to build on civic, institutional, faith-based, and employer-owned sites.
- The City should also understand stakeholder ability to help with implementation and understand who can help be leaders in the housing working group to assist with action implementation and funding pursuits.
- Staff time and funding may be necessary to engage with these organizations and assist with strategy implementation.
- Members with technical experience can assist in exploring supplemental data collection of populations that are traditionally underrepresented in Census data, such as American Indian, Alaska Native or Indigenous and Latino populations, as identified in community engagement activities.
- Partnership, participation, and representation with Mid-Columbia Housing Authority and Columbia Cascade Housing Corporation to advocate for The Dalles' housing needs and draw on regional housing expertise to develop best practices in housing production.

The purpose of the State Revolving Loan Fund is to fill housing financing gaps for local jurisdictions to develop needed housing in their communities. Local jurisdictions control project selection and borrow from the loan fund to make grants to local developments, with a 10-year payback target to be repaid through the growth in property taxes derived from the new development. The grants to housing developments can be $15,000-$35,000 per unit for single-family, middle housing, multifamily, and ADUs for sale or for rent below 120% Area Median Income. Eligible costs for the grant include System Development Charges (SDCs), predevelopment costs, construction costs, and land write-downs. Additionally, the housing developments must be taxable and not located in a Tax-Increment Financing District. The loan program will be operational by June 30, 2025, and is a first-come, first-serve grant, so it is recommended to prioritize pursuing this funding opportunity.

The Mid-Columbia Economic Development District (MCEDD) already oversees a similar program. The North Central Oregon Attainable Housing Development Revolving Loan Program offers "flexible financing for housing development and housing rehabilitation" with $2 million seed funding to support middle market housing development for households earning 60 to 120% MFI.

PRE-APPROVED PLANS

Create pre-approved dwelling plans

Action 1.2

IMPLEMENTATION TIMELINE

1-2 Years	3-4 Years
5-6 Years	7-8 Years

ACTION IMPACT

High	Medium	Low

IMPACT TARGETS

AFFORDABILITY

- *** Deeply Affordable
- *** Affordable
- *** Workforce
- *** Market Rate

HOUSING TYPE

- *** Single-Family
- *** Middle Housing
- *** Multifamily

TENURE

- *** For Sale
- *** For Rent

DEMOGRAPHIC

- *** Communities of Color
- *** People Experiencing Homelessness
- *** People with Disabilities
- *** Seniors

Description

Create pre-approved dwelling plans to help incentivize and expedite the development of various housing types, such as ADUs, cottage clusters, duplexes, and triplexes, by partnering with Wasco County Building Codes, architects, designers, engineers, builders, or an institution to develop plans for multiple dwelling unit options that can be quickly reviewed and permitted. The plans would be highly efficient, designed for constrained lots and low-cost solutions and accessible units, and allow for streamlined permitting. Partnering with an institution could include Columbia Gorge Community College or another college or university to create a competitive competition with compensation in the form of a scholarship for selected plans.

Pre-approved plan sets are building designs that have been reviewed for compliance with the building code and are approved to build. Pre-approved plans would streamline permitting procedures for these housing types, thereby reducing development timelines, uncertainty, architectural costs, and other barriers to entry. The City should consider including a plan for ADUs or other accessible housing types that are designed to meet the needs of people with disabilities and seniors.

Magnitude of Impact

This action is rated as a **High** impact because providing this type of resource will lower the cost and broaden the opportunity for property owners to add additional units to their sites. In smaller markets with fewer developers, strategies that empower homeowners and other local property owners to add ADUs or other small-scale housing on existing lots within a city can result in meaningful additional housing.

Implementation Steps and Considerations

- Consider combining with **Action 1.3**.
- Review plan sets developed by DLCD and determine if they can be adapted for the City.
- Engage with local developers that have developed middle housing or ADUs to understand barriers or opportunities to best position these pre-approved plans for success.
- Develop the pre-approved plans with Wasco County Building Codes, architects, designers, engineers, builders, or an institution of Higher Education.

TECHNICAL ASSISTANCE

Action 1.3

Provide information and technical assistance to small developers

IMPLEMENTATION TIMELINE

1-2 Years	3-4 Years
5-6 Years	7-8 Years

ACTION IMPACT

High	Medium	**Low**

IMPACT TARGETS

AFFORDABILITY

- ** Deeply Affordable
- ** Affordable
- ** Workforce
- ** Market Rate

HOUSING TYPE

- ** Single-Family
- ** Middle Housing
- ** Multifamily

TENURE

- *** For Sale
- *** For Rent

DEMOGRAPHIC

- ** Communities of Color
- ** People Experiencing Homelessness
- ** People with Disabilities
- ** Seniors

Description

Provide information and technical assistance to small developers to assist with housing development, including providing information to help them find suitable sites for housing development, understand land use permitting processes and incentive opportunities, and establish a sense of clarity and certainty about housing development requirements. An educational tool can include pre-approved dwelling plans developed for Action 1.2.

Small developers may need extra assistance to navigate complex permitting and review processes or may be unaware of resources available to them. However, they are a valuable part of the local developer pool because they often take on projects that larger developers will not, especially smaller infill projects.

Magnitude of Impact

This action is rated as a **Low** impact because it will help to reduce uncertainty about City regulations and permitting processes which would remove barriers to development of certain housing types but may not have a direct impact on housing development.

Implementation Steps and Considerations

- Produce clear, easy- to-use information that would be distributed on the City website or at City Hall, similar to *Starting a Business in the City of The Dalles: Business Development Guide.* Gather common housing developer questions, prepare answers, and post them to the Planning FAQs section of the City website. Compile these and provide them as a fact sheet on the website and print for distribution at City Hall.
- Poll local small developers about specific workshops or information that would be helpful to them and work within available resources to provide workshops and information identified.
- The City may also offer webinars or training sessions to help small builders become familiar with the permitting process and City resources. Partner with Mid-Columbia Housing Authority, drawing on their experience hosting housing-related courses and distributing information packets.
- Work to streamline steps for development approval. As developers are engaged, solicit their feedback on the City's review processes and conduct an internal audit to identify and address permit streamlining opportunities.

2. REGULATORY ACTIONS

MIDDLE HOUSING

Action 2.1

Allow triplexes, fourplexes, and cottage cluster housing in the RL Zone

IMPLEMENTATION TIMELINE

1-2 Years	3-4 Years
5-6 Years	7-8 Years

ACTION IMPACT

High	Medium	Low

IMPACT TARGETS

AFFORDABILITY

- *** Deeply Affordable
- *** Affordable
- *** Workforce
- *** Market Rate

HOUSING TYPE

- *** Single-Family
- *** Middle Housing
- *** Multifamily

TENURE

- *** For Sale
- *** For Rent

DEMOGRAPHIC

- *** Communities of Color
- *** People Experiencing Homelessness
- *** People with Disabilities
- *** Seniors

Description

The Low Density Residential (RL) Zone currently only allows single-family detached and attached houses, ADUs, and duplexes. Under this action, the City will expand permitted housing types in the RL zone to include additional middle housing types, including triplexes, fourplexes, and cottage clusters. The code would be updated to define triplexes and fourplexes separately from multifamily dwellings with five or more units. This code update may also include new or revised development and design standards for these housing types to ensure they are designed to be compatible with existing development patterns and intensities in the RL zone.

According to the Buildable Lands Inventory, the RL Zone has just under 200 acres of buildable land. This code change would create opportunities for smaller and more affordable units across a large area. Additionally, triplexes, fourplexes, and cottage clusters may be more feasible to develop than single-family houses or duplexes due to lower land costs per unit, which enables lower rents/prices that can appeal to a broader market.

Magnitude of Impact

This action is rated as a **High** impact because it will result in new housing types being allowed on a significant portion of the City's residential land. The action is expected to create opportunities for workforce or market-rate housing for rent and for-sale. The action may not directly result in the production of affordable or deeply affordable units, however.

Implementation Steps and Considerations

- Consider establishing new design and site development standards to ensure projects meet the desired intent of the housing type. Ensure the standards allow for a clear and objective approval path in compliance with state law and to provide certainty for applicants.
- Design and development standards applying to these housing types should be balanced with the goal of ensuring economically feasible housing development. The DLCD Model Code for Large Cities includes standards for these types that strike this balance effectively.
- Public engagement about these code updates will be necessary to explain the rationale for the updates, assess potential concerns about the impact of the change, and modify regulations appropriately.
- Substantial staff time and/or consultant support may be required to draft the code updates and facilitate the public engagement process.
- Consider allowing triplexes and fourplexes with a building permit in all residential zones, rather than a land use application (Site Plan Review).

MAXIMUM DENSITY

Increase maximum density in the RM, RH, and NC Zones

Action 2.2

IMPLEMENTATION TIMELINE

1-2 Years	3-4 Years
5-6 Years	**7-8 Years**

ACTION IMPACT

High	Medium	Low

IMPACT TARGETS

AFFORDABILITY

- *** Deeply Affordable
- *** Affordable
- *** Workforce
- *** Market Rate

HOUSING TYPE

- *** Single-Family
- *** Middle Housing
- *** Multifamily

TENURE

- *** For Sale
- *** For Rent

DEMOGRAPHIC

- *** Communities of Color
- *** People Experiencing Homelessness
- *** People with Disabilities
- *** Seniors

Description

This strategy involves revising minimum lot area and maximum density standards in Medium Density (RM), High Density (RH), and Neighborhood Center Overlay (NC) Zones to improve the economic feasibility middle housing and multifamily housing, ensure efficient use of land, and encourage smaller unit sizes. Specific density and lot area standards are not proposed at this stage. However, it is common for middle housing projects on smaller sites to exceed the 21 units per acre that are allowed in the RM and for 3-story apartment projects to exceed the 29 units per acre allowed in the RH Zone. Further study of desired housing/building types is recommended in order to best calibrate the maximum density and minimum lot area standard.

Allowing more units per site reduces land costs per unit and overall cost of development, enhances financial feasibility, and supports the creation of potentially affordable units. Increasing the maximum density standard also supports an efficient use of land, helps increase housing capacity, and encourage smaller units. If a developer has reached the maximum density and cannot add more units, but the zoning envelope would otherwise allow a larger building, then the developer is likely to build larger, more costly units.

Magnitude of Impact

This action is rated as a **High** impact because it may both increase the number of units produced with each development, reduce the per unit cost of development, and encourage smaller and more affordable units.

Implementation Steps and Considerations

- Study the density levels of housing developments approved in other jurisdictions that would otherwise be consistent with the intent of the RM, RH, and NC zones. Consult with developers and planning professionals to determine the amount of the density increase that would be ideal in order to encourage these housing types.
- Public engagement about these code updates will be necessary to explain the rationale for the updates, assess potential concerns about the impact of the change, and modify regulations appropriately.
- While implementing this action, assess if meeting open space standards would be an issue to achieving density. If so, look at other ways to preserve open space without impacting density, such as through reduced setbacks, increased height, or increased lot coverage.
- Consider impacts to manufactured home parks prior to a zoning update. If there is an elevated concentration of manufactured homes parks in these zones, consider a regulatory solution to this such as rezoning to a manufactured home park zone in specific areas with parks.

ZONING INCENTIVES

Action 2.3

Implement zoning incentives for affordable and accessible housing

IMPLEMENTATION TIMELINE

1-2 Years	**3-4 Years**
5-6 Years	7-8 Years

ACTION IMPACT

High	**Medium**	Low

IMPACT TARGETS

AFFORDABILITY

*** Deeply Affordable

*** Affordable

*** Workforce

*** Market Rate

HOUSING TYPE

*** Single-Family

*** Middle Housing

*** Multifamily

TENURE

*** For Sale

*** For Rent

DEMOGRAPHIC

*** Communities of Color

*** People Experiencing Homelessness

*** People with Disabilities

*** Seniors

Description

The City will adopt zoning incentive(s) for housing developments that include income-restricted affordable units or units that are accessible to people with disabilities. The zoning incentives will grant increased density, reduced parking, or relief from other code standards in exchange for a certain share of units in a proposed development being affordable or accessible. This action will be completed in concert with any other code changes that impact relevant standards (see Action 2.1 and 2.2).

A little more than 40% of needed housing in The Dalles will need to be affordable to households at or below 80% of AMI. A substantial share of residents in The Dalles have disabilities that may create accessibility challenges with many existing housing units. These incentives can help to create additional units that serve the needs of these households, especially in projects developed by private, for-profit developers that would otherwise not provide these units.

Magnitude of Impact

This action is rated a **Medium** impact because it directly addresses the need for income-restricted units and accessible units; however, the effectiveness of the incentive depends on whether using the incentive is economically beneficial for a private, for-profit developer.

Implementation Steps and Considerations

- Parking reductions for affordable units are logical as households with lower incomes are likely to own fewer or no vehicles.
- The effectiveness of a regulatory incentive depends on the relative costs and benefits of using the incentive. The City should consult with developers and planning professionals when setting the incentive structure. Financial modeling may be useful in calibrating this incentive to local market conditions.
- Any incentive should clearly define the level of affordability required as a percentage of Area Median Income (AMI) and the overall percentage of units in a development. Similarly, if incentives are targeted to creating accessible units, use accepted certification programs to ensure the units meet accessibility requirements, such as Universal Design or Lifelong Housing Certification.
- Implementing zoning incentives will require staff time to create and execute an enforcement process.

Action 2.4

Clarify rules for non-site-built homes such as tiny homes and prefabricated/modular housing

IMPLEMENTATION TIMELINE

1-2 Years	**3-4 Years**
5-6 Years	7-8 Years

ACTION IMPACT

High	**Medium**	Low

IMPACT TARGETS

AFFORDABILITY

- ★★★ Deeply Affordable
- ★★★ Affordable
- ★★★ Workforce
- ★★★ Market Rate

HOUSING TYPE

- ★★★ Single-Family
- ★★★ Middle Housing
- ★★★ Multifamily

TENURE

- ★★★ For Sale
- ★★★ For Rent

DEMOGRAPHIC

- ★★★ Communities of Color
- ★★★ People Experiencing Homelessness
- ★★★ People with Disabilities
- ★★★ Seniors

Description

Develop a regulatory framework that would allow tiny homes and other prefabricated or modular homes to be permanently occupied as dwellings under certain conditions. The regulatory framework should address siting, utilities, sanitation, exterior appearance, and fire and life safety. Demand for tiny homes and other forms of prefabricated or modular homes are increasing due to housing affordability challenges. As a result of the cost savings of off-site production, these types of homes are often more affordable to people with lower or moderate incomes. The units are often smaller than conventional, site-built homes.

However, the adoption of these types of units is often inhibited by unnecessary prohibitions in zoning and building code. Under this action, the City will identify the current regulatory challenges of installing units that are produced off-site, including but not limited to tiny homes on wheels (licensed under the recreational vehicle code), and other forms of modular or prefabricated construction that does not meet conventional local building code or federal Housing and Urban Development (HUD) standards.

Magnitude of Impact

This action is rated **Medium** because it would reduce unnecessary local barriers to homes produced off-site. However, state and federal regulations will continue to impact the ability of these units to meet a wide variety of needs. Further, the density of these types of housing developments is relatively low, limiting the potential affordability of these units.

Implementation Steps and Considerations

- The regulatory framework for tiny homes should consider allowing one tiny home to be sited on the same lot as a single-family dwelling, similar to an ADU, or sited in a Manufactured Home Park or a cottage cluster
- Code standards can regulate the exterior appearance of tiny homes to have the appearance of a residential structure and not allow for conventional RVs to be used as dwellings. Such standards may regulate skirting or foundation attachment, exterior materials, roof materials, form of windows and doors, and other design features.
- The Department of Land Conservation and Development (DLCD) has developed a model code for prefabricated or modular housing.

MIXED-USE DEVELOPMENT

Provide more flexibility for housing in commercial zones

Action 2.5

IMPLEMENTATION TIMELINE

1-2 Years	**3-4 Years**
5-6 Years	7-8 Years

ACTION IMPACT

High	**Medium**	Low

IMPACT TARGETS

AFFORDABILITY

- ★★☆ Deeply Affordable
- ★★☆ Affordable
- ★★★ Workforce
- ★★☆ Market Rate

HOUSING TYPE

- ★☆☆ Single-Family
- ★★☆ Middle Housing
- ★★★ Multifamily

TENURE

- ★☆☆ For Sale
- ★★★ For Rent

DEMOGRAPHIC

- ★★★ Communities of Color
- ★☆☆ People Experiencing Homelessness
- ★★☆ People with Disabilities
- ★★★ Seniors

Description

Evaluate opportunities to encourage housing in the Neighborhood Center (NC), Central Business Commercial (CBC), and General Commercial (GC) Zones. Modifications to these zones could allow for greater flexibility in the location and type of residential units with commercial developments, such as horizontal mixed use, only requiring a portion of the ground floor to be commercial uses, or only requiring ground floor commercial in select locations within commercial zones that have higher commercial viability. Additionally, to further encourage residential development in these zones, minimum off-street parking standards could be reduced to incentivize multifamily dwellings in commercial areas and lessen barriers to higher density and infill development.

The code currently requires that residential uses are allowed in the CBC and CG Zones, so long as the ground floor is a permitted commercial use. Vertical mixed-use projects are unlikely to be developed except for in a few locations, such as the downtown district. Allowing for other forms of housing in commercial zones could allow the market to respond to demand and create opportunities for adaptive reuse of existing buildings. Parking demand in these zones may be less due to the proximity to amenities, shops, and restaurants.

Magnitude of Impact

This action is rated a **Medium** because it may reduce regulatory barriers to housing development in commercial zones; however, other market issues may constrain housing development in these zones.

Implementation Steps and Considerations

- Evaluate options for providing more flexibility for housing in the commercial zones. This may include allowing for horizontal mixed-use development (residential behind commercial) or only requiring a portion of the ground floor to be commercial uses.
- In some areas, particularly off main streets, commercial uses may not be economically viable but residential uses are in high demand. Another option is to define certain areas or street frontages where commercial uses are most desirable and feasible and only require ground floor commercial in those locations. This can be achieved with a map embedded in the code or through an overlay zone.
- This code change could be implemented only in some commercial zones where it is more appropriate to allow housing on the ground floor.

ADAPTIVE REUSE

Action 2.6

Remove potential barriers to conversion or adaptive reuse of existing buildings for housing

IMPLEMENTATION TIMELINE

1-2 Years	3-4 Years
5-6 Years	7-8 Years

ACTION IMPACT

High	**Medium**	Low

IMPACT TARGETS

AFFORDABILITY

- ★★☆ Deeply Affordable
- ★★☆ Affordable
- ★★★ Workforce
- ★★☆ Market Rate

HOUSING TYPE

- ★☆☆ Single-Family
- ★★★ Middle Housing
- ★★☆ Multifamily

TENURE

- ★★★ For Sale
- ★★★ For Rent

DEMOGRAPHIC

- ★★★ Communities of Color
- ★☆☆ People Experiencing Homelessness
- ★★☆ People with Disabilities
- ★★★ Seniors

Description

Update the City's non-conforming uses code section and other provisions to remove barriers to conversion or adaptive reuse of existing buildings. Code updates could include:

- Provide exceptions to design, development, and parking requirements when a building is converted from commercial to residential
- Allow non-conforming single-family houses to be expanded and increase non-conformity if they are being converted to a duplex, triplex, or fourplex
- Provide an exception to parking requirements for conversion of single-family detached houses to a duplex, triplex, or fourplex in existing buildings
- Provide density bonuses to developments that add new units while also preserving the existing housing unit

Use and parking requirements can be barriers to adaptively reusing or converting historic buildings. These types of changes can help to retain existing buildings in the community and ensure preservation over demolition. The Dalles has a large stock of historic buildings in the community, and these changes can help to preserve and reuse those structures.

Magnitude of Impact

This action is rated a **Medium** because it would reduce regulatory use barriers to adaptive reuse of existing structures, but the high costs of adapting these buildings for residential uses will limit the potential for these conversions.

Implementation Steps and Considerations

- Evaluate options for providing more flexibility for housing in historic structures. This may include nonconforming uses and parking reductions.
- This code change could be focused on certain areas of the city with a higher concentration of historic buildings or be for buildings that are considered historic, generally over 50 years old.

3. INCENTIVE ACTIONS

TAX EXEMPTION INCENTIVE

Action 3.1

Adopt multi-unit property tax exemption (MUPTE) to incentivize needed housing

IMPLEMENTATION TIMELINE

1-2 Years	3-4 Years
5-6 Years	7-8 Years

ACTION IMPACT

High	Medium	Low

IMPACT TARGETS

AFFORDABILITY

- ★★☆ Deeply Affordable
- ★★☆ Affordable
- ★★☆ Workforce
- ★★☆ Market Rate

HOUSING TYPE

- ★☆☆ Single-Family
- ★☆☆ Middle Housing
- ★★★ Multifamily

TENURE

- ★☆☆ For Sale
- ★★★ For Rent

DEMOGRAPHIC

- ★★☆ Communities of Color
- ★★☆ People Experiencing Homelessness
- ★★☆ People with Disabilities
- ★★☆ Seniors

Description

Design and adopt a multi-unit property tax exemption (MUPTE) program to replace and expand the City's Vertical Housing Tax Zone (VHTZ). The state legislation that enables the VHTZ currently sunsets in 2026. Although the Legislature's Revenue Committee may consider an omnibus sunset extension bill in the 2025 Session, MUPTE offers additional incentives that should be adopted regardless of VHTZ extension. Structure the MUPTE program to incentivize development of specific needed housing types in specific locations, such as affordable housing, multi-unit housing, conversions/adaptive reuse of existing structures, and accessible housing.

MUPTE is a state-enabled program that allows cities the opportunity to incentivize the production of needed housing in specific locations and/or with specific features that provide a public benefit. The statute allows jurisdictions the ability to grant multi-unit structures a property tax exemption for up to ten (10) years on the improvement value of the property. The property owner continues to pay taxes on the land value and any commercial portion of the property.

Magnitude of Impact

This action is rated as a **High** impact because a 10-year property tax exemption can significantly improve development feasibility. This includes key housing types that are needed but currently undersupplied in the market today, including multifamily housing, townhouses, and affordable housing.

Implementation Steps and Considerations

- Determine policy objectives and eligibility criteria for the program, such as targeted locations, minimum unit number, tenure target (for rent or for sale), required green building or design standards, minimum percentage of dedicated affordable or workforce housing units, allowable commercial property tax exemption, required public benefit, etc.
- Meet with overlapping taxing districts to garner support. The program must be approved by the majority (over 50%) of taxing districts.
- Consider including a third-party pro-forma review step into the application process and fee structure.

- This program allows cities to control which projects are eligible and to cap the total amount of tax abatement annually. The City can determine if a developer must show that the project would not otherwise be feasible, but for the tax abatement, at the time of application.
- This program is designed to incentivize housing that would not be feasible without the tax incentive, so it can have a net positive impact on the tax base over time.
- In community engagement interviews and survey feedback, open space was identified as a need in the community. Consider including open space as a public benefit in meeting MUPTE criteria.
- MUPTE can offer incentives for different kinds of projects, such as accessible units or affordability targets, but identify the highest priority because availability of incentive for other kinds of features in a project may detract from the higher priority criteria.

Evaluate the feasibility of scaling SDCs

Action 3.2

IMPLEMENTATION TIMELINE

1-2 Years	**3-4 Years**
5-6 Years	7-8 Years

ACTION IMPACT

High	**Medium**	Low

IMPACT TARGETS

AFFORDABILITY

- ∗∗∗ Deeply Affordable
- ∗∗∗ Affordable
- ∗∗∗ Workforce
- ∗∗∗ Market Rate

HOUSING TYPE

- ∗∗∗ Single-Family
- ∗∗∗ Middle Housing
- ∗∗∗ Multifamily

TENURE

- ∗∗∗ For Sale
- ∗∗∗ For Rent

DEMOGRAPHIC

- ∗∗∗ Communities of Color
- ∗∗∗ People Experiencing Homelessness
- ∗∗∗ People with Disabilities
- ∗∗∗ Seniors

Description

Evaluate the fiscal impacts and feasibility of revising the System Development Charge (SDC) methodology to scale rates to unit size. Additionally, the City should pursue a partnership with the Northern Wasco County Parks and Recreation District on scaling Parks SDCs by unit size or number of units to incentivize smaller units.

SDCs are a substantial upfront cost of housing development. Data consistently show that the square footage of a dwelling unit is a reliable indicator for how much a housing unit will impact infrastructure systems. Scaling the SDCs by the size of the unit could more fairly and equitably distribute the cost of SDCs across housing developments. Furthermore, a sliding scale could provide an incentive to build smaller units, which tend to be more affordable.

Magnitude of Impact

This action is rated a **Medium** because scaling fees would reduce the cost of developing smaller units of all kinds, but the amount of fees may still be a barrier to development.

Implementation Steps and Considerations

- Conduct an SDC rate and feasibility study to evaluate the feasibility of scaling rates by unit size.
- The permitting system may need adjustments to collect information related to SDC tiers.
- SDC fees can be scaled that establishes a “Single-Family Equivalent” standard that allows for smaller units, such as compact houses, cottage cluster units, and ADUs to pay a lower fee than larger homes. The City could also scale the connection fees by the square footage of the unit or the number of bedrooms.
- Reducing fees may result in lower overall fee revenue; however, this can be mitigated by increasing the base fee rate or scaling fees higher for larger units to offset reductions in fees for smaller units.
- While SDC fees represent only a fraction of overall project costs (often less than 6%), reducing costs by even a few percentage points can be the difference in a project being feasible or infeasible.

Action 3.3

Allow System Development Charges (SDCs) to be deferred until occupancy

IMPLEMENTATION TIMELINE

1-2 Years	**3-4 Years**
5-6 Years	7-8 Years

ACTION IMPACT

High	Medium	**Low**

IMPACT TARGETS

AFFORDABILITY

- ★★☆ Deeply Affordable
- ★★☆ Affordable
- ★★★ Workforce
- ★★★ Market Rate

HOUSING TYPE

- ★★☆ Single-Family
- ★★★ Middle Housing
- ★★★ Multifamily

TENURE

- ★★★ For Sale
- ★★★ For Rent

DEMOGRAPHIC

- ★★☆ Communities of Color
- ★★☆ People Experiencing Homelessness
- ★★☆ People with Disabilities
- ★★☆ Seniors

Description

Partner with Wasco County to modify permitting and development review procedures so that System Development Charges (SDCs) are not required to be paid until after a housing development is constructed and prior to issuing a final certificate of occupancy (CO).

SDCs are a significant upfront cost of development. Allowing the payment to be deferred until occupancy can reduce the cost of SDCs to developers (particularly small developers with limited access to capital). Developers rely on cash (equity) or higher interest rate construction loans to pay SDCs. By delaying payment, those developers can reduce the carrying costs (interest payments) and make SDC payments closer to the point where revenue is coming into a project through rent or sales.

Magnitude of Impact

This action is rated a **Low** because is unlikely to directly stimulate development of new housing projects on its own but can help defer upfront costs of development.

Implementation Steps and Considerations

- SDCs represent some of the largest upfront costs of development (prior to construction). Small cities like The Dalles rely on smaller, local builders and developers, and strategies designed to support these smaller builders can have a significant impact on their ability to deliver needed housing.
- Evaluate options for offering a deferral program. Consider if the program should be targeted to certain housing types or offered to all residential developments.
- Compared to SDC financing options, an SDC deferral does not require a property lien and may require less staff time for administration and compliance.
- Refer to the Oregon SDC Study prepared for Oregon Housing and Community Services (OHCS) (pg. 208-210) for more information on collecting deferred fees.

4. INVESTMENT ACTIONS

Action 4.1

Explore implementing a construction excise tax (CET) for an additional affordable housing revenue source

IMPLEMENTATION TIMELINE

1-2 Years	3-4 Years
5-6 Years	**7-8 Years**

ACTION IMPACT

High	Medium	Low

IMPACT TARGETS

AFFORDABILITY

- ★★★ Deeply Affordable
- ★★★ Affordable
- ★★☆ Workforce
- ★★☆ Market Rate

HOUSING TYPE

- ★★☆ Single-Family
- ★★★ Middle Housing
- ★★★ Multifamily

TENURE

- ★★☆ For Sale
- ★★★ For Rent

DEMOGRAPHIC

- ★★★ Communities of Color
- ★★★ People Experiencing Homelessness
- ★★☆ People with Disabilities
- ★★☆ Seniors

Description

Explore establishing a construction excise tax (CET) applied to both residential and commercial construction to establish an additional revenue source for affordable housing.

A CET is a tax on construction projects that can be used to fund affordable housing. Local funding sources for affordable housing have emerged as a key ingredient in the feasibility of affordable projects. While the funds often fill a small portion (a "gap") of overall costs, some level of local funding is often a required agreement for larger sources of affordable housing and communities without the ability to contribute some level of local funding can be locked out of the opportunity to secure larger state and federal funding sources for affordable housing.

According to state statutes, the tax may be imposed on improvements to real property that result in a new structure or additional square footage in an existing structure. CET can only tax up to 1% of the permit valuation for residential construction permits. The City may also tax the permit value of commercial and industrial taxes, and there is no cap on the rate for commercial and industrial tax. This can provide the option to create a linkage between new commercial or industrial development and investment in housing.

Magnitude of Impact

This action is rated as a **High** impact because having a local source of funding can help The Dalles (and their regional affordable housing partners) tap into state and federal funding sources that require local matching funds. Without local funding, The Dalles may be locked out entirely of certain key funding sources that would result in needed affordable housing developments.

Implementation Steps and Considerations

- Study the potential revenue that could be generated by the CET at different rates and approaches. Determine if grant funding or consultant support is needed to implement.
- Consider the costs that a CET would impose on new development and identify ways to offset these costs by taking other actions to improve financial feasibility, such as zoning changes. This can be assessed in part through stakeholder engagement with developers.

- Determine how CET funds would be used. Per state statute, of the revenue collected from residential CET, the City can reserve 4% for administrative costs. Of the remainder, 50% must be used on developer incentives, 35% on affordable housing programs, and 15% must go to Oregon Housing and Community Services to fund down payment assistance programs. For commercial or industrial CET, 50% of revenues must be dedicated to housing programs, and the other half is unrestricted in its allocation.
- Consider allocating a percentage of CET funds towards the rehabilitation and conversion of historic buildings into housing.
- Funds generated from CET could be used to encourage the preservation of manufactured home parks through the purchase of the land by a nonprofit or affordable housing developer, or through a co-op of residents.
- Affordable homeownership was identified as a high need from community engagement activities. Consider allocating a portion of funds generated from CET for affordable homeownership opportunities.

Action 4.2

Explore creating new urban renewal areas that allocate a significant portion of tax increment and supportable debt to housing

IMPLEMENTATION TIMELINE

1-2 Years	**3-4 Years**
5-6 Years	7-8 Years

ACTION IMPACT

High	Medium	Low

IMPACT TARGETS

AFFORDABILITY

- ★★★ Deeply Affordable
- ★★★ Affordable
- ★★★ Workforce
- ★★★ Market Rate

HOUSING TYPE

- ★★★ Single-Family
- ★★★ Middle Housing
- ★★★ Multifamily

TENURE

- ★★★ For Sale
- ★★★ For Rent

DEMOGRAPHIC

- ★★★ Communities of Color
- ★★★ People Experiencing Homelessness
- ★★★ People with Disabilities
- ★★★ Seniors

Description

The City should explore forming new urban renewal areas in other locations, such as the west side of the City. Under this action, a major emphasis of the extension or creation of a new Urban Renewal plan would be to support housing development. Urban Renewal funding could be applied to infrastructure projects, land acquisition or assembly, or direct financial incentives for specific development projects. Given that Urban Renewal is one of a very limited set of tools available to the City to fund housing-related investments and incentives, it is recommended that the Urban Renewal District prioritize the supporting of projects that are the most difficult to construct without financial support, primarily income-restricted affordable housing that is not tax-exempt. The Urban Renewal District could support both affordable rental housing, including income-restricted units in mixed-income housing developments, and homeownership housing.

Magnitude of Impact

This action is rated as a **High** impact because Urban Renewal is one of the most significant and flexible sources of funding for housing production at the local level. When properly implemented, it can generate meaningful funds that can be used flexibly enough to address the many facets of a housing project that could be impacting feasibility, including infrastructure, soft costs, or direct financial support.

Implementation Steps and Considerations

- The City has one current Urban Renewal District that provides grants and incentives for housing development and is slated to sunset in 2029. This provides an opportunity explore new areas that could provide incentives to housing development.
- The first step in creating a new District would be for the City Council to determine the existence of blight in the proposed district (ORS 457.035). The Urban Renewal Agency would then prepare a plan and report on the proposed district, the contents of which are established under ORS 457.087. The report would evaluate whether the legal conditions for creating the district could be met and estimate the potential revenue that could be collected in the district. If the new district were deemed feasible, the plan could be adopted and the district established.

- Funds can be invested in housing development in the form of low-interest loans and/or grants for a variety of capital projects, including redevelopment projects, such as mixed-use or infill housing developments, streetscape improvements, land assembly, and transportation enhancements.
- Urban Renewal funding could be allocated towards the rehabilitation or conversion of older buildings for housing. This could include roof replacements, seismic upgrades, and fire suppression systems. Urban Renewal investment is critical since the community is characterized by older buildings with concomitant structural and code challenges.
- Urban Renewal can be used to fund infrastructure investments, allowing for the efficient upgrade of infrastructure systems in tandem with new housing development.
- Affordable homeownership was identified as a high need from community engagement activities. Consider allocating a portion of TIF funds generated for affordable homeownership opportunities.
- If the City pursues an urban renewal area on the west side of The Dalles, must consider protecting or replacing any manufactured home parks in the boundary by investing in affordable units as an anti-displacement strategy to alleviate redevelopment pressures on manufactured home parks. See ORS 457.095(d) and ORS 35.500 to 35.530.

Action 4.3

Create a downtown strategic plan for housing development and investment

IMPLEMENTATION TIMELINE

1-2 Years	3-4 Years
5-6 Years	7-8 Years

ACTION IMPACT

High	**Medium**	Low

IMPACT TARGETS

AFFORDABILITY

- ★☆☆ Deeply Affordable
- ★★☆ Affordable
- ★★☆ Workforce
- ★★☆ Market Rate

HOUSING TYPE

- ★☆☆ Single-Family
- ★★☆ Middle Housing
- ★★★ Multifamily

TENURE

- ★☆☆ For Sale
- ★★★ For Rent

DEMOGRAPHIC

- ★★☆ Communities of Color
- ★☆☆ People Experiencing Homelessness
- ★☆☆ People with Disabilities
- ★★☆ Seniors

Description

Create a downtown strategic plan that prioritizes housing development and investment. The plan would identify catalytic public investments to increase market demand through:

- Prioritization of key sites or areas through the City's Capital Improvement Plan
- Identification of opportunity sites and partnerships with property owners to conduct preliminary redevelopment concepts and feasibility assessment to help prepare sites for development readiness
- Acquisition of key site(s) to partner with a land trust to facilitate the development of needed housing (see **Action 5.3**)
- Identification of specific areas of downtown to focus required ground floor commercial, while providing flexibility in other areas of downtown (see **Action 2.5**)

The downtown strategic plan would analyze expanding existing incentive tools or create new tools, such as Urban Renewal incentives, to provide grants and other funding opportunities to encourage new housing development and potentially meet other downtown goals.

Magnitude of Impact

This action is rated as a **Medium** impact because the downtown area represents the single largest opportunity for new housing in the city, however, it may not directly result in housing production but could help to quickly implement many of the HPS strategies in an area of highest potential impact.

Implementation Steps and Considerations

- This plan would not only identify opportunities to incentivize and remove barriers to housing development in downtown but could also provide strategic planning for other goals for the City's downtown.
- Consider forming a stakeholder group of downtown businesses, property owners, and residents to inform the strategic plan

Action 4.4

Continue to target and prioritize infrastructure to support housing

IMPLEMENTATION TIMELINE

1-2 Years	**3-4 Years**
5-6 Years	7-8 Years

ACTION IMPACT

High	**Medium**	Low

IMPACT TARGETS

AFFORDABILITY

- ★☆☆ Deeply Affordable
- ★☆☆ Affordable
- ★★☆ Workforce
- ★★★ Market Rate

HOUSING TYPE

- ★★★ Single-Family
- ★★☆ Middle Housing
- ★★☆ Multifamily

TENURE

- ★★★ For Sale
- ★☆☆ For Rent

DEMOGRAPHIC

- ★★☆ Communities of Color
- ★★☆ People Experiencing Homelessness
- ★★☆ People with Disabilities
- ★★☆ Seniors

Description

Continue to evaluate the Capital Improvement Program (CIP) to ensure sufficient prioritization of infrastructure projects that support new housing development. Infrastructure spending decisions by a city can significantly influence the feasibility of development in one location or another by lowering the upgrade costs that private developers need to pay in order to build housing.

Infrastructure improvements can reduce costs of housing development and enable development on sites that would otherwise not be viable. By continually monitoring the projects included in the CIP based on how they would impact the feasibility of housing development, the City can ensure that infrastructure improvements that are most likely to create new housing development opportunities will be prioritized for implementation.

Magnitude of Impact

This action is rated as a **Medium** impact because prioritizing infrastructure spending (water and sewer lines, street improvements, parks, etc.) can significantly reduce costs and improve feasibility of housing construction in upgraded areas, even if it doesn't directly result in housing production.

Implementation Steps and Considerations

- Using the inventory developed in Action 5.1, conduct additional analyses to identify properties most suitable for development in the short-term based on infrastructure conditions, location, and other factors. Prioritize infrastructure improvements in the Capital Improvement Plan that would enhance infrastructure for these sites.
- This action can be incorporated into citywide, long-term master planning efforts (such as a wastewater master plan or a transportation system plan) as well as the Capital Improvement Program (CIP) planning.
- If a high priority housing project is proposed, the City may consider accelerating implementation of previously planned improvements that would benefit the project. The City may choose to limit this option to new affordable or workforce housing projects.
- Consider hiring a consultant to conduct an infrastructure ROI analysis to evaluate the potential impact of infrastructure extensions or improvements on the economic feasibility of housing development (the "return on investment" of infrastructure spending in terms of housing production) to inform future CIP investments and priorities

5. LAND ACTIONS

Action 5.1

Maintain an inventory of public, underutilized, and foreclosed properties and assess the development readiness of inventoried properties

IMPLEMENTATION TIMELINE

1-2 Years	3-4 Years
5-6 Years	7-8 Years

ACTION IMPACT

High	**Medium**	Low

IMPACT TARGETS

AFFORDABILITY

- ★★☆ Deeply Affordable
- ★★☆ Affordable
- ★★☆ Workforce
- ★★☆ Market Rate

HOUSING TYPE

- ★★☆ Single-Family
- ★★★ Middle Housing
- ★★★ Multifamily

TENURE

- ★☆☆ For Sale
- ★★★ For Rent

DEMOGRAPHIC

- ★★☆ Communities of Color
- ★★☆ People Experiencing Homelessness
- ★★☆ People with Disabilities
- ★★☆ Seniors

Description

Formalize and continue to maintain an inventory of sites for housing development that are publicly owned, underutilized, or foreclosed properties. The inventory can also include distressed commercial or multifamily properties that may be targeted for rehabilitation or adaptive reuse by an affordable housing developer.

Then, determine and document which of the inventoried parcels are suitable for housing development. Consider alignment with local land use and comprehensive plans; physical attributes like site access, infrastructure and utilities available, and topography; property title and ownership; and overall suitability to support housing development.

Magnitude of Impact

This action is rated as a **Medium** impact because it can help to identify opportunities for housing development but will need to be combined with other actions to have a higher impact.

Implementation Steps and Considerations

- The first step can be to adopt a policy at the City level that prioritizes selling or dedicating any surplus publicly owned land to meet housing needs when feasible and appropriate.
- This inventory should also be shared with the Urban Renewal Agency (URA) to inform strategic site acquisition related to needed housing in the Urban Renewal District.
- This action can be incorporated into citywide, long-term master planning efforts (such as a wastewater master plan or a transportation system plan) as well as CIP planning.
- If a high priority housing project is proposed, the City may consider accelerating implementation of previously planned improvements that would benefit the project. The City may choose to limit this option to new affordable or workforce housing projects.

Action 5.2

Formally prioritize surplus land for housing production

IMPLEMENTATION TIMELINE

1-2 Years	**3-4 Years**
5-6 Years	7-8 Years

ACTION IMPACT

High	**Medium**	Low

IMPACT TARGETS

AFFORDABILITY

- ●●○ Deeply Affordable
- ●●○ Affordable
- ●●○ Workforce
- ●●○ Market Rate

HOUSING TYPE

- ●●○ Single-Family
- ●●○ Middle Housing
- ●●○ Multifamily

TENURE

- ●●○ For Sale
- ●○○ For Rent

DEMOGRAPHIC

- ●●○ Communities of Color
- ●●○ People Experiencing Homelessness
- ●●○ People with Disabilities
- ●●○ Seniors

Description

Formalize a land disposition process by adopting a set of Intergovernmental Agreements (IGAs) between the City and other public agencies to grant the City (or its designees) the right of first refusal of surplus or foreclosed properties. Agreements or potential agreements should occur with the County, School District, or other public, civic, and/or faith-based institutions.

OAR 271.330 enables local governments to relinquish title to another governmental body if the property is used not less than 20 years for a public purpose or to a qualifying nonprofit if the property is used for low-income housing.

Under this action, the City will work with the City Attorney and/or County Counsel to establish a right of first refusal option and develop IGAs that outline the terms and conditions of the property transfer, including details on the transfer process, property use, and designees, which could include a land bank, land trust, or non-profit affordable housing developers.

Magnitude of Impact

This action is rated as a **High** impact because the City would be directly supporting a reduction of development cost in the form of land by formalizing the disposition of surplus or foreclosed land to meet housing needs. The magnitude of impact depends on how many acres of surplus or foreclosed land can be offered for first right of refusal to partners for housing development.

Implementation Steps and Considerations

- The City adopts a policy that prioritizes selling or dedicating any surplus publicly owned land to meet housing needs when feasible and appropriate.
- The City works with institutional, civic, and others to implement a similar policy that prioritizes selling or dedicating any surplus land.
- The land could be offered as a long-term lease at very minimal cost to developers for land the City or other partners are not yet ready to surplus. If there are certain properties that the City or partners wish to maintain long-term for strategic purposes, long-term leases are a way to maintain ownership but use for housing.
- The City of Port Townsend, Washington adopted a land disposition policy that prioritizes surplus public land for affordable housing.
- Partners could include the County, school district, or other public agencies, in order to broaden its impact to include other surplus public lands.

The inventory developed in Action 5.1 could identify opportunities working with public agencies or other organizations that own surplus land owned to create formalized surplus land priority/disposition

Engage in land banking with partner organizations

Action 5.3

IMPLEMENTATION TIMELINE

1-2 Years	**3-4 Years**
5-6 Years	7-8 Years

ACTION IMPACT

High	Medium	Low

IMPACT TARGETS

AFFORDABILITY

- ★★★ Deeply Affordable
- ★★★ Affordable
- ★★☆ Workforce
- ★☆☆ Market Rate

HOUSING TYPE

- ★★☆ Single-Family
- ★★☆ Middle Housing
- ★★☆ Multifamily

TENURE

- ★★★ For Sale
- ★★☆ For Rent

DEMOGRAPHIC

- ★★☆ Communities of Color
- ★★☆ People Experiencing Homelessness
- ★★☆ People with Disabilities
- ★★☆ Seniors

Description

Acquire and hold key sites for future use for housing development (otherwise known as "land banking"). The specific approach to executing land banking can vary and may not be prescribed by the HPS. Land banking can be executed by the City, an Urban Renewal agency, a newly created land bank authority (as enabled by ORS 465.600 to 465.621), or in partnership with a non-profit community land trust. The ideal approach to land banking depends on the nature of the potential sites to be acquired, the availability of local partner organizations, and other legal and administrative issues.

In general, the following conditions must be met in order for the City to engage in land banking:

- **Funding:** Funding is necessary to acquire the land and to pay for the costs of transferring ownership, maintenance, and any site preparation that will be completed by the City. The level of funding required will depend on the number and value of sites to be acquired.
- **Administrative Capacity:** City staff or staff from partner organizations must have the time to negotiate land purchase agreements, oversee transfer of ownership, and manage the properties while they are under the control of the City or the partner organization.
- **Partnerships:** The City will need to partner with other organizations to execute land banking and to ensure the land is developed in a manner that meets key housing needs. These partnerships are described in Action P1 (Housing Working Group) and Action l5 (Agreements to Acquire Land). In some cases, the City may partner with a private, for-profit developer that is willing to include affordable units in a project if the City can provide a site at a reduced or no cost.

Magnitude of Impact

This action is rated as a **High** impact because obtaining control of land is an effective strategy for the City to facilitate housing development, particularly affordable housing. If the City owns or has effective control over a potential development site, it can influence the type of housing that is built on the site. Further, land costs account for a substantial portion of development costs (approximately 15-30%). If the City provides the land to a developer at low or no costs, it can dramatically improve the feasibility of building housing that can be made affordable to households with lower incomes.

Implementation Steps and Considerations

- The City should invite community land trusts to the housing working group formed in **Action 1.1** to help build and further relationships, as well as connect the organizations with land holders.
- Create steps to help community land trusts by providing elevated technical assistance. This can include streamlining processes such as lot splits, zoning changes, and other pre-development steps for land trusts to ensure the land is development ready.
- The City can help to facilitate the transfer of ownership from public, underutilized, and foreclosed properties to organizations that can land bank, such as a Land Trust or affordable housing developer, see **Action 5.2**.
- Affordable homeownership was identified as a high need from community engagement activities. Consider prioritizing opportunities for affordable homeownership.

5. Achieving Fair and Equitable Housing

Introduction

According to Oregon Administrative Rules, a city's Housing Production Strategy (HPS) document must include an analysis summarizing how the city's strategies for facilitating housing production will achieve fair and equitable housing outcomes (OAR 660-008-0050). Specifically, the OAR identified six elements related to fair and equitable housing outcomes:

1. **Location of housing** as it relates to compact, mixed-use development with an emphasis on the production of regulated affordable housing and accessible housing.
2. **Fair housing** through addressing disproportionate housing needs, patterns of integration and segregation, racially and ethnically concentrated areas of poverty, and disparities in access to housing opportunity.
3. **Housing choice** by promoting access to existing or new housing that is located in neighborhoods with high-quality community amenities, schooling, employment and business opportunities, and a healthy and safe environment.
4. **Support for residents experiencing homelessness** through the provision of housing options and through partnerships with other organizations with similar goals.
5. **Affordable housing** by supporting and creating opportunities to encourage the production of affordable rental housing and the opportunity for wealth creation via homeownership.
6. **Housing stability** for existing residents by mitigating the impacts of gentrification and addressing the economic and physical displacement of existing residents resulting from investment or redevelopment.

The actions in this document will promote these fair and equitable housing outcomes based on three overarching key strategies which, when used in tandem, can create the kind of housing production most needed in The Dalles:

Working with partner organizations to understand the variety of housing needs that exist in The Dalles.

Providing more opportunities for market-driven housing development in general.

Subsidizing the development of specific kinds of needed housing for priority populations.

Actions by Fair and Equitable Housing Elements Addressed

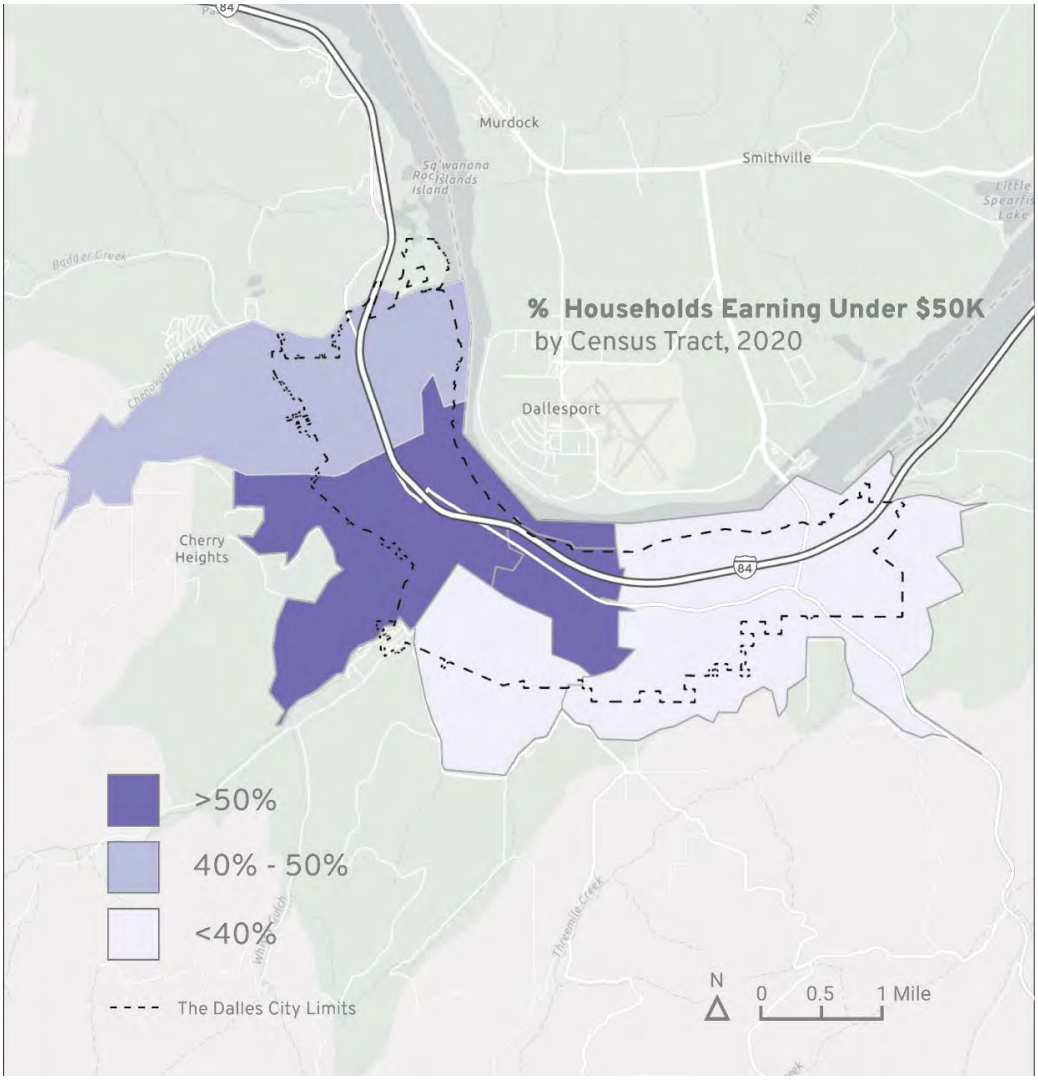
The following table provides a high-level overview of which of the six elements each action in this document addresses.

Category	Action	Location of Housing	Fair Housing	Housing Choice	Homelessness	Affordability	Stability
Partnership Actions	Action 1.1: Housing Working Group						
	Action 1.2: Pre-Approved Plans						
	Action 1.3: Technical Assistance						
Regulatory Actions	Action 2.1: Middle Housing						
	Action 2.2: Maximum Density						
	Action 2.3: Zoning Incentives						
	Action 2.4: Alternative Housing Types						
	Action 2.5: Housing in Commercial Zones						
	Action 2.6: Adaptive Reuse						
Incentive Actions	Action 3.1: Tax Exemption Incentive						
	Action 3.2: Scaling SDCs						
	Action 3.3: SDC Deferral						
Investment Actions	Action 4.1: Tax on New Construction						
	Action 4.2: Urban Renewal Areas						
	Action 4.3: Downtown Plan						
	Action 4.4: Infrastructure Prioritization						
Land Based Actions	Action 5.1: Inventory and Assess Land						
	Action 5.2: Land Agreements						
	Action 5.3: Land Banking						

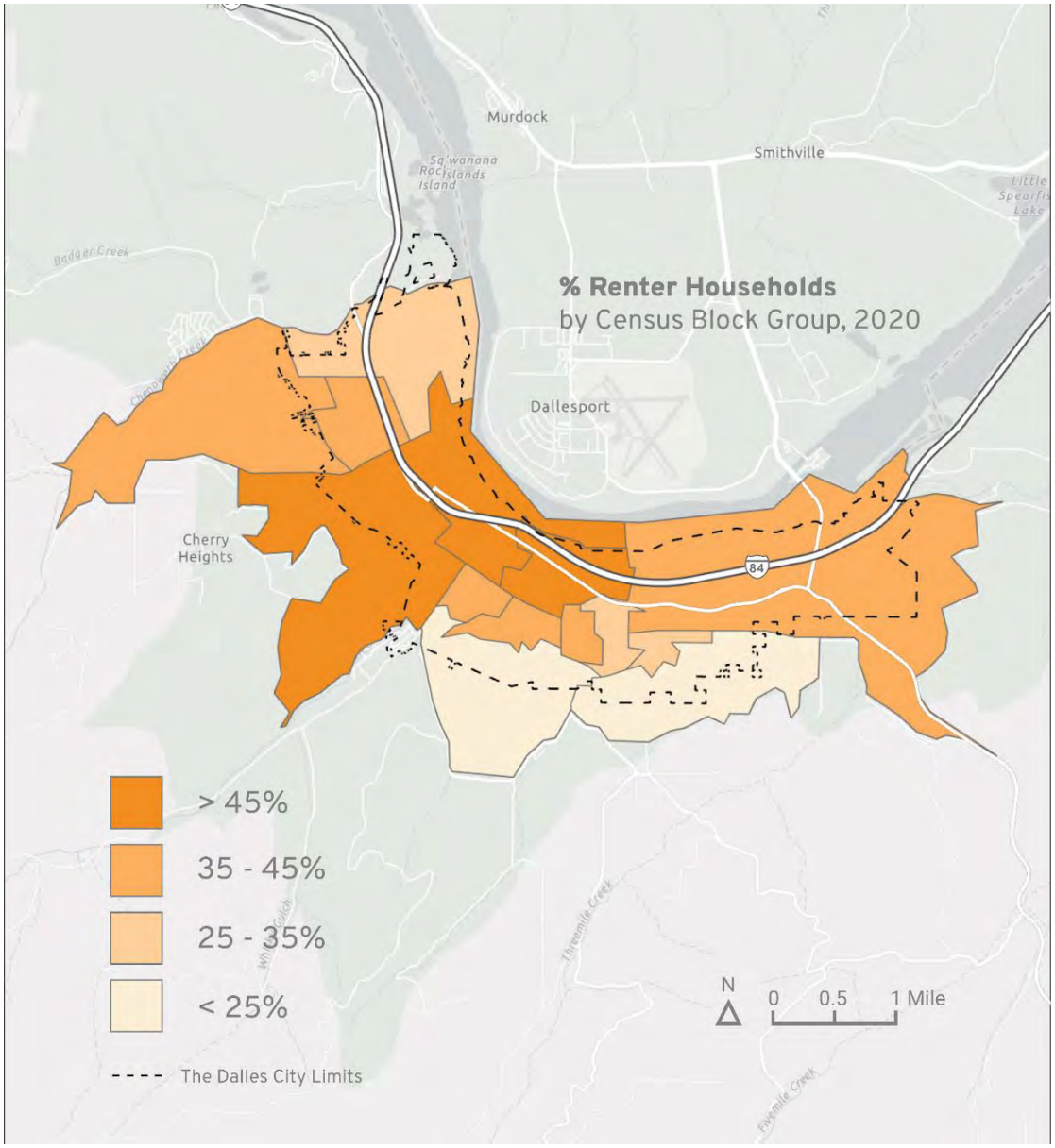
The state rules are clear that special attention must be paid to protected classes, as these often represent the most vulnerable populations in regard to housing needs. Additionally, populations with the greatest needs are typically spatially concentrated in specific areas of a city.

Due to both the geographic and population size of The Dalles, the data needed to understand demographic distribution is limited. However, the data that is available from the Decennial Census and American Community Survey can still usefully illustrate the spatial relationships among demographic variables (Map 1-3).

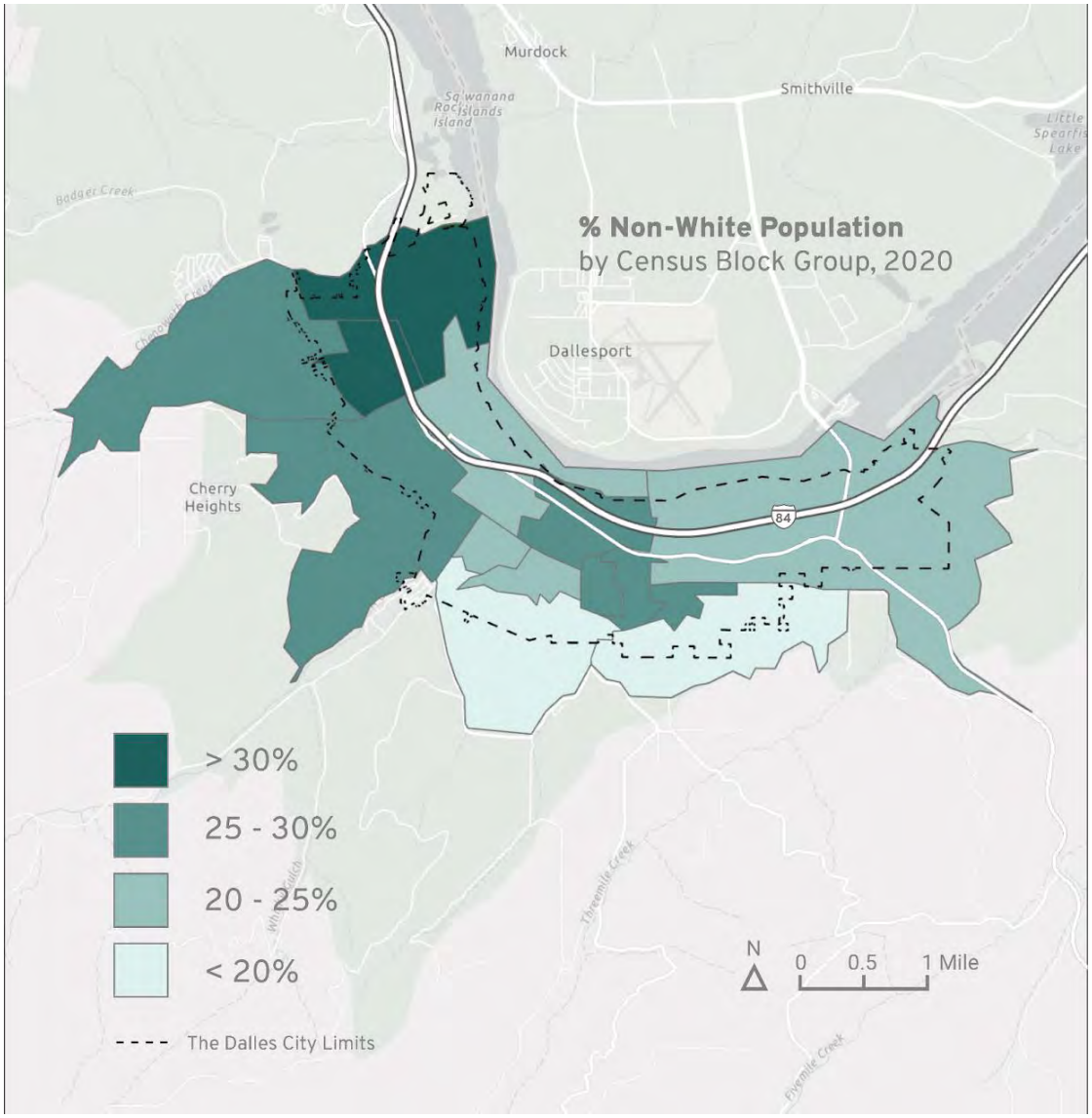
Map 1. Households Earning Under $50,000 (Census Tract, 2020)



Map 2. Percentage of Renter Households (Census Block Group, 2020)



Map 3. Percentage of Non-White Population (Census Block Group, 2020)



These maps show that there is a greater concentration of residents of color, renter households, and households earning less than $50,000 per year in the western portion of the City of The Dalles. The fact that these variables are spatially correlated is unsurprising given that state and national trends indicate that people of color are more likely to rent their homes and have lower household incomes.

Additionally, Wasco County is home to more seasonal farmworkers than any other county in Oregon. In 2018, 22,300 seasonal farmworkers lived in Wasco County. Agriculture workforce housing is crucially needed in order to support farms and farmworkers. Some of the actions in the HPS will be targeted to increasing and improving the supply of agriculture workforce housing.

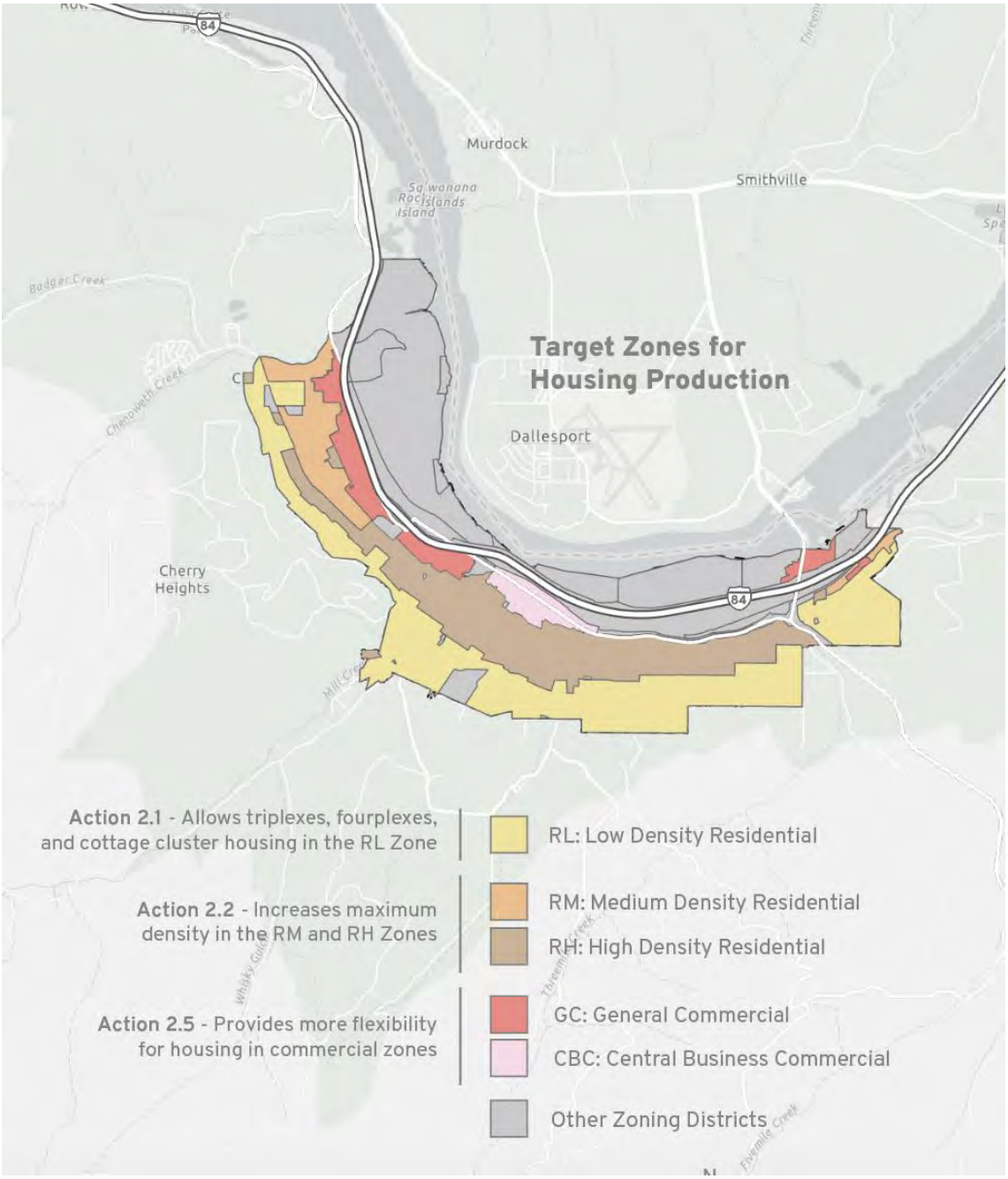
Location of Housing

The HPS includes multiple actions that will help Oregon meet its statewide greenhouse gas emissions reduction goals through the creation of compact, mixed-use neighborhoods. The HPS directly supports these goals through actions to increase housing allowances and permitted densities in residential zones, commercial zones, and the downtown area. Collectively, these actions set the City's course toward a more compact, mixed-use development pattern with more attached and dense housing and smaller distances between homes and businesses. That development pattern will also benefit lower-income households and

people with disabilities who may rely on transit, as well as offer per capita greenhouse gas emissions reductions both in the form of improved energy efficiency via attached housing and reduced vehicle miles traveled.

The zones that are impacted by regulatory actions are identified in the following map.

Map 4. Target Zones for Housing Production



The actions that most directly support reduced greenhouse gas emissions and promote dense housing in compact, mixed-use neighborhoods are outlined below:

2.2 - Increase maximum density in the RM (Medium Density Residential), RH (High Density Residential), and NC (Neighborhood Center) Zones: Existing maximum density standards in the RM, RH, and NC Zones may be constraining dense multifamily development by unnecessarily restricting limiting the number of units that can be built on a site, even while meeting other development standards.

Current maximum density standards in these zones are below densities that are commonly achieved among middle housing and 3-story apartment developments in towns of similar size to The Dalles, even while meeting all parking, open space, and setback requirements. Additionally, if a developer has reached the maximum density and cannot add more units, but the zoning envelope would otherwise allow a larger building, then the developer is likely to build larger, more costly units.

The RM and RH Zones include mixed-use neighborhoods proximate to transit and walkable to goods and services. By increasing the maximum density in these zones, The Dalles would support efficient use of land, increase housing capacity, and create more units in areas with good access to amenities.

2.5 - Provide more flexibility for housing in commercial zones: Existing requirements for ground-floor commercial can make multifamily housing development financially infeasible, as vertical mixed-use development is more expensive relative to multifamily development due to the more complex structural, design, infrastructure, and operational requirements. As a result, vertical mixed-use projects are unlikely to be developed except for in a few locations in The Dalles, such as the downtown district. By modifying commercial zones to allow for greater flexibility in the location and type of residential developments in commercial zones, compact housing development is more likely to occur in high amenity commercial areas.

4.3 - Create a downtown strategic plan for housing development and investment: Strategic planning in the downtown area could help to catalyze compact development that is proximate to transit, amenities, and services. The downtown plan could improve market conditions and make housing development in downtown more feasible and attractive by identifying and prioritizing key public investments, such as street improvements or new public spaces. The plan would prioritize infrastructure projects that improve development readiness, especially for strategic redevelopment sites that are well-suited for dense housing.

The following actions are also expected to have a positive impact on housing location goals:

- **1.2 - Create pre-approved dwelling plans:** Pre-approved plan sets for mixed-use, compact units would incentivize and expedite the development of these housing types.
- **1.3 - Provide information and technical assistance to small developers:** Small developers are more likely to take on compact forms of development like residential infill projects on small lots distributed across existing neighborhoods. Additional technical support would reduce their development risk.
- **2.1 - Allow triplexes, fourplexes, and cottage cluster housing in the RL (Low Density Residential) Zone:** Allowing middle housing types in zones that have historically been exclusively zoned for detached single-family homes support compact development across more areas of the City.
- **3.2 - Evaluate the feasibility of scaling SDCs to unit size:** A sliding fee scale would incentivize smaller units, thereby encouraging more compact development.
- **4.4 - Continue to target and prioritize infrastructure to support housing:** Prioritizing capital improvement projects that are in strategic locations for future housing development, such as neighborhoods near transit, removes a degree of financial risk from developers and partners and improves the likelihood that new housing will be built in those locations.

Fair Housing

As outlined in Maps 1-3 of this section, there is a spatial correlation in The Dalles between race/ethnicity, poverty, and housing tenure. Fair housing strategies address disproportionate housing needs, patterns of integration and segregation, racially or ethnically concentrated areas of poverty, and disparities in access to housing opportunities. The HPS includes actions that affirmatively further fair housing by allowing more affordable forms of housing to be built in more areas, including in high opportunity areas, and by implementing zoning and financial incentives that can help produce more income-restricted and accessible units. These actions work in tandem to help low-income households access more affordable housing, particularly in high opportunity areas.

Because many protected classes disproportionately fall into the lower end of the income spectrum, actions to support lower-income households tend to benefit protected classes, such as communities of color and people with disabilities. The “Housing

Choice" and "Affordable Homeownership and Affordable Rental Housing" subsections provide detailed descriptions of how the HPS's actions work to reduce disparities in access to housing for these populations.

The action that most directly furthers fair housing goals is outlined below:

2.1 - Allow triplexes, fourplexes, and cottage cluster housing in the RL (Low Density Residential) Zone: Today, the RL zone exclusively allows single-family homes, duplexes, and ADUs. Restricting higher density housing options in this zone limits the availability of affordable housing options for a large area of The Dalles and may have contributed to the patterns of segregation by income and race/ethnicity. Allowing a wider variety of housing types in the RL Zone, which includes almost 200 acres of buildable land, would prevent neighborhoods in this zone from being limited to higher-income households, create opportunities for smaller and more affordable units across a large area of the city, and support more socioeconomically diverse neighborhoods.

The following actions are also expected to have a positive impact on furthering fair housing goals:

- **1.1 - Convene a housing working group to pursue state funding and implement housing actions:** This group would make policy recommendations and resource requests for priority populations, as well as be able to identify and better understand the specific barriers and needs of those populations.
- **2.3 - Implement zoning incentives for affordable and accessible housing:** By offering higher density, reduced parking, and other benefits to projects that include affordable or accessible units, the City will increase the likelihood that new developments include units that meet the needs of protected classes.
- **3.1 - Adopt a multi-unit property tax exemption (MUPTE) program to incentivize needed housing:** A tax exemption is an effective financial incentive to encourage projects to include affordable or accessible units that meet the needs of protected classes.

Housing Choice

The HPS takes two sets of coordinated actions to improve housing choices for low-income communities, communities of color, people with disabilities, and other protected classes in high amenity neighborhoods. First, the HPS plans for actions to ease regulatory hurdles that make it difficult to build the most affordable forms of housing in high amenity areas through code changes that support multi-unit and middle housing.

Second, the City will take action to evaluate a slate of investments and incentives to support the financial feasibility of building housing, especially with affordability requirements. That slate includes implementing zoning incentives for affordable and accessible housing, exploring new revenue sources for income-restricted housing, and providing tax abatements for new multi-unit housing. These incentives and investments will benefit communities of color, people with disabilities, and other protected classes that tend to have lower incomes. And because they are paired with regulatory actions that reduce barriers in high amenity areas, the incentives and investments can enable new affordable forms of housing in these areas.

The housing actions that most directly promote affordable and accessible housing and support housing choice are outlined below:

2.3 - Implement zoning incentives for affordable and accessible housing: The Dalles will grant increased density, reduced parking, or other relief from code standards in exchange for a certain share of units in a proposed development being affordable or accessible. These opt-in incentives could require affordability covenants as a condition of approval, guaranteeing some or all units in a property are affordable to middle- or lower-income households. Likewise, incentives could be designed to require a percentage of units to meet accessibility standards beyond those required under the Americans with Disabilities Act. These incentives would help to create additional units that serve the needs of people with disabilities and other protected classes that tend to have low incomes, especially in housing developed by for-profit developers that may build in high amenity areas but would not otherwise include these units.

2.4 - Clarify rules for non-site-built homes such as tiny homes and prefabricated/modular housing: This action would allow tiny homes and other prefabricated or modular homes to serve as permanent dwellings. These housing types offer practical benefits for low-income households and may meet the needs of people with disabilities. Due to efficiencies realized

during production, construction, and siting, these types of homes are often more affordable than conventional, site-built homes. Their designs can be more easily customized or modified to include accessible design features, and their small sizes make them well-suited for infill in high amenity areas. Updating the regulatory framework would make them a more viable housing option for residents in The Dalles.

3.1 - Adopt a multi-unit property tax exemption (MUPTE) to incentivize needed housing: Tax abatements can significantly improve development feasibility by reducing a major operating cost for new housing development: local property taxes. In a housing market like The Dalles, market rents are lower than in larger metropolitan areas, but the cost of construction is similar. The discrepancy challenges financial feasibility, and a property tax exemption can make the difference between feasible and infeasible projects. If the MUPTE program is designed to be eligible for developments that include low-income or accessible units, it can encourage private developers to include these unit types in mixed-income developments that may be in high amenity areas but would not otherwise include these units.

4.1 - Explore implementing a construction excise tax (CET) for an additional affordable housing revenue source: Income-restricted affordable housing is challenging to finance without local support in the form of gap funding. Though local gap funding is typically a small proportion of these projects' total sources, local support makes it easier for affordable housing developments to attract larger state and federal public subsidies that make up the bulk of these projects' capital needs. A CET would create a source of revenue dedicated to affordable housing, making it much more likely that affordable housing developers will pursue projects in The Dalles. These projects would include income-restricted units, could be located in high amenity areas, and may include other unit types like accessible units to serve people with disabilities.

The following actions are also expected to have a positive impact on housing choice:

- **2.1 - Allow triplexes, fourplexes, and cottage cluster housing in the RL (Low Density Residential) Zone:** By allowing middle housing types in zones that have historically been exclusively zoned for detached single-family homes, The Dalles would be providing geographic diversification of more affordable and accessible housing types.
- **2.2 - Increase maximum density in the RM (Medium Density Residential), RH (High Density Residential), and NC (Neighborhood Center) Zones:** By increasing maximum density, The Dalles would be improving the economic feasibility of housing types like middle housing and multifamily housing that tend to be more affordable housing types, providing more affordable housing options in more neighborhoods.
- **2.5 - Provide more flexibility for housing in commercial zones:** This action would provide flexibility for ground-floor commercial requirements and modify parking regulations, which would facilitate high density housing development in high amenity commercial neighborhoods.
- **4.3 - Create a downtown strategic plan for housing development and investment:** The downtown plan would outline key public investments that would catalyze the development of a variety of housing types in downtown, a high amenity area in The Dalles.
- **5.3 - Engage in land banking with partner organizations:** If banked land is located in a high amenity area and the City transfers ownership to a land trust or affordable housing development partner, this action can result in increased housing choice in The Dalles for low-income households or other protected classes.

Housing options for residents experiencing homelessness

Two major barriers to developing housing for people experiencing homelessness are the limited availability of funding and additional need for wrap-around services. Strategies that expand affordable and supportive housing options and foster partnerships between the City and organizations that are experienced in serving these residents' specific needs can help overcome these barriers.

The two actions described below are prime examples of how to combine gap funding approaches with partnership-based strategies to better serve residents experiencing homelessness:

4.1 - Explore implementing a construction excise tax (CET) for an additional affordable housing revenue source: Establish a new revenue stream to fund affordable housing through a CET applied to both residential and commercial

construction. This revenue has the potential to help fill a small portion (a "gap") of overall development, improving the feasibility of affordable housing projects that can meet the needs of residents experiencing homelessness. It also makes the city eligible for receiving larger state and federal funding sources for affordable housing projects where local buy-in is often a prerequisite.

5.3 - Engage in land banking with partner organizations: Land banking can expand housing options by acquiring and holding land for affordable housing projects that meet the specific needs of residents experiencing homelessness. Land banks can also transfer land to nonprofits at low or no cost, freeing up an organization's funds to spend on building and maintaining housing for target populations. Land banks also create an opportunity to establish community land trusts that preserve long-term affordability, preventing displacement and ensuring lasting affordability.

The following actions are also expected to expand housing options for residents experiencing homelessness:

- **1.1 - Convene a housing working group to pursue state funding and implement housing actions:** This group could include representatives from local or regional non-profit organizations with expertise in permanent supportive housing and comprehensive wrap-around services essential to addressing homelessness.
- **2.4 - Clarify rules for non-site-built homes such as tiny homes and prefabricated/modular housing:** The relatively low cost and rapid assembly of these housing types make them viable options for both short-term emergency shelter and long-term supportive housing options. By making clear the development and design standards required for production, this action streamlines approval processes and reduces overall development costs.
- **4.2 - Explore creating new urban renewal areas (URAs) that allocate a significant portion of tax increment and supportable debt to housing:** Tax increment revenue from a URA has the potential to make possible housing projects that are otherwise difficult to develop without financial support. Income-restricted affordable housing that is not tax-exempt is just one example of housing that could be made possible.

Affordable Homeownership and Affordable Rental Housing

Options for both affordable rental housing as well as an affordable path to homeownership are critical for an accessible housing market. A little more than 40% of needed housing in The Dalles will need to be affordable to households at or below 80% of AMI. Still, the concept of affordability is relative. A healthy housing market would supply a variety of housing options to serve a variety of household incomes.

The logic behind housing production strategies includes the principle that increasing the overall supply of housing decreases the overall consumer price of housing. For this reason, nearly every action in this HPS would lead to greater affordability for all current and future residents.

The actions listed below directly address the need for affordable homeownership and affordable rental housing:

2.3 - Implement zoning incentives for affordable and accessible housing: Adopting zoning incentive(s) for housing developments that include income-restricted affordable housing will grant increased density, reduced parking, or relief from other code standards in exchange for a certain share of units in a proposed development being affordable. These incentives can help to create additional units that serve the needs of lower and middle-income households, especially in projects developed by private, for-profit developers that would otherwise not provide these units.

3.1 - Adopt multi-unit property tax exemption (MUPTE) to incentivize needed housing: Tax abatements can significantly improve development feasibility by reducing property taxes, a major operating cost for new housing development. In a housing market like The Dalles, market rents are lower than in larger metropolitan areas, but the cost of construction is similar. The discrepancy challenges financial feasibility, and a property tax exemption can make the difference between feasible and infeasible projects. If the MUPTE program is designed to be eligible for developments that include low-income or accessible units, it can encourage private developers to include these unit types in mixed-income developments that may be in high amenity areas but would not otherwise include these units.

4.1 - Explore implementing a construction excise tax (CET) for an additional affordable housing revenue source: Income-restricted affordable housing is challenging to finance without local support in the form of gap funding. Though local

gap funding is typically a small proportion of these projects' total sources, local support makes it easier for affordable housing developments to attract larger state and federal public subsidies that make up the bulk of these projects' capital needs. A CET would create a source of revenue dedicated to affordable housing, making it much more likely that affordable housing developers will pursue projects in The Dalles. These projects would include income-restricted units, could be located in high amenity areas, and may include other unit types like accessible units to serve people with disabilities.

5.3 - **Engage in land banking with partner organizations:** Land banking can expand housing options by acquiring and holding land for affordable housing projects that meet specific affordability needs of the community. Land banks also create an opportunity to establish community land trusts that preserve long-term affordability, preventing displacement and ensuring lasting affordability for those who need it.

The following actions are also expected to expand affordable rental and ownership options for residents in The Dalles:

- **1.1 - Convene a housing working group to pursue state funding and implement housing actions:** This group could include representatives from local or regional affordable housing developers who could inform policy making to best support the creation of affordable rental and ownership opportunities in The Dalles.
- **2.2 - Increase maximum density in the RM (Medium Density Residential), RH (High Density Residential), and NC (Neighborhood Center) Zones:** Current maximum density standards in the RM, RH, and NC Zones are below densities that are needed to develop middle housing and 3-story apartments in towns of similar size to The Dalles. Increasing the maximum density standard in these zones would support more efficient land use, help to increase overall housing supply, and bring a wider variety of small and more affordable housing units to The Dalles.
- **2.5 - Provide more flexibility for housing in commercial zones:** Modifying commercial zones to allow for greater flexibility in the location and type of residential units creates more opportunity for housing construction. Expanding housing supply can help alleviate the housing shortage and bring down costs.
- **3.2 - Evaluate the feasibility of scaling System Development Charges (SDCs) to unit size:** A sliding fee scale would bring down development costs for smaller units, increasing overall housing supply and promoting affordability. It is important to note that scaling SDCs may not have the maximum positive effect for marginalized populations if the City is not able to partner with the Northern Wasco County Parks and Recreation District to scale park SDCs as well.
- **4.2 - Explore creating new urban renewal areas (URAs) that allocate a significant portion of tax increment and supportable debt to housing:** Tax increment revenue from a URA has the potential to make possible housing projects that are otherwise difficult to develop without financial support, including affordable housing.
- **5.1 - Maintain an inventory of public, underutilized, and foreclosed properties and assess the development readiness of inventoried properties:** This action creates a more attractive environment for affordable housing developers who are more likely to pursue projects when they don't have to spend their own time and money to independently assess site readiness and suitability.
- **5.2 - Formalize agreements to acquire land:** Granting the City or its designees the right of first refusal or surplus of foreclosed properties gives affordable housing projects a competitive advantage in securing land for development. Agreements could occur with the County, school board, or other public, civic, and/or faith-based institutions.

Gentrification, Displacement, and Housing Stability

A critical element of ensuring fair and equitable outcomes in housing is a careful focus on preventing the displacement of existing residents. Actions that have a higher risk of displacement or gentrification without intervention or mitigation are:

- **2.2 - Increase maximum density in the RM (Medium Density Residential), RH (High Density Residential), and NC (Neighborhood Center) Zones**
- **2.5 - Provide more flexibility for housing in commercial zones**
- **4.2 - Explore creating new urban renewal areas that allocate a significant portion of tax increment and supportable debt to housing**

- **4.4 - Continue to target and prioritize infrastructure to support housing**

These actions could increase rent or displacement-pressure burdens on low-income and marginalized populations if current multifamily zones or infrastructure investments disproportionately fall in displacement-vulnerable areas or are currently home to naturally occurring affordable housing that may be susceptible to rapid rent increases or redevelopment.

The HPS includes a set of actions that engage the balancing act implied by the dual goals of producing more housing—including through redevelopment—while also mitigating displacement. The HPS plans an evaluation of zoning changes across the city to orient development toward high opportunity areas, such as transit, goods and services, and parks. In this way, the City can avoid concentrating housing production in areas with a higher share of lower income residents and other demographic groups that are more vulnerable to displacement. Likewise, for housing that *is* built in areas where displacement is a risk and redevelopment may cause displacement, the HPS provides strategies to provide incentives and subsidies to projects, so they are more likely to include units that are affordable to residents that are at risk of displacement.

The following actions specifically address issues of gentrification and displacement:

1.1 - Convene a housing working group to pursue state funding and implement housing actions: The working group will be formed to facilitate both affordable and market rate housing development in the City. The working group will be tasked with recommending policies and resource requests that can provide stable housing options for various priority populations, including affordable housing and projects benefiting homeless and very low-income populations. The working group will meet regularly to track local housing market trends and can be agile in its response to displacement risk where stability-specific actions may need to be taken.

3.1 - Adopt a multi-unit property tax exemption (MUPTE) program to incentivize needed housing: This tax exemption can encourage new developments in areas that have a higher share of residents at risk of displacement to include units affordable to those residents. Further, the action could also provide particular benefit to seniors and people with disabilities if it is targeted to projects that include accessible units or features.

4.1 - Explore implementing a construction excise tax (CET) for an additional affordable housing revenue source: Funds generated from the CET program could be used for housing stability initiatives, such as preserving naturally occurring affordable housing in the community or development of affordable ownership housing.

4.2 - Explore creating new urban renewal areas that allocate a significant portion of tax increment and supportable debt to housing: The City could set aside a percentage of new Tax Increment Financing (TIF) revenue for affordable housing to create more affordable housing units in neighborhoods with residents at risk of displacement.

4.3 - Create a downtown strategic plan for housing development and investment: This plan will include strategies to prioritize the development of needed housing, which includes affordable housing, that could help alleviate spillover redevelopment pressures on displacement risk households.

5.3 - Engage in land banking with partner organizations: Land banks can transfer land to nonprofits at low or no cost, which can help to create additional affordable housing options while also allowing the organization to allocate their funds on building and maintaining housing for target populations. Land banks also create an opportunity to establish community land trusts that preserve long-term affordability, preventing displacement and ensuring lasting affordability for those who need it.

6. Measuring Progress

Per OAR 660-008-0060, The Dalles will track progress on implementing the actions detailed in the HPS. Four years after adopting the HPS, the city will submit a narrative report to DLCD summarizing its progress on implementation. The report must include a summary of the steps already taken by the city to implement the actions included in the HPS. If the city has not implemented actions on the schedule specified in the HPS, an explanation of the conditions that posed a barrier to implementation and a plan for addressing the identified need that the strategy targeted must be provided. Additionally, the report will include an assessment of the relative efficacy of implemented actions as well as a reflection on actions taken in response to achieving fair and equitable housing outcomes.

In anticipation of this reporting requirement, the following methods and performance metrics for monitoring progress on HPS actions are recommended. The quantity of housing permitted and produced, both City-wide and in areas targeted by actions, should be tracked on an annual basis. This data should be compared to data from before actions were implemented to monitor the effects of the changes on total production, type of production, and location of production. More specific metrics for measuring progress are included below for each action group.

Action Group	Methods	Metrics
Partnership Actions	Progress on implementation of partnership actions can be indicated by the following: • Staff reporting on existing and new partnerships established with developers, service providers, and other partners through the formation of a Housing Working Group • Determining which housing types to include and developing pre-approved plans and additional resources • Engaging small developers and generating a set of technical assistance materials	• # of pre-approved plans available through the city and # of units produced using pre-approved plans • # of technical assistance materials produced and available to developers
Regulatory Actions	Progress on implementation of regulatory actions can be indicated by the following: • Adopting a package of changes to remove barriers to multifamily development • Adopting a package of changes that defines and expands permitted housing types to allow middle housing in more zones • Adopting a package of changes that increase housing potential in commercial zones • Adopting zoning incentives for affordable and accessible units • Adopting a package of changes to allow permanent residency for tiny homes and other prefabricated or modular homes • Adopting a package of changes to remove barriers for adaptive reuse of existing buildings	• # of total housing units permitted and produced • # of middle housing units permitted and produced • # of units permitted and produced in multi-dwelling zones • # of units permitted and produced in commercial zones • # of units permitted and produced that are income-restricted • % of units permitted and produced that are accessible
Incentive Actions	Progress on implementation of incentive actions can be indicated by the following:	• # of housing units permitted and produced, by housing type, tenure and unit size

	• Conducting a fee and SDC rate study • Making any adjustments to fee structures as the result of a fee and rate study • Modifying permitting and development review procedures • Evaluation and adoption (if approved) of a multi-unit property tax exemption (MUPTE)	• # of projects that went through the SDC deferral process
Investment Actions	Progress on implementation of investment actions can be indicated by the following: • A study has been conducted on the potential revenue that could be generated by the CET at different rates and approaches • Conducting a feasibility study and plan (if feasible) to create a new urban renewal area • Creating and adopting a downtown strategic plan for housing • Identifying specific infrastructure investments with high housing development potential	• If CET is adopted, track: o $ raised through CET for affordable housing o # of affordable units (0-80% AMI) produced with support from CET • If URA is adopted, track: o # of housing units using TIF funding o $ TIF allocated to housing development projects and/or investments
Land Actions	Progress on implementation of land actions can be indicated by the following: • Creating an inventory of surplus properties and formalizing a process to update the inventory annually • Developing site suitability metrics for the surplus properties inventory • Adopting Intergovernmental Agreements between the City and other public agencies that grant first right of refusal for surplus properties • Identifying and earmarking funding for the City to acquire and bank land • Identifying ways the City can support community land trusts and designating staff capacity to provide this support • Engaging in partnerships to execute land banking and develop housing on banked land	• # of inventoried parcels suitable for housing development • # of land acquisition agreements adopted between the City and other public agencies • # of surplus or foreclosed properties offered for first right of refusal to partners for housing development • # of affordable or middle-income units produced on underutilized land the City may possess, track, or have facilitated the transfer of to a development partner • # of sites/acres banked for housing development • # of affordable or middle-income units produced on banked land

CASCADIA PARTNERS

Housing Strategies and Actions - *DRAFT*

The Dalles Housing Production Strategy

June 19, 2024



Background and Purpose

The purpose of this document is to propose a draft set of strategies and actions to be included in the City of The Dalles' Housing Production Strategy. The City of The Dalles conducted a Housing Needs Analysis (HNA) in 2023, which was adopted through Ordinance 23-1404, into the Goal 10 Chapter of the City's Comprehensive Plan. As required by state law, the HNA projects the housing needs of the City over the next 20 years and evaluates the City's supply of residentially zoned land designated to meet that need.

Through passage of House Bill 2003 in 2019, the state legislature directed the Department of Land Conservation and Development (DLCD) to require that each City with a population of more than 10,000 produce a Housing Production Strategy (HPS) that includes a list of specific actions the City intends to undertake to fulfill the commitment of meeting the housing needs identified in the HNA, as well as an expected timeline for adoption and implementation of each action.

Organization

The following draft strategies are divided into the five HPS Framework categories: Partnerships, Regulatory, Incentives, Investments, and Land strategies. Each category has an overview table with all draft strategies, including: strategy title, description, tenure, income, housing types, and magnitude of impact. The HPS considers the impact of each action or strategy on targeted housing needs in four areas and its overall magnitude of impact:

- **Tenure Targets:** This section evaluates the degree to which an action will help to produce housing that is either for-sale or for-rent.
- **Affordability Targets:** This section evaluates the degree to which an action will help to produce housing affordable to various income levels. The evaluation is based on the housing types that are most likely to be produced as a result of the action and the extent to which the City can target the action to meet housing for certain income levels.
    - **Affordable**: Affordable housing refers to housing units that are affordable to households earning less than 60% of the area median income. Affordable housing units are typically rental properties that are developed with public subsidies and include mechanisms such as deed restrictions to ensure residents meet income requirements.
    - **Workforce:** Workforce housing refers to housing units that are affordable to households earning between 60% and 120% of the area median income. Workforce housing can be rental or ownership units that target middle-income workers, may or may not be developed with public subsidies, and may include employment-based deed restrictions to ensure residents work in the community where the housing is located.
    - **Market:** Market rate housing refers to non-subsidized housing properties that are rented or owned by those who pay market rate rents or market value to purchase the property.
- **Housing Type Targets:** This section evaluates the degree to which an action will help to produce single-family, "missing middle," and multi-family housing.
- **Magnitude of Impact:**

- **Low impact**: This indicates that the action is likely to have a minimal or limited effect on housing production. It may support housing production but on its own it is not likely to spur new housing development.
- **Medium impact**: This indicates that the action is likely to have a more substantial impact on housing production generally or on meeting a specific housing need. It may be impactful enough on its own to spur new housing development.
- **High impact:** This indicates that the action is likely to have a significant, wide-reaching impact on housing production or would directly spur housing development that meets a specific housing need.

The high impact strategies following the table delve into more detail to provide opportunities, constraints, administrative and funding needs, and magnitude of impact. These sections include:

- **Opportunities and constraints:** These sections identified opportunities for the City to pursue this strategy and the various types of constraints to implement due to funding or staff time.
- **Administrative Time:**
  - **Low:** Requires low staff time to develop the action and requires low on-going staff time to implement the action.
  - **Medium:** Requires more staff time to develop the action and requires more on-going staff time to implement the action.
  - **High:** Requires significant staff time to develop the action and/or significant on-going staff time to implement the action.
- **Funding Needs:**
  - **Low:** Has relatively small funding impact
  - **Medium:** Has relatively moderate funding impacts.
  - **High:** Has relatively larger funding impacts.

PARTNERSHIP STRATEGIES

Partnership Strategy Overview Table

	Strategy Title + Description	Tenure *Renter, Owner, Both*	Income *Affordable, Workforce, Market*	Housing Type *Single Detached, Middle Housing & Multifamily, All*	Magnitude of Impact *Low, Medium, High*
High Impact Strategies (A detailed description begins in the following section)					
P1	**Convene a housing working group to pursue state funding and implement housing strategies** Convene a housing working group of staff and civic, institutional, faith based, employer, and builder (private, public, and nonprofit) stakeholders that meets regularly and leads the exploration of opportunities to facilitate both affordable and market rate housing development in the City.	Both	All	All	High
P2	**Create pre-approved dwelling plans** Create pre-approved dwelling plans to help incentivize and expedite the development of various housing types by partnering with Wasco County and architect or builder to develop multiple ADU options that can be quickly reviewed and permitted.	Both	Workforce, Market	Middle Housing	High
Medium and Low Impact Strategies					
P3	**Form partnerships with organizations that are capable of land banking** Form partnerships with existing organizations that can land bank in the region to help to implement housing strategies (see **strategy P1**), as well as be a recipient of future land disposition or land banking by civic partners (see **land strategies**).	Both	Affordable, Workforce	All	Medium
P4	**Partner with North Wasco County Parks & Recreation on scaling Parks SDC fee** Pursue opportunity to partner with North Wasco County Parks & Recreation District on scaling Parks SDC fee by unit size or number of units to incentivize smaller units.	Both	All	All	Medium

P5	**Provide information and technical assistance to small developers** Provide information to developers to help them find suitable sites for housing development, understand land use permitting processes and incentive opportunities, and establish a sense of clarity and certainty about housing development requirements.	Both	Workforce, Market	All	Low

High Impact Partnership Strategies

P1 Convene a housing working group to pursue state funding and implement housing strategies

Description	Convene a housing working group of staff and civic, institutional, faith based, employer, and builder (private, public, and nonprofit) stakeholders that meets regularly and leads the exploration of opportunities to facilitate both affordable and market rate housing development in the City. The working group's activities could include: • Meeting with large employers to identify ways to partner provide workforce housing • Assisting in the implementation of housing strategies identified in the HPS • Meeting with developers proactively to pursue the State's New Housing Loan Fund and identify potential projects (see **Strategy I3**) • Making policy recommendations and resource requests based on the above conversations
Opportunities	A housing working group can help to provide a pro-housing culture in the City that can help implement housing strategies, as well as pursue state funding.
Constraints	Staff time and funding may be necessary to engage with these organizations and assist with strategy implementation.
Administrative Time	Medium
Funding Needs	Low
Magnitude of Impact	High

P2 Create pre-approved dwelling plans

Description	Create pre-approved dwelling plans to help incentivize and expedite the development of various housing types, such as cottage clusters and duplexes, by partnering with Wasco County, architects, builders, or an institution to develop multiple dwelling unit options that can be quickly reviewed and permitted. The plans would be highly-efficient, designed for constrained lots and low-cost solutions, and allow for streamlined permitting. Partnering with an institution could include Columbia Gorge Community College or another college or university to create a competitive competition with compensation in the form of a scholarship for selected plans.
Opportunities	Various dwellings would be further incentivized and cost efficient for homeowners.
Constraints	Pre-approved dwelling plans would require hiring an architect or working with an institution to produce plans that may require additional funding.
Administrative Time	Medium
Funding Needs	Medium
Magnitude of Impact	High

REGULATORY STRATEGIES

Regulatory Strategy Overview Table

	Strategy Title + Strategy Description	Tenure *Renter, Owner, Both*	Income *Affordable, Workforce, Market*	Housing Type *Single Detached, Middle Housing & Multifamily, All*	Magnitude of Impact *Low, Medium, High*
High Impact Strategies (A detailed description begins in the following section)					
R1	**Allow triplexes, fourplexes, and cottage cluster housing in the RL zone** Expand permitted housing types in the RL Zone to include triplexes, fourplexes, and cottage clusters in order to provide more affordable housing options in this zone.	Both	Workforce, Market	Middle Housing	High
R2	**Increase maximum density in the RM, RH, and NC Zones** Increase the maximum density and reduce minimum lot area in the RM, RH, and NC zones to improve economic feasibility, ensure efficient use of land, and encourage smaller unit sizes.	Both	All	Multifamily Housing	High
R3	**Implement zoning incentives for affordable and accessible housing** Implement parking reductions and density increases for developments that provide affordable housing targeted at specific AMI levels and percentage of affordable units in the development.	Renter	Affordable	Multifamily Housing	High
Medium and Low Impact Strategies					
R4	**Clarify rules for non-site-built homes such as tiny homes and prefabricated/modular housing** Provide a clear regulatory pathway to allow prefabricated/modular housing and tiny homes on wheels (THOWs) in appropriate locations/zones. Develop a regulatory framework for these housing types that addresses siting, utilities, sanitation, exterior appearance, and other issues.	Both	Workforce, Market	Single Detached, Middle Housing	Medium
R5	**Provide more flexibility for housing in commercial zones** Evaluate options for providing more flexibility for housing in the NC,	Renter	All	Multifamily Housing	Medium

	CBC, and GC commercial zones. This may include allowing for horizontal mixed-use development (residential behind commercial), only requiring a portion of the ground floor to be commercial uses, or only requiring ground floor commercial in select locations within commercial zones.				
R6	**Remove potential barriers of conversion or adaptive reuse of existing buildings for housing** Some existing code provisions may discourage the conversion of an existing house to a multi-unit building or the adaptive reuse of a commercial building for housing. Update the City's non-conforming uses and other provisions to: • Allow ground floor spaces to be converted to residential (exception to ground floor commercial requirement) • Provide exception to parking requirements when a building is converted from commercial to residential • Allow non-conforming single-family houses to be expanded and increase non-conformity if they are being converted to a duplex, triplex, or fourplex. • Provide an exception to parking requirements for conversion of single-family detached houses to a duplex, triplex, or fourplex.	Both	All	Middle Housing and Multifamily Housing	Medium
R7	**Provide location-based parking reductions** Reduce minimum off-street parking standards to incentivize multifamily dwellings in target areas to lessen barriers to higher density and infill development and reduce the cost of development.	Renter	All	Multifamily Housing	Medium

High Impact Regulatory Strategies

R1 Allow triplexes, fourplexes, and cottage cluster housing in the RL zone

Description

The RL zone currently only allows single-family detached and attached houses, ADUs, and duplexes. This strategy would involve expanding permitted housing types in the RL zone to include triplexes, fourplexes, and cottage clusters. The City would update the code to define triplexes and fourplexes rather than include them within multifamily housing definition. The code change should also define appropriate development and design standards for these housing types that are tailored to existing conditions in the RL zone.

Opportunities

- Triplexes, fourplexes, and cottage clusters may be more feasible to develop than single-family houses or duplexes due to lower land costs per unit. It also expands housing development options that are smaller and more affordable.
- According to the Buildable Lands Inventory, the RL Zone has just under 200 acres of capacity for development, but the only allowed housing types are single-family houses, duplexes, and ADUs. This code change would create opportunities for smaller and more affordable units across a large area.

Constraints

- Triplexes, fourplexes, and cottage clusters may be perceived as incompatible with established patterns of some neighborhoods with predominantly single-family zones. This issue can be mitigated with appropriate development and design standards.
- Some areas in the RL zone may require infrastructure extensions or upgrades to service new housing. This constraint also applies to single-family housing.

Administrative Time Medium

Funding Needs Low

Magnitude of Impact High

R2 Increase maximum density in the RM, RH, and NC Zones

Description

The maximum density or minimum lot area standards that apply in the RM, RH, and NC zones may create barriers to development of middle housing and multi-family housing in these zones, especially on smaller sites. This strategy would involve revising those standards to improve economic feasibility of developing these housing types, ensure efficient use of land, and encourage smaller unit sizes. Specific density and lot area standards are not proposed at this stage. However, it is common for middle housing projects on smaller sites to exceed the 21 units per acre that is allowed in the RM and NC zone and for 3-story apartment projects to exceed the 29 units per acre allowed in the RH zone. Further study of desired housing/building types is recommended in order to best calibrate the maximum density and minimum lot area standard.

Opportunities

- Enable development of apartment buildings on more sites. Providing more opportunities for high density housing in these zones could help to spur more multifamily housing in the City.
- Reduce land costs per unit and overall cost of development. Allowing higher densities enables the cost of land to be spread across more units, improving economic feasibility of development.
- Encourage smaller units. If a developer has reached the maximum density and cannot add more units but the zoning envelope would otherwise allow a larger building, then the developer is likely to build larger units. A higher maximum density encourages smaller units.

Constraints

- Higher density housing may be perceived as incompatible with established patterns of lot size and house scale in some neighborhoods with predominantly single-family zones. This issue can be mitigated with appropriate development and design standards.
- Some areas in these zones may require infrastructure extensions or upgrades to service higher density housing.

Administrative Time

Medium

Funding Needs

Low

Magnitude of Impact

High

R3 Implement zoning incentives for affordable housing and accessible housing

Description

When adopting any code change that increases density, reduces parking requirements, or provides other relief from certain standards, implement additional parking reductions and density increases for developments that provide affordable housing or accessible housing. Affordable housing typically has less parking demand and results in smaller units, so decreased parking requirements and increased density would help both affordable housing developers and market-rate developers pursue affordable or accessible housing development.

Incentives for affordable housing would define the level of affordability required as a percentage of Area Median Income (AMI) and overall percentage of units in a development that are affordable. Accessible housing units could require the unit to meet certain standards, such as Universal Design or Lifelong Housing Certification.

Opportunities

- Encourage for-profit developers to build needed housing that may otherwise not be feasible to develop, as well as provide additional benefit to affordable housing developers.
- Housing developers require higher densities to overcome the high cost of land, spread fixed costs of development across more units, and offset the impact of lower rents/prices for affordable deed-restricted units.
- By reducing parking standards, this allows for additional land to be developed for housing and most affordable and accessible housing developments have lower parking demands compared to market rate housing.

Constraints

- If the incentive is not set at the right level to be attractive to use, it may not be effective.
- Higher density housing may be perceived as incompatible with established patterns of lot size and house scale in some neighborhoods with predominantly single-family zones.

Administrative Time

Medium

Funding Needs

Low

Magnitude of Impact

High

INCENTIVE STRATEGIES

Incentive Strategy Overview Table

	Strategy Title + Strategy Description	Tenure *Renter, Owner, Both*	Income *Affordable, Workforce, Market*	Housing Type *Single Detached, Middle Housing & Multifamily, All*	Magnitude of Impact *Low, Medium, High*
High Impact Strategies (A detailed description begins in the following section)					
I1	**Adopt Multi Unit Property Tax Exemption (MUPTE) to incentivize needed housing** Design and adopt a Multi-Unit Property Tax Exemption to replace Vertical Housing Tax Zone, specifically considering tax exemptions to offset creation of workforce and multi-family units.	Renter	Affordable, Workforce	Multifamily	High
I2	**Proactively pursue the State's new State Revolving Loan and Find Candidate Projects** Continue to work with regional partners to identify candidate projects and proactively pursue applying Oregon Housing and Community Services' new SB 1537 $75M State Revolving Loan to fill housing financing gaps. It is recommended this strategy work in tandem with **Strategy P1**.	Renter	Affordable, Workforce	All	High
Medium and Low Impact Strategies					
I3	**Evaluate the feasibility of scaling SDCs** Evaluate the fiscal impacts and feasibility of revising the SDC methodology to scale rates to unit size.	Both	All	All	Medium
I4	**Allow System Development Charges to be deferred until occupancy** Partner with Wasco County to modify permitting and development review procedures so that System Development Charges (SDCs) are not required to be paid until after a housing development is constructed and prior to issuing a final certificate of occupancy.	Both	All	All	Medium

High Impact Incentive Strategies

I1 Adopt Multi-Unit Property Tax Exemption (MUPTE) to Incentivize Needed Housing

Description

Property tax abatements can stimulate development of critically needed housing types, while being designed to only be available to projects that would otherwise not be feasible. Design and adopt a Multi-Unit Property Tax Exemption to replace the City's Vertical Housing Tax Zone (VHTZ), specifically considering tax exemptions to offset creation of workforce and multi-family units. The program provides the City flexibility on the project approvals, geography, exemption amount, and public benefits required, e.g.:

- Inclusion of income defined housing
- Accessibility, visitability standards
- Calibrate to incent not-quite-feasible projects

Opportunities

- The City can control which projects are eligible and cap the total amount of tax abatement annually.
- Can be designed to incentivize housing that would not otherwise be built, so it can have a net positive impact on the tax base over time.
- Incentives customized to City's needs
- Support projects not feasible on their own
- Long-term tax base growth (after 10 year exemption)

Constraints

This new program will require additional staff time to administer the program and must be approved by the majority (over 50%) of taxing districts.

Administrative Time

High

Funding Needs

Medium

Magnitude of Impact

High

12 Proactively pursue the State's new State Revolving Loan and Find Candidate Projects

Description

Continue to work with regional partners to identify candidate projects and proactively pursue applying Oregon Housing and Community Services' new SB 1537 $75M State Revolving Loan to fill housing financing gaps. It is recommended this strategy work in tandem with **Strategy P1**.

The State Loan Fund provides interest-free loans of $15,000-$35,000 per unit with a 10-year payback target to be repaid through the growth in property taxes derived from the new developments. Eligible costs include SDCs, predevelopment costs, construction costs, and land write-downs. The housing provided can include single-family, middle housing, multifamily, and ADUs for-sale or for rent below 120% AMI. Additionally, the housing developments must be taxable and not located in a Tax-Increment Financing District. The loan program will be operational by June 30, 2025. *To see how this process will work, see diagram below.*

Opportunities

- The City can utilize **Strategy P1** to identify eligible projects or partners.
- The funding could be a significant catalyst for affordable or workforce housing development.
- The funds are flexible for the types of housing that can be developed and where the funds can be used.

Constraints

This will be a competitive funding opportunity, and the City is not guaranteed to receive this funding.

Administrative Time

Medium

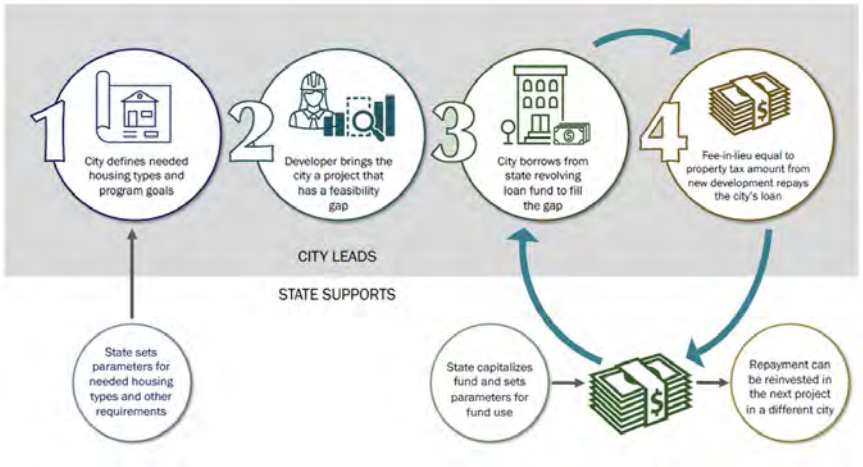
Funding Needs

Low

Magnitude of Impact

High

Diagram of the Revolving Loan Fund Process



INVESTMENT STRATEGIES

Investment Strategy Overview Table

	Strategy Title + Strategy Description	Tenure *Renter, Owner, Both*	Income *Affordable, Workforce, Market*	Housing Type *Single Detached, Middle Housing & Multifamily, All*	Magnitude of Impact *Low, Medium, High*
High Impact Strategies (A detailed description begins in the following section)					
V1	**Explore implementing a Construction Excise Tax for an additional affordable housing revenue source** Explore establishing a Construction Excise Tax (CET) applied to both residential and commercial construction to establish an additional revenue source for affordable housing.	Renter	Affordable	Middle Housing and Multifamily	High
V2	**Explore creating/extending urban renewal areas (URAs) that allocate a significant portion of tax increment financing dollars and supportable debt to housing projects** Evaluate the feasibility of expanding MI to 2029 without incurring new formal debt and establishing a new, smaller downtown Urban Renewal District following termination of current district and a new West Side Urban Renewal District.	Both	All	All	High
V3	**Create downtown strategic plan for housing development and investment** The downtown area will be a primary location for denser housing. The City needs a current, focused and actionable plan for downtown that identifies key opportunity sites, and details strategies and investments to increase market demand and accelerate investment.	Renter	All	All	High

Medium and Low Impact Strategies

V4	**Prioritize the rehabilitation and conversion of historic buildings in the City for housing** Prioritize steps to help rehabilitate and convert historic buildings for housing through specific provisions in URA spending that could be targeted on this outcome, waiving fees (connect with **Incentive Strategies** and **Strategy R7**), and other opportunities for buildings to be reused including UR funding for roof replacement, seismic upgrades and fire suppression systems. Urban Renewal investment is critical, since downtown is characterized by historic buildings with concomitant structural and code challenges. These present economic barriers for building owners contending with commercial financing constraints and high insurance costs.	Both	All	All	Medium
V5	**Continue to target and prioritize infrastructure to support housing** Continue to evaluate Capital Improvement Program (CIP) to ensure sufficient prioritization of infrastructure projects that support new housing development.	Both	Workforce and Market	All	Low-Medium

High Impact Investment Strategies

V1 Explore implementing a Construction Excise Tax for an additional affordable housing revenue source

Description	A Construction Excise Tax (CET) is a tax on construction projects that can be used to fund affordable housing. Explore establishing a Construction Excise Tax (CET) applied to both residential and commercial construction to establish an additional revenue source for affordable housing. According to state statutes, the tax may be imposed on improvements to real property that result in a new structure or additional square footage in an existing structure. CET can only tax up to 1% of the permit valuation for residential construction permits. The City may also tax on the permit value of commercial and industrial taxes, and there is no cap to the rate for commercial and industrial tax.
Opportunities	The primary benefit of a CET is a dedicated source of revenue for housing programs. It also provides the option to create a linkage between new commercial or industrial development and investment in housing.
Constraints	CET can reduce the financial feasibility of a development project, or it may be passed on to consumers in the form of higher costs (if the market will bear a higher rent/price).
Administrative Time	High
Funding Needs	Medium
Magnitude of Impact	High

V2 Explore creating new urban renewal areas (URAs) that allocate a significant portion of tax increment financing dollars and supportable debt to housing projects

Description

Urban Renewal districts are an effective tool for funding investments that support housing development in specific locations. Evaluate the feasibility of Evaluate the feasibility of expanding MI to 2029 without incurring new formal debt and establishing a new, smaller downtown Urban Renewal District following termination of current district and a new West Side Urban Renewal District. There is opportunity to expand MI without incurring new formal debt or extending the current district termination. This would generate new revenue to invest in and encourage housing development. Also, consider key areas of the City that need investment for housing development to occur including the City's West Side, a new Urban Renewal District downtown after the current District terminates, or both.

Opportunities

- A new URA could be organized from the outset to focus on promoting housing development.
- A new Columbia Gateway downtown district could focus on housing and mixed-use development to encourage housing in a walkable, high amenity area, including multi-unit development along First Street.

Constraints

- The size of the URA may be limited by state law if it is put in place prior to the closure of the existing URA.
- The URA must be approved by other taxing jurisdictions.

Administrative Time High

Funding Needs Medium

Magnitude of Impact High

V3 Create downtown strategic plan for housing development and investment

Description

The downtown area will be a primary location for denser housing. The City needs a current, focused and actionable plan for downtown that identifies key opportunity sites, and details strategies and investments to increase market demand and accelerate investment. The plan would identify catalytic public investments to increase market demand through:

- Prioritization of key sites or areas through the City's Capital Improvement
- Identification of opportunity sites and partner with property owner to conduct preliminary redevelopment concepts and feasibility assessment to help prepare the site for development readiness
- Acquisition of key site(s) and partner with a land trust to facilitate the development of needed housing (see **land strategies**)
- Identification of specific areas of downtown to focus required ground floor commercial while providing flexibility in other areas of downtown (see **Strategy R5**)
- Analysis to expand existing incentive tools or create new tools, such as URA incentives, to provide grants and other funding opportunities to encourage new housing development and meet other potential downtown goals

Opportunities

This plan would not only identify opportunities to incentivize and remove barriers to housing development in downtown but could also provide strategic planning on other goals for the City's downtown.

Constraints

This plan would require additional funding to hire a consultant.

Funding Needs

Medium

Magnitude of Impact

High

LAND STRATEGIES

Land Strategy Overview Table

	Strategy Title + Strategy Description	Tenure *Renter, Owner, Both*	Income *Affordable, Workforce, Market*	Housing Type *Single Detached, Middle Housing, Multifamily, All*	Magnitude of Impact *Low, Medium, High*
L1	**Prioritize the use of surplus public land for housing needs** Adopt a policy that prioritizes selling or dedicating any surplus publicly-owned land to meet housing needs when feasible and appropriate.	Both	All	All	High
L2	**Create an inventory of public, underutilized, and foreclosed properties** Create an inventory of sites for housing development that are publicly-owned, underutilized, or foreclosed properties. The inventory can also include older, distressed properties that may be targeted for acquisition by a non-profit affordable housing operator.	Both	All	All	High
L3	**Establish streamlined process and assist land trusts through key pre-development steps** Create steps to streamline processes such as lot splits, zoning changes, and other pre-development steps for land trusts. Additionally, help to facilitate the transfer of ownership from public, underutilized, and foreclosed properties to land trust.	Both	All	All	High
L4	**Study how capital spending can most efficiently make land development ready for housing development** The City can use data collected for the Buildable Land Inventory (BLI), then conduct additional analysis to identify properties from the L2 strategy most suitable for development in the short-term, based on infrastructure conditions, location, and other factors. The CIP process is a likely opportunity to complete this analysis.	Both	All	All	High

L5	**Formalize agreements that improve the chances of the City or its designees to acquire land for eventual housing production** Adopt a set of formal Intergovernmental Agreements (IGAs) between the City and other public agencies that grants the City or its designees the right of first refusal of surplus or foreclosed properties. Designees could include a land bank, land trust, or non-profit affordable housing developers. Agreements or potential agreements with IGAs could include the County, school board, or other public, civic, or faith-based institutions.	Both	All	All	High
L6	**Partner with a Land Trust to create land bank by utilizing URA funds to acquire properties** The inventory created in Strategy L2 should also be shared with the Urban Renewal Agency (URA) to inform strategic site acquisition related to needed housing in future URAs to create a land bank in partnership with a Land Trust.	Both	All	All	High

Step-by-Step Process of Land-Base Strategies

The land-based set of strategies are unique ways the City can play a more proactive role in unlocking land for housing production. Cities have a unique role in creating sites ready for development through ways that private entities do not, such as improving entitlements, modifying how land is used, streamlining subdivision of land, reducing land cost, and offering first right of refusal through agreements.

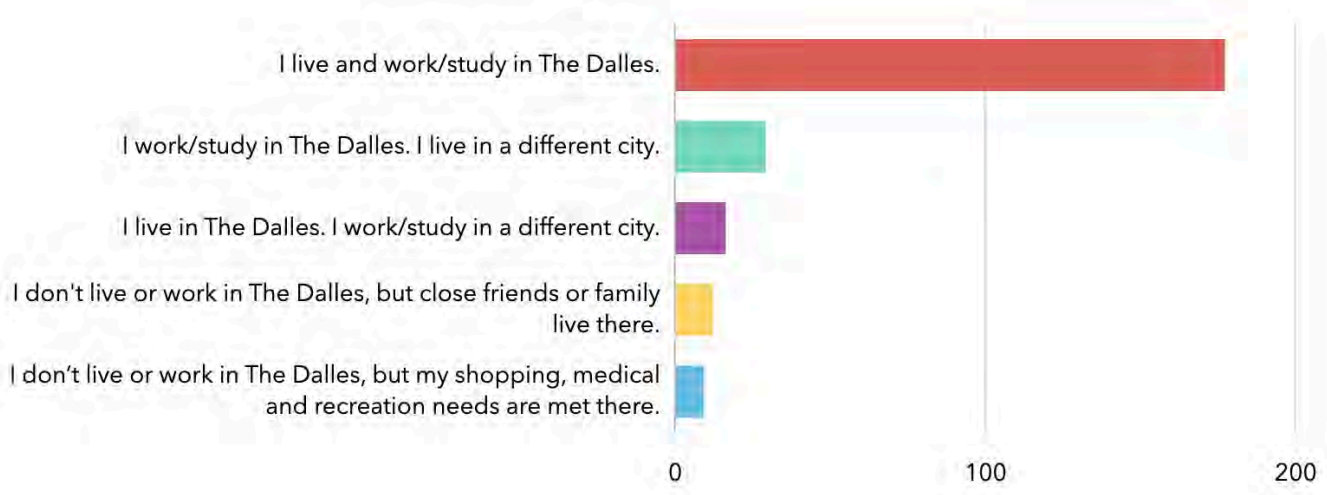
The City could pursue any of these strategies in isolation but taken as a whole, these can greatly improve the process of unlocking land for housing production. The strategies are presented as a step-by-step process to demonstrate the series of actions to prioritize, prepare, and provide land for housing development. The first three steps highlighted are foundational to the process and are recommended for the City to pursue as the first few steps in playing an active role in preparing land for housing production.



The Dalles Housing Production Strategy Survey 2024

244 responses

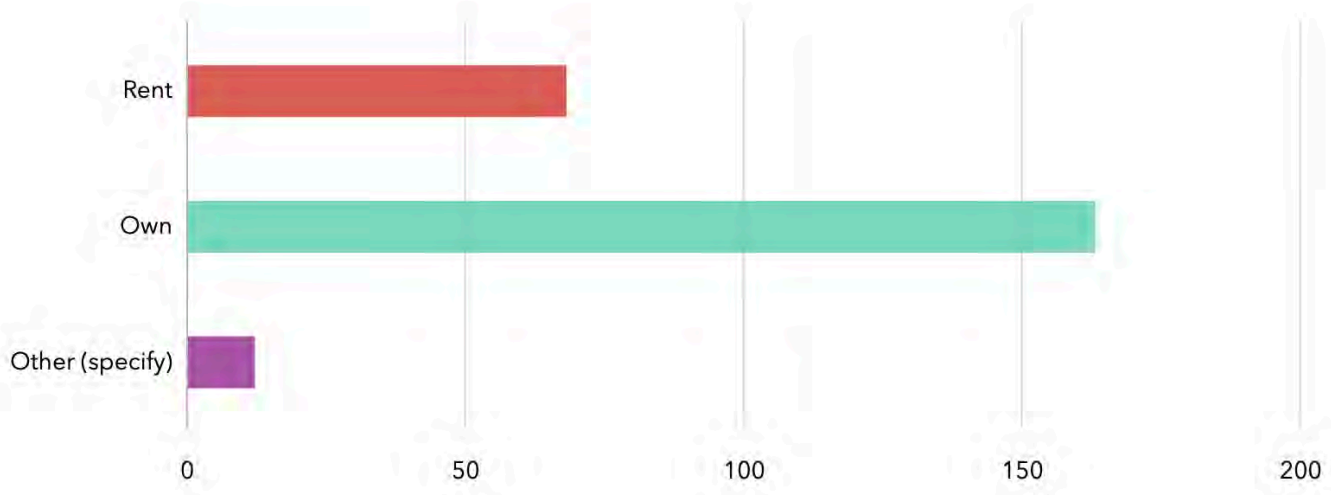
1. Which of the following best describes your relationship to The Dalles?



Answers	Count	Percentage
I live and work/study in The Dalles.	177	72.54%
I work/study in The Dalles. I live in a different city.	29	11.89%
I live in The Dalles. I work/study in a different city.	16	6.56%
I don't live or work in The Dalles, but close friends or family live there.	12	4.92%
I don't live or work in The Dalles, but my shopping, medical and recreation needs are met there.	9	3.69%

Answered: 243 Skipped: 1

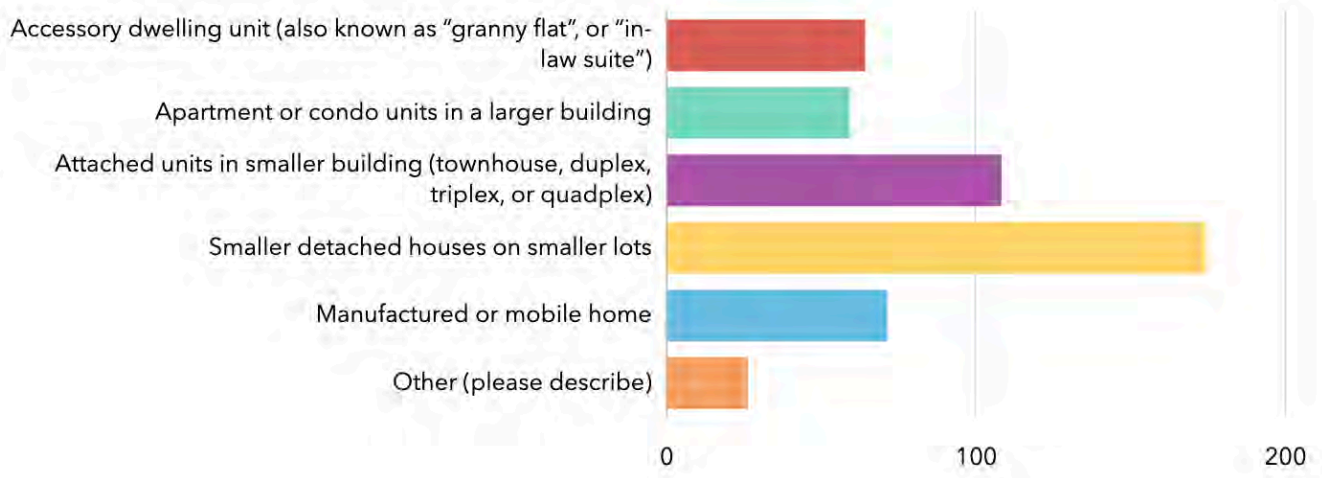
2. Do you rent or own your home?



Answers	Count	Percentage
Rent	68	27.87%
Own	163	66.8%
Other (specify)	12	4.92%

Answered: 243 Skipped: 1

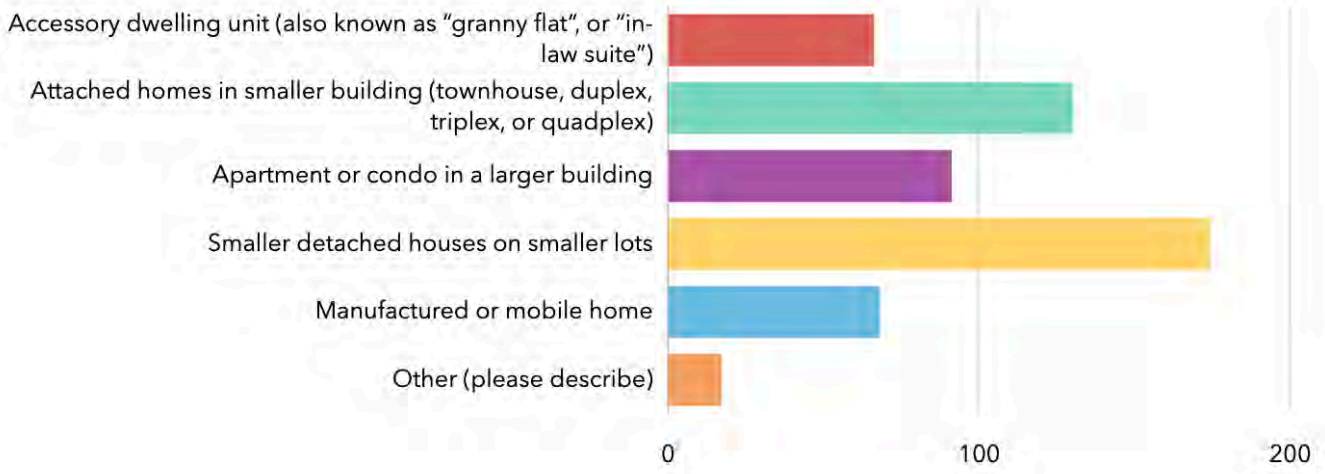
3. If you were searching for a smaller home, which of these housing types would meet your needs?



Answers	Count	Percentage
Accessory dwelling unit (also known as "granny flat", or "in-law suite")	64	26.23%
Apartment or condo units in a larger building	59	24.18%
Attached units in smaller building (townhouse, duplex, triplex, or quad plex)	108	44.26%
Smaller detached houses on smaller lots	174	71.31%
Manufactured or mobile home	71	29.1%
Other (please describe)	26	10.66%

Answered: 242 Skipped: 2

4. Considering the need for smaller homes, which type of housing do you think would best meet the needs of people you know in The Dalles (family, friends, etc.)?

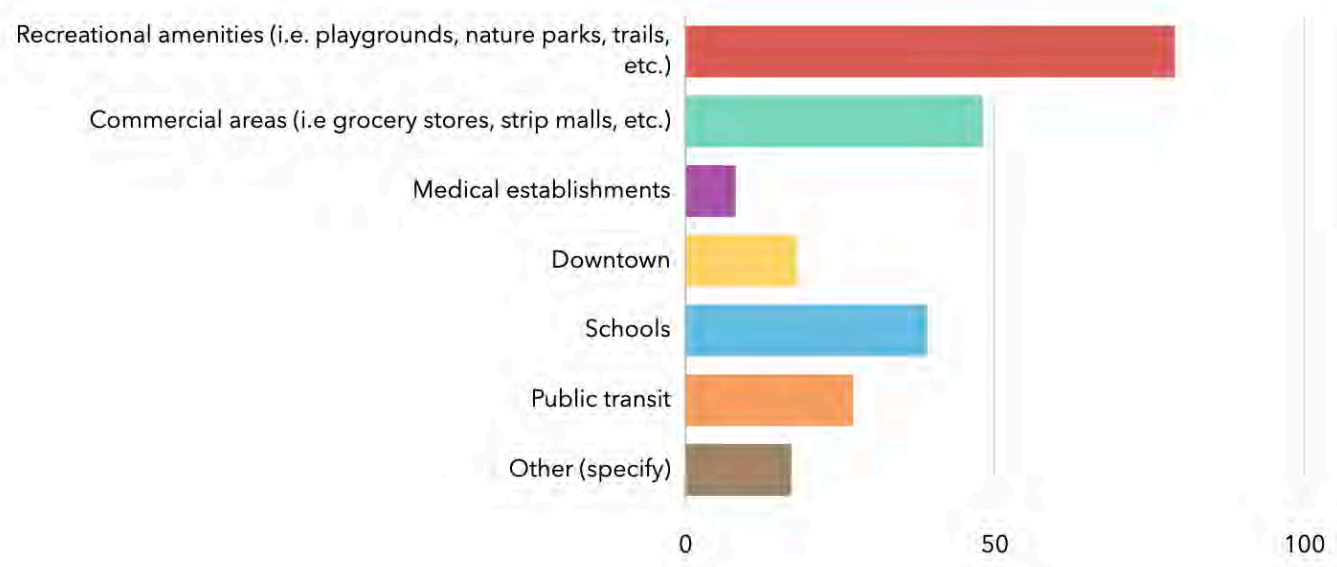


Answers	Count	Percentage
Accessory dwelling unit (also known as "granny flat", or "in-law suite")	66	27.05%
Attached homes in smaller building (townhouse, duplex, triplex, or quadplex)	130	53.28%
Apartment or condo in a larger building	91	37.3%
Smaller detached houses on smaller lots	174	71.31%
Manufactured or mobile home	68	27.87%
Other (please describe)	17	6.97%

Answered: 239 Skipped: 5

5. What would you like to see housing development near?

First Choice

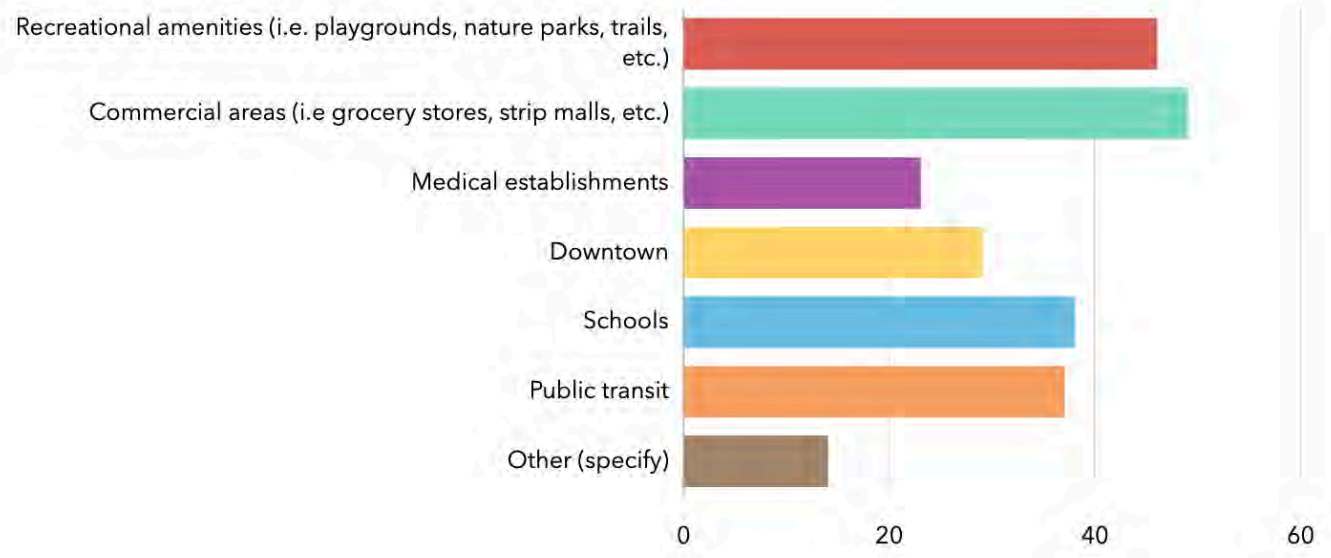


Answers	Count	Percentage
Recreational amenities (i.e. playgrounds, nature parks, trails, etc.)	79	32.38%
Commercial areas (i.e grocery stores, strip malls, etc.)	48	19.67%
Medical establishments	8	3.28%
Downtown	18	7.38%
Schools	39	15.98%
Public transit	27	11.07%
Other (specify)	17	6.97%

Answered: 236 Skipped: 8

5. What would you like to see housing development near?

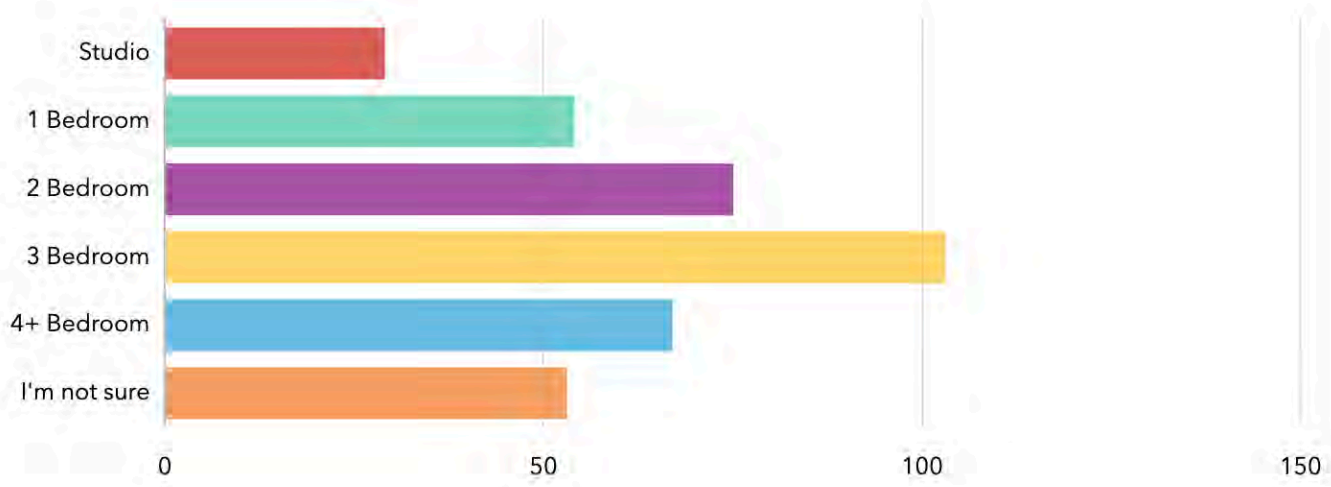
Second Choice



Answers	Count	Percentage
Recreational amenities (i.e. playgrounds, nature parks, trails, etc.)	46	18.85%
Commercial areas (i.e grocery stores, strip malls, etc.)	49	20.08%
Medical establishments	23	9.43%
Downtown	29	11.89%
Schools	38	15.57%
Public transit	37	15.16%
Other (specify)	14	5.74%

Answered: 236 Skipped: 8

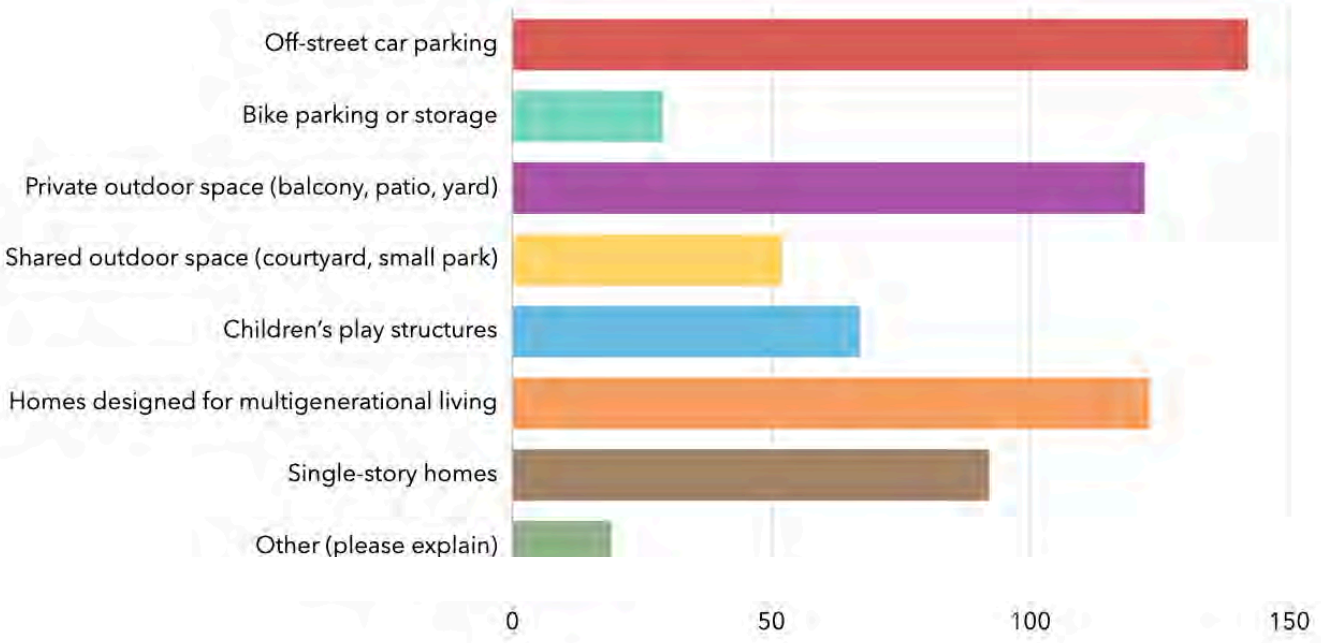
6. In your experience, which types of homes do you think are the most challenging to find in The Dalles?



Answers	Count	Percentage
Studio	29	11.89%
1 Bedroom	54	22.13%
2 Bedroom	75	30.74%
3 Bedroom	103	42.21%
4+ Bedroom	67	27.46%
I'm not sure	53	21.72%

Answered: 240 Skipped: 4

7. Which amenities or features related to housing are most important to you, but are often missing in homes in The Dalles?



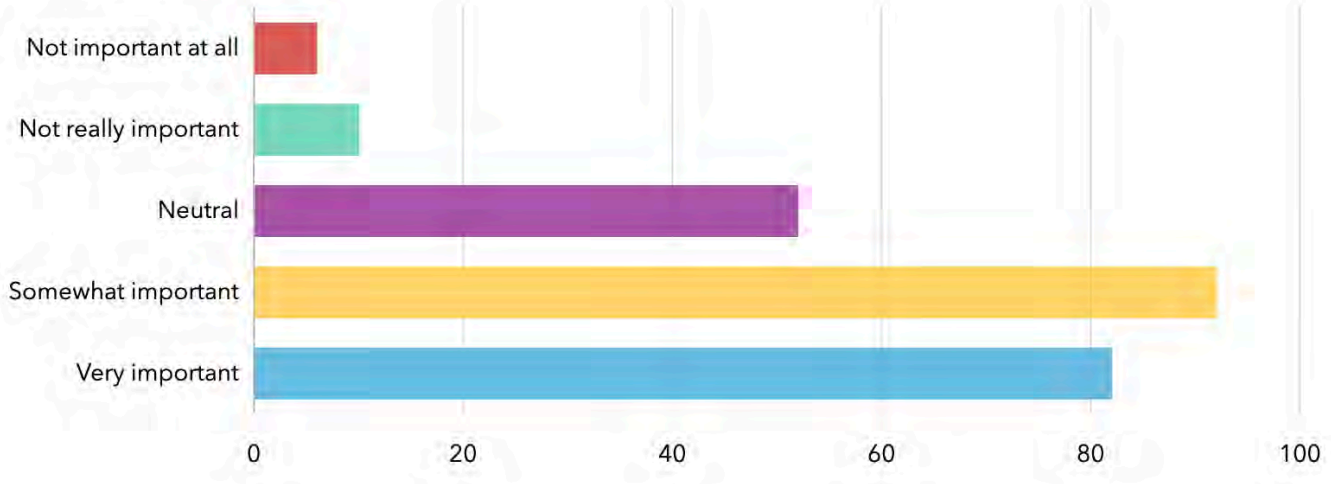
Hide table Other response Empty categories Sort

Answers	Count	Percentage
Off-street car parking	142	58.2%
Bike parking or storage	29	11.89%
Private outdoor space (balcony, patio, yard)	122	50%
Shared outdoor space (courtyard, small park)	52	21.31%
Children's play structures	67	27.46%
Homes designed for multigenerational living	123	50.41%
Single-story homes	92	37.7%
Other (please explain)	19	7.79%

Answered: 239 Skipped: 5

8. The City may make changes to zoning and land use rules to encourage more housing production. In your view, what goals should the City prioritize when designing these changes? Please rate each priority from not important to very important.

a. Create more opportunities to build for-sale homes

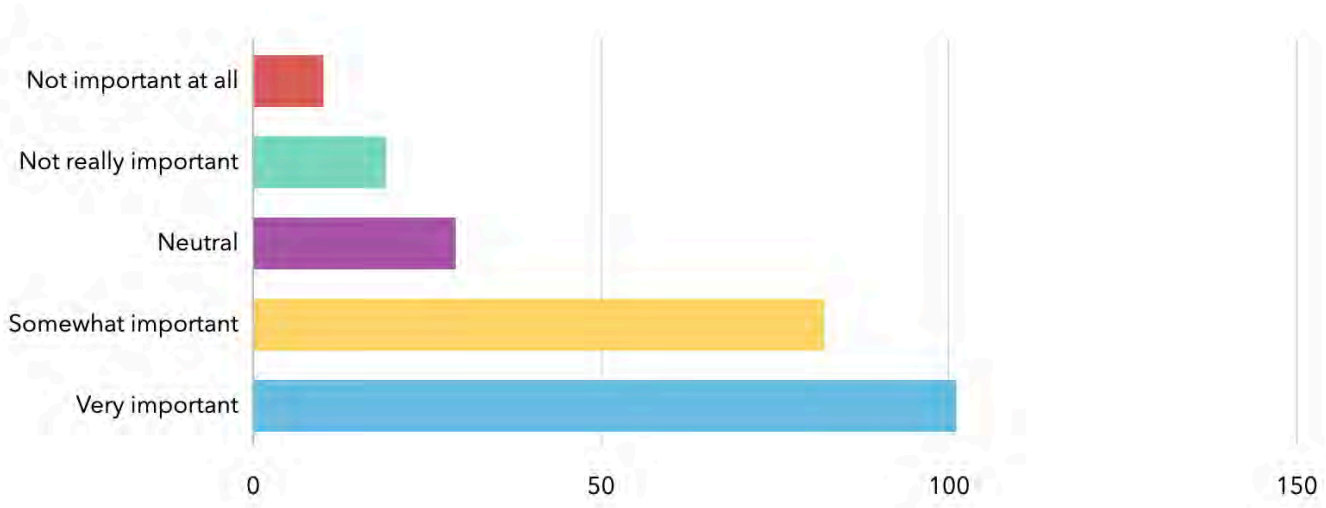


Answers	Count	Percentage
Not important at all	6	2.46%
Not really important	10	4.1%
Neutral	52	21.31%
Somewhat important	92	37.7%
Very important	82	33.61%

Answered: 242 Skipped: 2

8. The City may make changes to zoning and land use rules to encourage more housing production. In your view, what goals should the City prioritize when designing these changes? Please rate each priority from not important to very important.

b. Create more opportunities to build rental homes

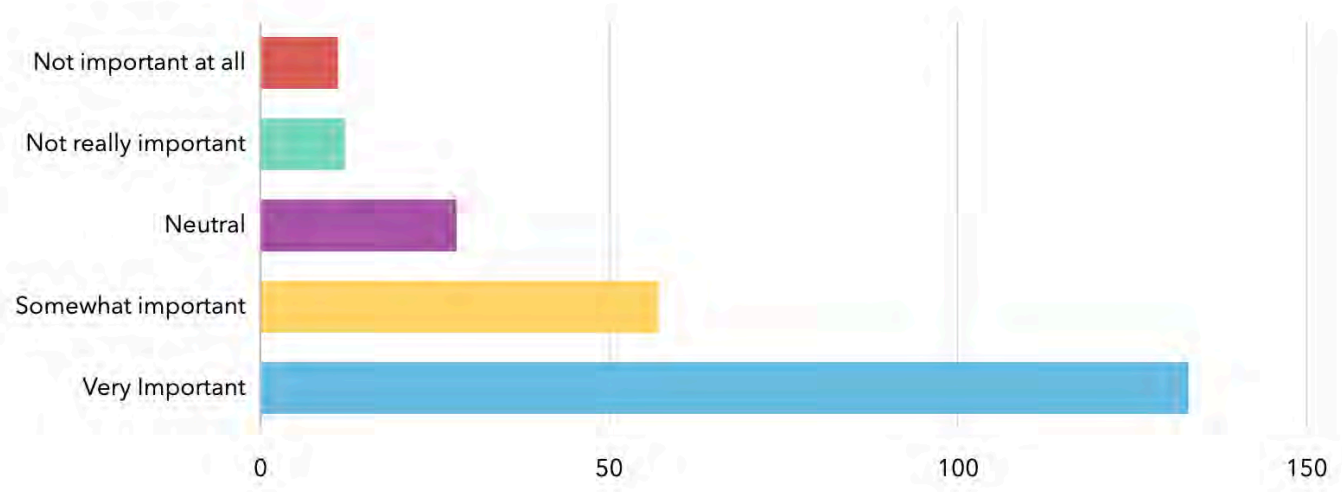


Answers	Count	Percentage
Not important at all	10	4.1%
Not really important	19	7.79%
Neutral	29	11.89%
Somewhat important	82	33.61%
Very important	101	41.39%

Answered: 241 Skipped: 3

8. The City may make changes to zoning and land use rules to encourage more housing production. In your view, what goals should the City prioritize when designing these changes? Please rate each priority from not important to very important.

c. Reducing barriers to building unconventional housing types like tiny homes or modular homes

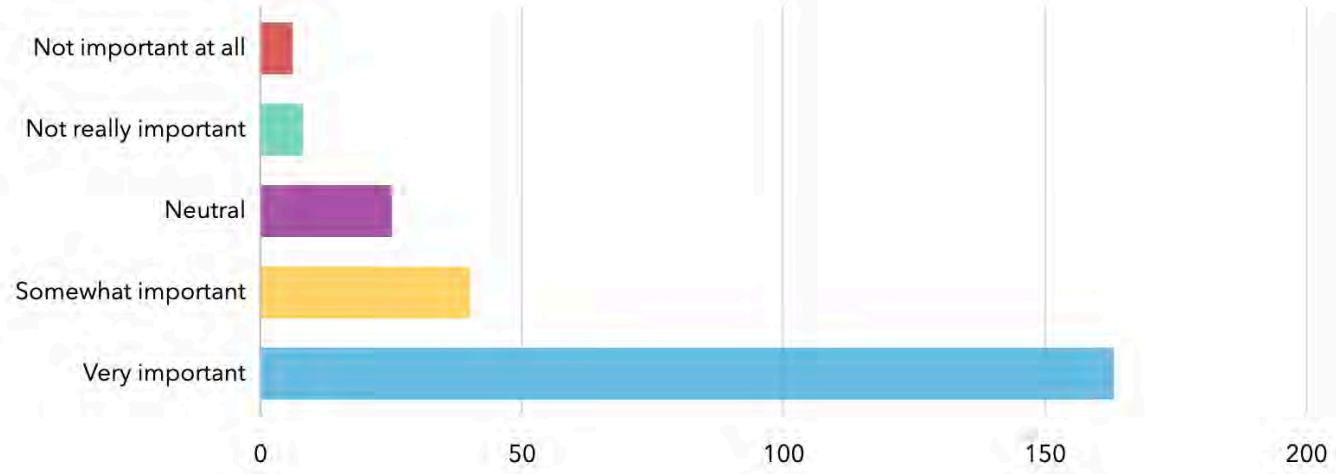


Answers	Count	Percentage
Not important at all	11	4.51%
Not really important	12	4.92%
Neutral	28	11.48%
Somewhat important	57	23.36%
Very Important	133	54.51%

Answered: 241 Skipped: 3

8. The City may make changes to zoning and land use rules to encourage more housing production. In your view, what goals should the City prioritize when designing these changes? Please rate each priority from not important to very important.

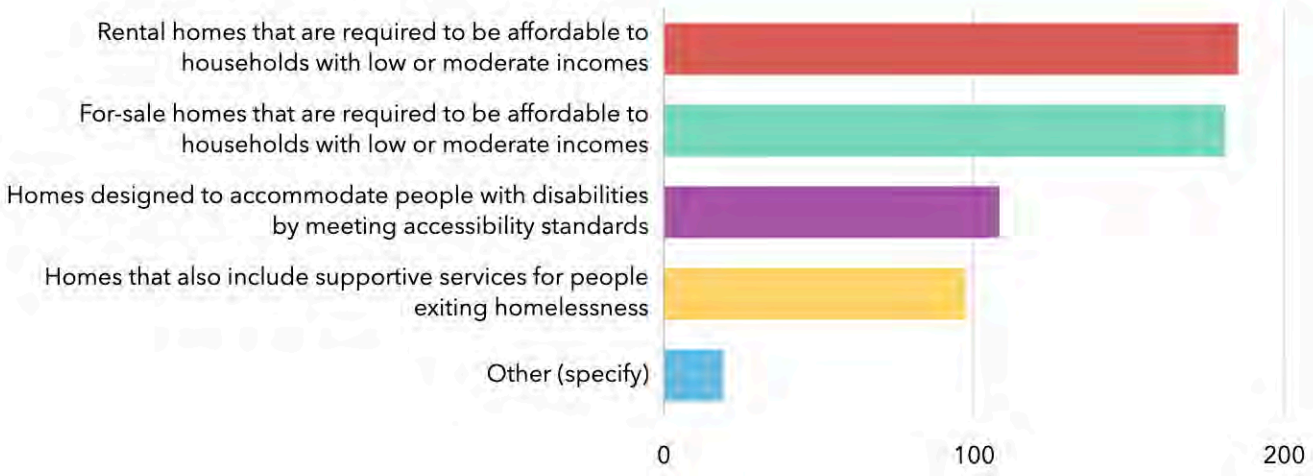
d. Using zoning rules to encourage builders to provide units that are required to be affordable to households with low or moderate incomes



Answers	Count	Percentage
Not important at all	6	2.46%
Not really important	8	3.28%
Neutral	25	10.25%
Somewhat important	40	16.39%
Very important	163	66.8%

Answered: 242 Skipped: 2

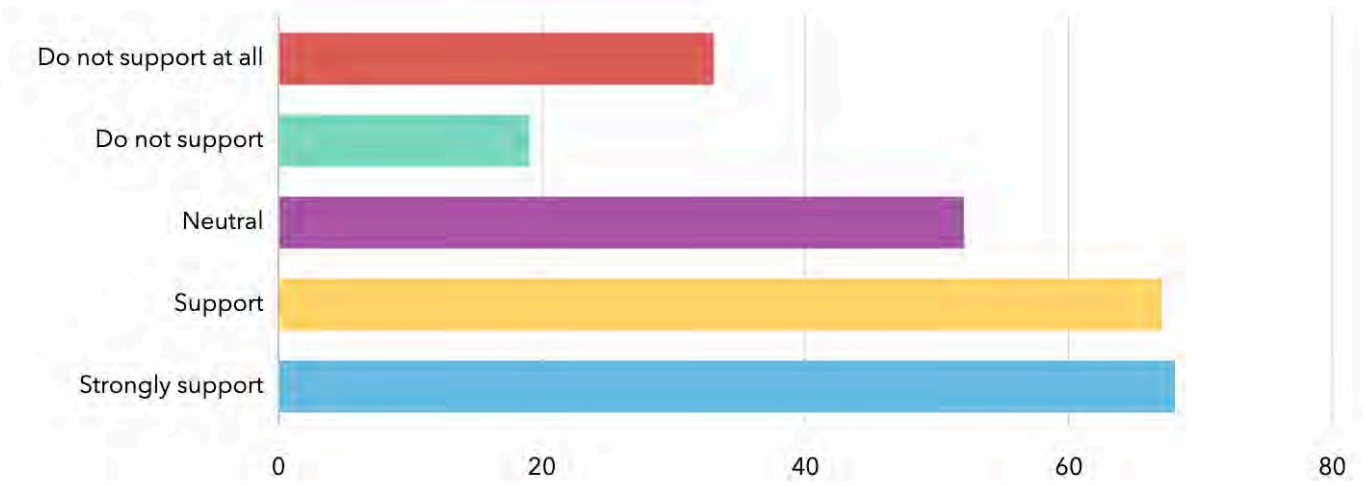
9. If the City were to offer a reduction in fees or taxes for builders that provide certain types of housing, what type of housing should receive this benefit?



Answers	Count	Percentage
Rental homes that are required to be affordable to households with low or moderate incomes	185	75.82%
For-sale homes that are required to be affordable to households with low or moderate incomes	181	74.18%
Homes designed to accommodate people with disabilities by meeting accessibility standards	108	44.26%
Homes that also include supportive services for people exiting homelessness	97	39.75%
Other (specify)	19	7.79%

Answered: 239 Skipped: 5

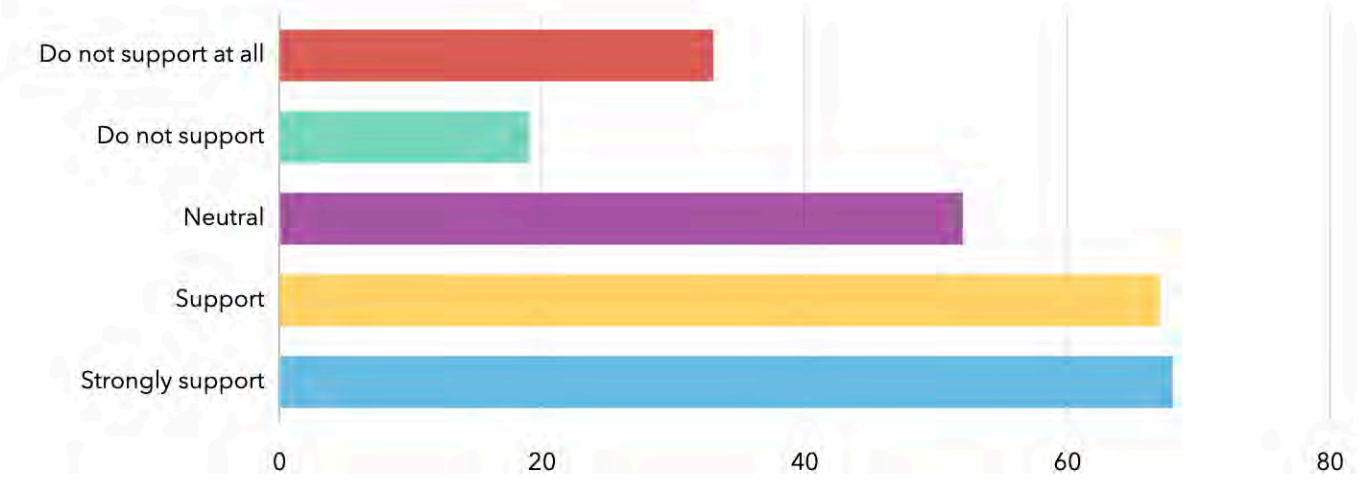
10. The City is looking for ways to raise revenue to fund affordable programs. Would you support a tax on new commercial and industrial development (limited to 1% of construction value) in order to fund affordable housing programs?



Answers	Count	Percentage
Do not support at all	33	13.52%
Do not support	19	7.79%
Neutral	52	21.31%
Support	67	27.46%
Strongly support	68	27.87%

Answered: 239 Skipped: 5

11. Would you support the City working with other government agencies and institutions to repurpose land that is no longer needed for public uses to build affordable housing?

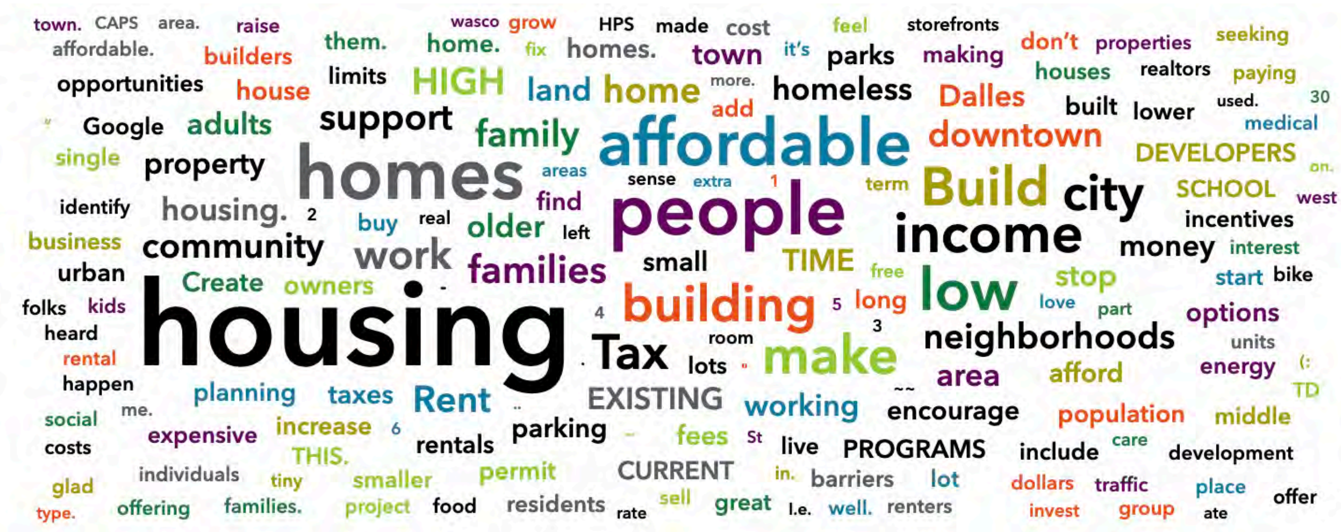


Answers	Count	Percentage
Do not support at all	33	13.52%
Do not support	19	7.79%
Neutral	52	21.31%
Support	67	27.46%
Strongly support	68	27.87%

Answered: 239 Skipped: 5

Answered: 240 Skipped: 4

12. Do you have any other comments on actions the City should take to include in the Housing Production Strategy?



1. **Affordable Housing**: There is a significant demand for housing that is affordable across various income levels, particularly for working-class families, seniors, young professionals, and low-income households. Suggestions include incentivizing affordable rentals, mixed-income neighborhoods, rent caps, and developing housing co-ops or land trusts.

2. **Regulatory and Financial Barriers**: Feedback highlights challenges due to high building permit fees, system development charges (SDCs), and strict zoning rules. Many suggest simplifying permits, offering pre-approved ADU designs, and providing tax incentives to encourage both private developers and residents to create additional units.

3. **Development Approach**: Many residents recommend building up rather than out to maximize urban land use and reduce environmental impacts. There is a preference for infill development over expanding the urban growth boundary and a call to prioritize underutilized or vacant buildings downtown.

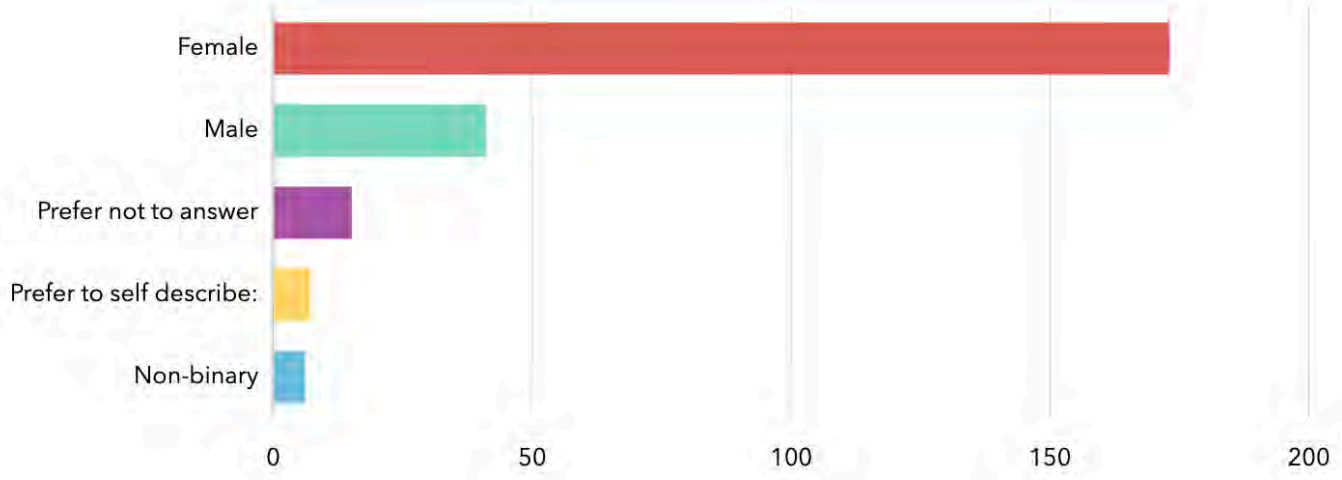
4. **Homelessness and Social Support**: Several comments advocate for targeted support for the homeless, such as dedicated shelters, transitional housing, and community-based programs. Some residents feel that resources for homelessness should be balanced with services for the working population.

5. **Community Amenities and Infrastructure**: Residents express the need for accessible green spaces, safe pedestrian infrastructure, and parking, particularly in downtown areas and new developments. Additionally, there's a call to enhance services like EV charging, renewable energy, and neighborhood amenities such as grocery stores and public parks.

6. **Equity in Housing**: Many respondents are concerned about displacement and gentrification. There's support for housing policies that prevent corporate buying, prioritize local ownership, and prevent high-end developments that exclude local residents. There is a desire for larger units for family and multigenerational living, and single-story housing that is accessible for seniors and populations with disabilities.

7. **Transparency and Public Engagement**: Some feedback reflects skepticism about city initiatives and encourages more transparent decision-making and public involvement.

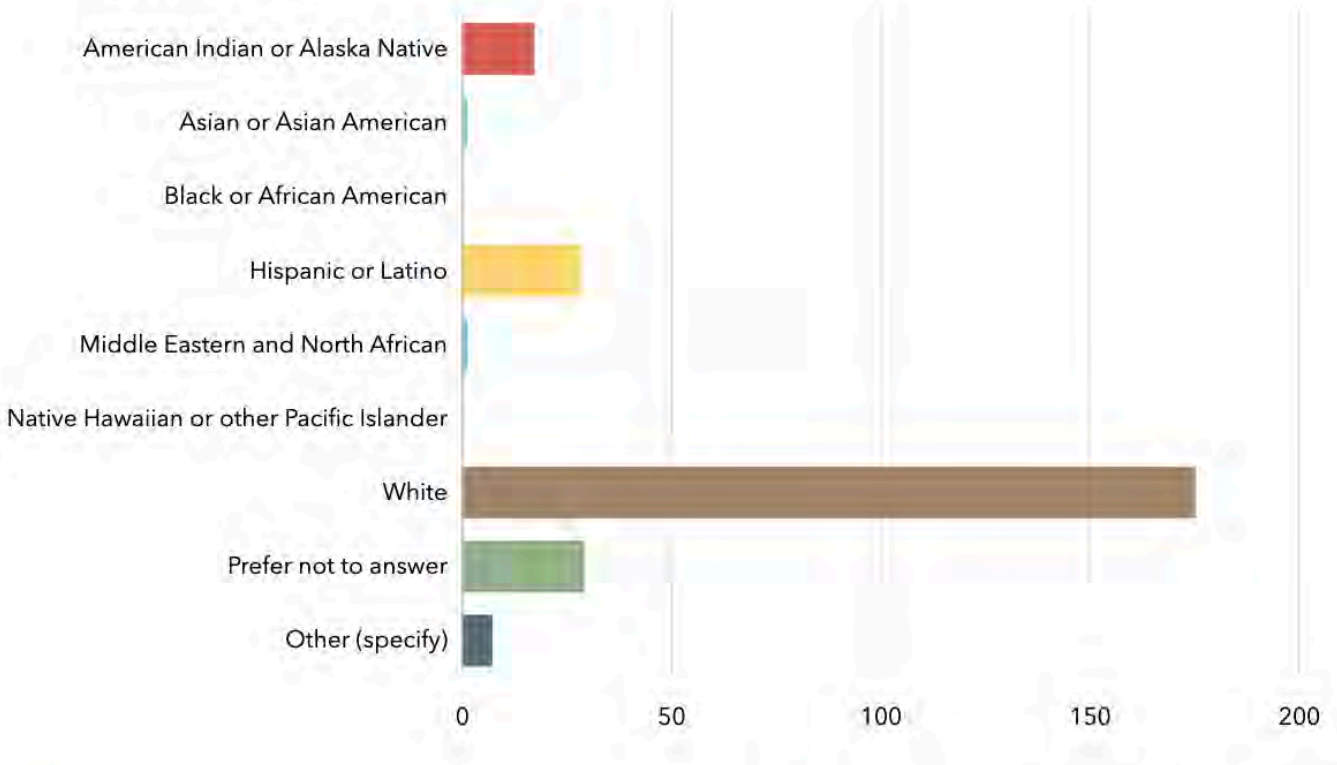
13. How do you identify your gender?



Answers	Count	Percentage
Female	173	70.9%
Male	41	16.8%
Prefer not to answer	15	6.15%
Prefer to self describe:	7	2.87%
Non-binary	6	2.46%

Answered: 242 Skipped: 2

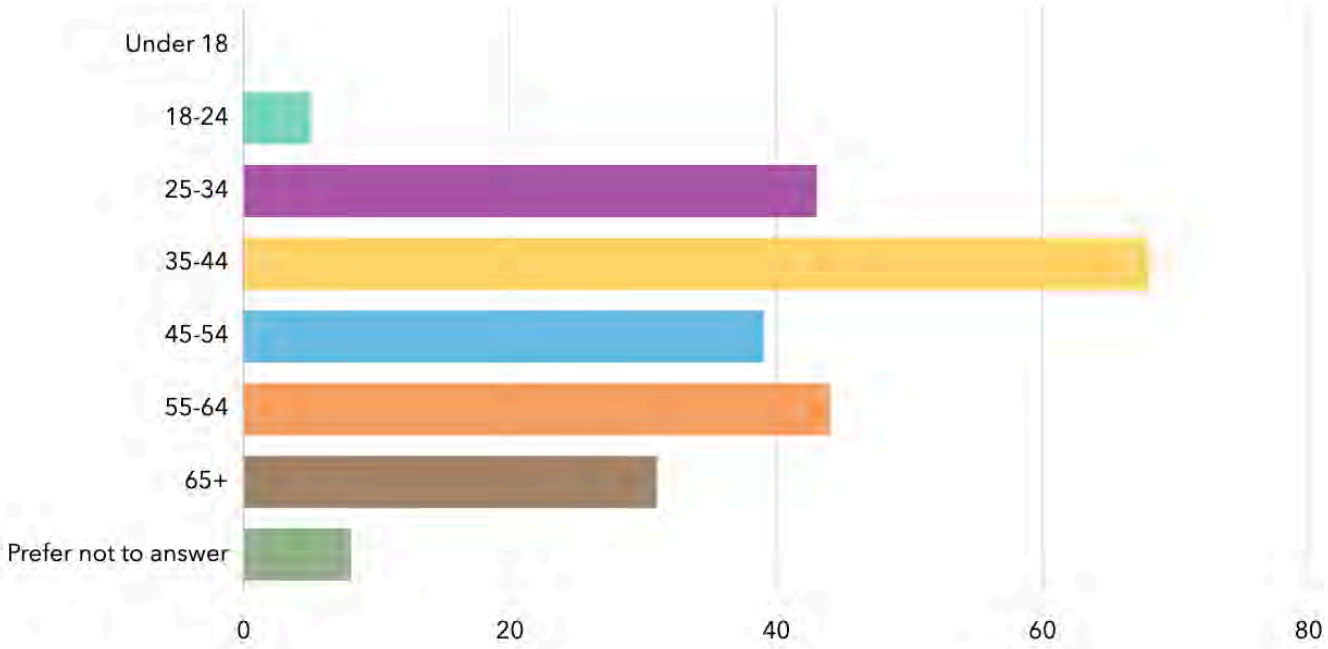
14. Which of the below best describes your race/ethnicity?



Answers	Count	Percentage
American Indian or Alaska Native	17	6.97%
Asian or Asian American	1	0.41%
Black or African American	0	0%
Hispanic or Latino	28	11.48%
Middle Eastern and North African	1	0.41%
Native Hawaiian or other Pacific Islander	0	0%
White	175	71.72%
Prefer not to answer	29	11.89%
Other (specify)	7	2.87%

Answered: 241 Skipped: 3

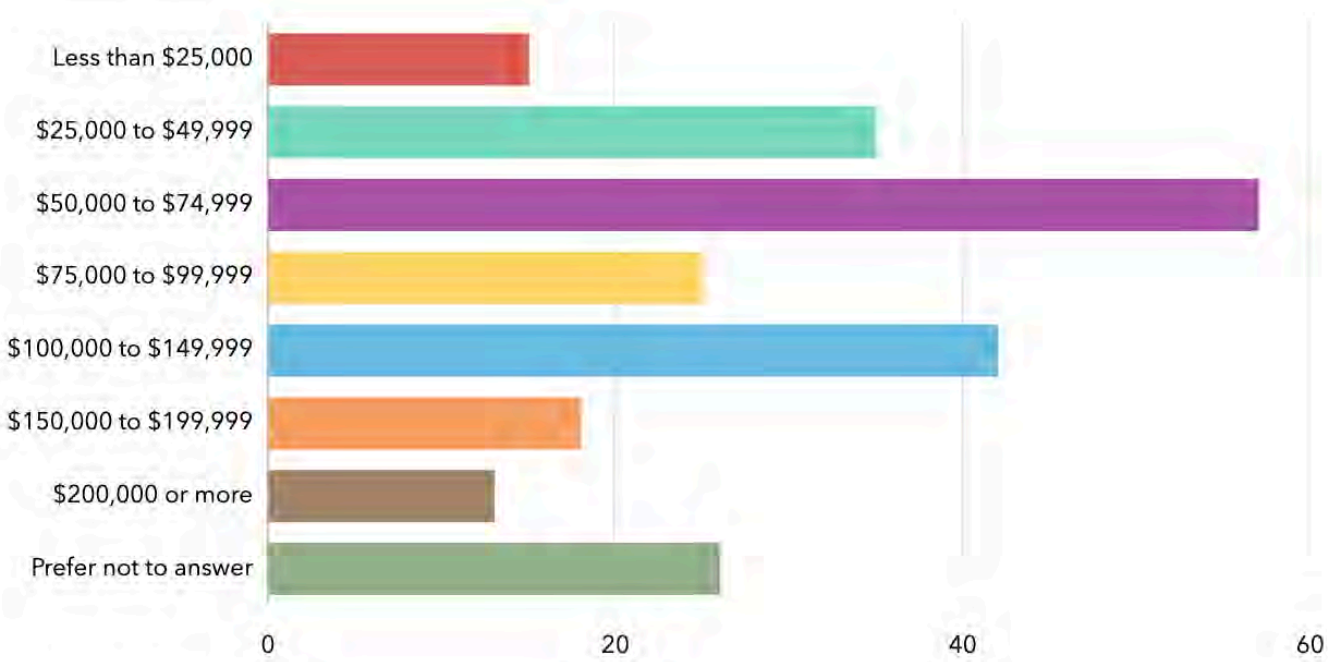
15. What is your age?



Answers	Count	Percentage
Under 18	0	0%
18-24	5	2.05%
25-34	43	17.62%
35-44	68	27.87%
45-54	39	15.98%
55-64	44	18.03%
65+	31	12.7%
Prefer not to answer	8	3.28%

Answered: 238 Skipped: 6

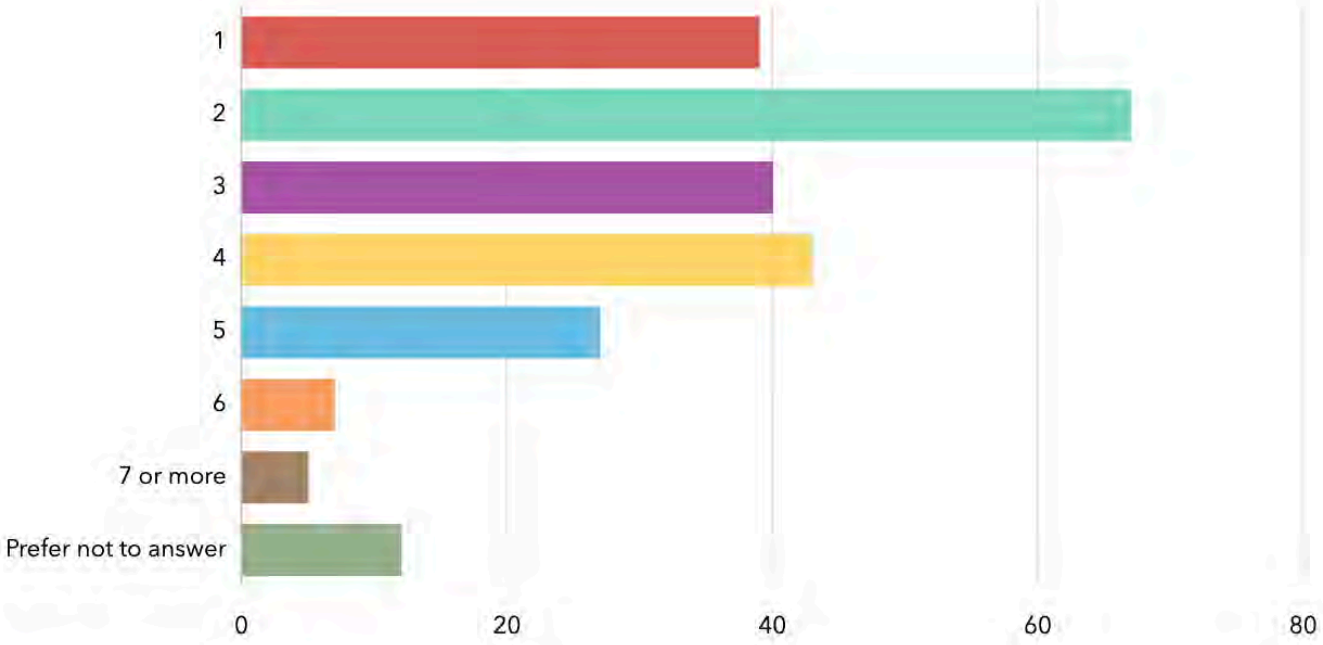
16. What is your total annual household income before taxes?



Answers	Count	Percentage
Less than $25,000	15	6.15%
$25,000 to $49,999	35	14.34%
$50,000 to $74,999	57	23.36%
$75,000 to $99,999	25	10.25%
$100,000 to $149,999	42	17.21%
$150,000 to $199,999	18	7.38%
$200,000 or more	13	5.33%
Prefer not to answer	26	10.66%

Answered: 231 Skipped: 13

17. How many people, including yourself, live in your household?



Answers	Count	Percentage
1	39	15.98%
2	67	27.46%
3	40	16.39%
4	43	17.62%
5	27	11.07%
6	7	2.87%
7 or more	5	2.05%
Prefer not to answer	12	4.92%

Answered: 240 Skipped: 4

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

April 10, 2025

Becky Coutinho
150 E. Main Street
Hillsboro, OR 97123
Sent via e-mail

RE: Review of City of Hillsboro Housing Production Strategy

Dear Senior Planner Coutinho,

On December 6, 2024, the Department of Land Conservation and Development (DLCD or Department) received a submittal from the City of Hillsboro notifying the Department of the adoption of the city's Housing Production Strategy (HPS). Per Oregon Revised Statute (ORS) 197A.103(4), the Department posted the city's HPS for a 45-day public comment period on December 11, 2024. Upon the close of the public comment period on January 25, 2025, the Department received a total of five comments on the city's HPS. The public comments received by the Department are attached to this letter as Attachment A.

Per ORS 197A.103(6) (formerly ORS 197.291(6)), 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 Hillsboro's Housing Production Strategy, the Department must make a final decision by April 10, 2025. Per ORS 197A.103(7) (formerly ORS 197.291 (7)), the Department's decision is final and may not be appealed.

Based on the Department's review of the City of Hillsboro's Housing Production Strategy against the review criteria established in Oregon Administrative Rule 660-008 as it was in effect prior to amendments adopted by the Land Conservation and Development Commission in December 2024, which remains applicable to this review pursuant to ORS 197A.025 (Section 9), ***the Department remands the city's Housing Production Strategy Report, and requires the city to readopt once the two (2) conditions described in "Strategies to Meet Future Housing Need" are met****.*

As part of the Department's review of Hillsboro's Housing Production Strategy (HPS), staff evaluated the city's adopted actions against the applicable statutory requirements in ORS 197. The city was actively developing its Housing Capacity Analysis (HCA) and HPS at the time House Bill 2001 (2023) was enacted. Anticipating such situations, House Bill 2001 included provisions allowing the Land Conservation and Development Commission (LCDC) to allow cities to continue operating under the statutes and rules in effect prior to the bill's changes. Specifically, ORS 197A.025(9)(4) provides:

> *To avoid interference with current planning activities or to avoid unjust or surprising results, the Land Conservation and Development Commission may postpone, for cities specified by the commission, the applicability of section 13 [ORS 197A.210], 21 [ORS 197A.280], 22 [ORS 197A.270] or 23 [ORS 197A.018], chapter 13, Oregon Laws 2023, and the amendments to ORS 197.286, 197.290, 197.296 [renumbered ORS 197A.350], 197.297 [renumbered ORS 197A.335] and 197.303 [renumbered ORS 197A.348] by sections 12 and 25 to 28, chapter 13, Oregon Laws 2023, until a date that is not later than January 1, 2027.*

Accordingly, the Department reviews Hillsboro's HPS under the applicable statutory framework in ORS 197, rather than under the updated statutes in ORS 197A (2023).

The review criteria applicable to Hillsboro's HPS are available for reference through the Oregon Secretary of State's Archives Division here:

- https://www.oregonlegislature.gov/bills_laws/Pages/ORSarchive.aspx, *Chapters 196, 197, edition 2021*
- https://secure.sos.state.or.us/oard/displayCompilation.action?compRsn=122, *Chapter 660, Division 8*

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 Hillsboro adopted its HCA in December 2023 and its HPS twelve months later, in December 2024, meeting its statutory obligation to adopt these housing planning documents as prescribed by ORS 197A.103 (formerly ORS 197.291).

The city's HPS includes the chapter titled "*Overview of Hillsboro's Contextualized Housing Needs*" and Appendix E "*2023 Housing Needs Analysis*". These sections provide an overview of the city's demographic and socio-economic characteristics and affordability metrics, disaggregated by race and ethnicity.

The HCA found that 109,532 people lived within the city in 2022, a 57% increase in population since 2000. This is significantly higher than the population growth in Washington County (36%) and the state (25%) over that same period. The average household size is estimated to be 2.64 persons, slightly higher than Washington County and the state. The population is significantly more racially and ethnically diverse than the state, with 46% of residents identifying as people of color. Latine residents make up 24% of the population and Asian residents are 12% of the population, while multiracial (6%), Black (3%) and Indigenous (1%) residents made up smaller proportions. The HCA also found that a greater percentage of young people live in Hillsboro (22%) than the state (20%), while the city has a much lower rate (11%) of older adults (18%). This information satisfies the requirements of OAR 660-008-0050(1)(a)(A).

Additionally, the HCA included a chapter titled "*Housing Need Findings of the Washington County Consolidated Plan*" which draws from the *2020–2024 Washington County-Beaverton-Hillsboro Consolidated Plan* and the *Analysis of Impediments to Fair Housing Choice (AI),* also known as the Washington County-Beaverton-Hillsboro Fair Housing Plan. These federally required planning efforts were developed jointly by Washington County and the cities of Beaverton and Hillsboro as part of their responsibilities as recipients of federal housing funds and to meet their obligation to affirmatively further fair housing (AFFH).

The findings focused on housing challenges for priority populations including older adults, people with physical, cognitive, or developmental disabilities, individuals with mental illness or substance use disorders, people experiencing or at risk of homelessness, large families, agricultural workers and their families, and extremely low- and very low-income households. It identified the most acute need as the lack of affordable rental housing for low-income residents and increasing demand for housing that is accessible and suitable for both older adults and larger households. Key housing priorities outlined in the Consolidated Plan included expanding deeply affordable and accessible rental housing, supporting affordable homeownership through tools like land trusts and down payment assistance, preserving existing affordable housing, and implementing anti-displacement strategies. The Consolidated Plan also emphasizes the importance of public services and workforce engagement to promote housing stability and economic mobility for households facing the greatest barriers. Of note, the AI also included a locational analysis that identified a Racially/Ethnically Concentrated Area of Poverty (R/ECAP) within Hillsboro. This is information which the city should have explicitly drawn from while developing the HPS.

Building on the housing need findings identified in the HCA, the city's HPS further contextualizes this information in its *Contextualized Housing Needs* chapter 3. Despite having a higher Median Family Income (MFI) than the region, housing affordability is a major concern for Hillsboro residents, with 40% of households spending more than 30% of their income on housing costs. Significant racial disparities exist for housing cost

burden, which is higher among Black (58%) and Latine (24%) residents than White (27%) or Asian (20%) residents. Thirty-eight percent (38%) of older adults face cost burden or other housing problems, higher than the state rate of 33%. Renters make up a disproportionate amount of this cost burden at 43%. However, the city's Contextualized Housing Need (CHN) notes that cost burden among homeowners is a lagging indicator due to many current homeowners purchasing their homes when prices and interest rates were lower. This information satisfies the requirements of OAR 660-008-0050(1)(a)(C).

The HPS section "*Existing Actions to Promote the Development of Needed Housing*" details 18 actions the city already adopted to promote needed housing. These actions are grouped into four categories including "Regulatory," "Land-Based," "Partnerships," "Incentives," and "Investments." This information satisfies the requirements of OAR 660-008-0050(1)(a)(B).

The CHN notes several barriers to housing production, including significant increases in the construction costs, labor shortages, and increased interest rates. HPS Technical Advisory Committee members additionally cited challenges with zoning, development standards, permit review, and overall fee burden as barriers. This information meets the requirements of OAR 660-008-0050(1)(a)(D).

In 2023, 773 people were unhoused in Washington County, representing a 3.4% annual growth rate since 2015. A disproportionate percentage of those experiencing homelessness were Black (9.6%), Multiracial (6.3%), Native Hawaiian or Pacific Islander (4.7%), or Indigenous (1.9%). Additionally, 3.9% of students were homeless or housing insecure, in line with the state. This information meets the requirements of OAR 660-008-0050(1)(a)(E).

One cause of the housing affordability challenges noted by the CHN is the decline in the city's vacancy rate from 4.4% in 2010 to 2.1% in 2022, which is lower than the region and the state. Rents and home prices have increased faster than in the region and state over that same time period. This information satisfies the requirements of OAR 660-008-0050(1)(a)(F).

According to the CHN, 49.5% of Hillsboro residents are renters, significantly higher than the rate in the Portland Metro area (37.8%). Sixty-two percent (62%) of renters live in multi-dwelling housing (compared to 4% of homeowners), while 16% live in detached single dwellings (compared to 79% of homeowners). The difference is much narrower in middle housing (22% of renters and 15% of homeowners). This information meets the requirements of OAR 660-008-0050(1)(a)(G).

The CHN finds that 10.8% of Hillsboro's residents have one or more disabilities, with the most common types of disability being cognitive (5.1%), ambulatory (4.3%) and independent living-related (3.9%). This is lower than the statewide percentage of people

who have one or more disabilities (14.9%) but will likely increase as the average age of the city's population increases. This information meets the requirements of OAR 660-008-0050(1)(a)(H).

(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 undertook engagement activities as part of the development of both the HCA and HPS as required by OAR 660-008-0050(2), in support of ground truthing the quantitative data for understanding local housing needs and informing action selection of the city's final HPS. These engagement activities are outlined in Chapter 3 of the city's HPS, titled "*Community Engagement*."

During Hillsboro's HCA process, the city conducted several engagement activities, including the creation of a Community Advisory Committee consisting of both residents and housing developers and focus group discussions with English- and Spanish-language speaking community members.

In Appendix B of the HPS, "*Public Communications and Engagement Plan*," the city details its additional engagement activities conducted during HPS development, including:

- Four meetings of the project's Technical Advisory Committee
- Three rounds of focus groups with community members from historically marginalized communities, three held in English and three held in Spanish
- Three City Council public work sessions
- Two Planning Commission public work sessions
- Two meetings with the Advanced Manufacturing Training & Education Collaborative of Hillsboro (AM-TECH)
- Multiple inter-departmental coordination meetings
- A public facing website ("Housing Production Strategy") with an email address for public question and comment

While not all interested party groups listed above included a list and description of who or why they were engaged as required by OAR 660-008-0050(2)(a), the summary does include a description of the HPS TAC membership. It describes the TAC as consisting of

representatives from Hillsboro's School District, the Washington County Chamber of Commerce, nearby partner jurisdictions, Hillsboro's technology sector, two planning commissioners, members of the real estate and housing development communities (including multi-unit, detached, small-home, and affordable housing developers), and Hillsboro residents. It met four times between May and September 2024. Members of the HPS Technical Advisory Committee noted many significant barriers to new housing construction, including construction labor shortages, the cost of materials, local zoning and development standards, difficult review and approval processes, and overall fee burden.

The key takeaways from each interested party noted above are present in Chapter 3, and the subsection "*Implementing Community Feedback into HPS*" satisfying compliance of OAR 660-008-0050(2)(b). This summary explains how feedback received in both the HCA and HPS engagement process generally influenced HPS actions satisfying compliance of OAR 660-008-0050(2)(c)

The HPS briefly provides recommendations on how to improve engagement processes in future cycles. This consists of conducting a poll which is large enough to be statistically reliable and can be a representative sample of the city's demographics. While this summary minimally meets requirements of OAR 660-008-0050(2)(d), the Department encourages the city to pursue the concepts therein and incorporate the findings in the next HCA and HPS housing planning cycle.

Note: As part of the Department's 45-day public comment period initiated in accordance with ORS 197A.103(4), the Department received five public comments. These comments varied in perspective, ranging from support to caution to concern. Multiple organizations expressed support for the city's HPS, commending its data and community driven approach to addressing city's housing needs. Supporters included Home Building Association of Greater Portland, Washington County Chamber of Commerce, and the Portland Metropolitan Association of Realtors. Conversely, 1000 Friends of Oregon, Housing Land Advocates, and the Fair Housing Council of Oregon raised concerns regarding the city's reliance on "*Action 2.2: Coordinate with partners to pursue residential land UGB expansions(s)"* to address housing needs, cautioning that such an approach could limit efforts to addressing residential segregation and promote increased density in high-opportunity, single unit neighborhoods.

(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.

The city's HPS Report outlines 21 primary actions designed for implementation within its six-year HPS cycle to address identified housing needs. These actions are detailed in the chapter titled "*New Actions to Meet Future Housing Need*." To provide clarity and structure, the city has organized these actions into five categories, as follows (further details on each category and its associated action can be found in the excerpt below):

1. Regulatory actions
2. Land-based actions
3. Partnership actions
4. Incentive actions
5. Investment actions

Each action in the HPS report includes a description and an estimated magnitude of impact within the six-year HPS cycle, meeting the requirements of OAR 660-008-0050(3)(a). OAR 660-008-0050(3)(b) and (c) require a timeline for adoption of each action and a timeline for implementation of each action respectively. While a timeline is present in each action, it is unclear whether it refers to the adoption timeline or the implementation timeline. Actions 2.1, 3.1, 3.2, 5.1, and 5.4 list their implementation timeline as "ongoing," making it difficult to confirm that these are specific actions whose completion can be assessed. Clarity on these points is important to understand whether the city is meeting its obligations under the HPS program.

OAR 660-008-0050(3)(d)(A) requires each action to detail the housing need being addressed by the identified action by tenure and income. The actions within Hillsboro's HPS includes subsections titled "Affordability Targets" and "Tenure Targets," generally meeting this rule requirement. However, Action 3.1 states that "targets of this action are dependent upon the targets that are prioritized for coordinated advocacy efforts and the outcomes of those efforts," indicating that this is not a specific action, measure, or policy needed to address the city's housing needs.

OAR 660-008-0050(3)(d)(B) requires each action to outline an estimate of the number of housing units that are anticipated to be created through the implementation of each action. This information appears to be missing in all the action descriptions/details except for Action 2.2.

OAR 660-008-0050(3)(d)(C) requires an analysis of the income and demographic populations that are anticipated to receive benefit or burden for each action, including:

(i) Low-income communities;
(ii) Communities of color;
(iii) People with disabilities; and
(iv) Other state and federal protected classes

Each action description includes the subsections "Affordability Targets" and "Demographic Target." Within the HPS chapter titled "*Achieving Fair and Equitable Housing Outcomes*", there is a subsection titled "*Assessment of Benefits and Burdens*", which features a table outlining the potential impacts to target communities. This table also proposes mitigating actions the city *could* take to address any identified burdens on these target populations. The intent behind the benefits and burdens analysis rule requirement is to ensure that actions generate benefits—and, more importantly, that jurisdictions commit to mitigation actions for any identified burdens associated with each action. The Department requests this clarification to be made as part of Readoption Condition #2 to affirm at the time of readoption that the requirements of OAR 660-008-0050(3)(d)(C) are satisfied.

OAR 660-008-0050(3)(d)(D) requires an inclusion of the specific timeframe over which each action is expected to impact Needed Housing. The Department was unable to locate this assessment in the HPS; this provision has therefore not been met.

The city's HPS includes *Action 2.2: Coordinate with partners to pursue residential land UGB expansions(s)—* which proposes implementation steps related to planning for lands outside of the urban growth boundary (UGB), including future concept and facility planning to support eventual inclusion of those lands into the UGB. This type of action is not consistent with ORS 197.290(2), which requires that Housing Production Strategies for both Metro and Non-Metro cities include a list of **specific city-led actions**, including the adoption of measures and policies that the city shall undertake to promote development **within the city** to address an identified housing need. The statute also provides examples of acceptable actions, such as reducing regulatory impediments and creating financial, or regulatory incentives, all of which are intended to support development within existing city limits and urban growth boundaries. ORS 197.290(2) provides (emphasis added):

> *(2) A housing production strategy must include a list of specific actions, including the adoption of measures and policies, that the city shall undertake to promote development within the city to address a housing need identified under ORS 197.296 (6)(b) or (10)(b) or 197.297. Actions under this subsection may include:*
>
> *(a) The reduction of financial and regulatory impediments to developing needed housing, including removing or easing approval standards or procedures for needed housing at higher densities or that is affordable;*
>
> *(b) The creation of financial and regulatory incentives for development of needed housing, including creating incentives for needed housing at higher densities or that is affordable; and*

> *(c) The development of a plan to access resources available at local, regional, state and national levels to increase the availability and affordability of needed housing.*

The emphasis of ORS 197.290 remains on actions within control of the city and implementation efforts that promote development within the UGB for any Housing Production Strategy. Additionally, Hillsboro is within the jurisdiction of Metro and is therefore subject to the unique governance structure of the region, as set forth in the Oregon Constitution; ORS chapter 268; and Metro's voter-approved charter. ORS 197.296 and 197.297 recognize this by providing distinct requirements for Metro. Under ORS 197.296, Metro is required to review its UGB and take action as necessary to ensure there is enough buildable land to meet the region's housing needs. ORS 197.296(6) provides, in part:

> *(6) If the housing need determined pursuant to subsection (3)(b) of this section is greater than the housing capacity determined pursuant to subsection (3)(a) of this section, the local government shall take one or both of the following actions to accommodate the additional housing need:*
>
> *(a) Amend its urban growth boundary to include sufficient buildable lands to accommodate housing needs for the next 20 years.*

Moreover, ORS 197.297(3), the applicable statute governing Hillsboro's analysis of housing capacity and needed housing, grants no authority to cities and counties in Metro to make UGB decisions, further reinforcing the obligation of cities in Metro to respond to identified housing need by implementing **new measures within the existing UGB**:

> *(3) If the housing capacity and needed housing analysis conducted under this section demonstrates a housing need, the city shall amend its comprehensive plan or land use regulations to include new measures that demonstrably increase the likelihood that development of needed housing will occur for the type, mix, affordability and densities sufficient to accommodate needed housing for the next 20 years.*

Both on their own and taken together, these statutory requirements confirm that Housing Production Strategy actions are limited to the city's available implementation authority over land use and housing production measures, tools, and actions **within the current UGB**.

As such, Action 2.2, which pertains to planning for lands outside of the current UGB, cannot be accepted as part of Hillsboro's HPS. These activities do not meet the statutory criteria for city-led implementation actions in an HPS under ORS 197.290.

Finally, the Department acknowledges the role of concept planning as a long-range planning tool that Metro and cities have historically used to guide future urbanization of designated urban reserves. Such planning is important for the region's long term growth strategy and Metro cities should continue to coordinate with Metro on this work through the appropriate vehicles established by Metro. For cities outside the Portland Metro, such planning is also important and should be pursued through the UGB expansion planning process established by ORS 197A.285.

Since the Department is not considering Action 2.2 in the decision of Hillsboro's HPS, the Department must then review the city's remaining 20 actions and associated sub-actions compared to the city's identified housing needs, as required by OAR 660-008-0050(3).

The Department finds that many of the proposed actions in the HPS lack sufficient clarity, specificity, and commitment necessary to resolve that a particular identified need would be met and at the magnitude necessary to meet the city's identified housing needs. The purpose and requirements of the HPS program is to provide actionable, measurable actions that directly address housing needs. Without sufficient clarity of the scope of the proposed actions and alignment with identified need, the Department cannot verify compliance with OAR 660-008-0050(3).

Additionally, this information is needed to support the city in identifying the barriers to production associated with the actions. This work is a key component of not only the Housing Production Strategy Program but also implementation of the Housing Acceleration Program, established under the Oregon Housing Needs Analysis policy (HB 2001, 2023) and outlined in ORS 197A.130.

To address these concerns and ensure the HPS is actionable, the Department is applying the following Readoption Conditions.

Readoption Condition #1: The city shall not include *Action 2.2: Coordinate with partners to pursue residential land UGB expansions(s)* as an action in the readopted HPS.

Readoption Condition #2: The city shall clarify the actions and sub-actions currently included in its HPS report to address identified gaps in specificity, implementation timelines, and alignment with identified housing needs.

If the 20 remaining actions cannot be found to meet the city's needs, inclusion of new, expanded, or expedited actions may be necessary. The city must submit a work plan (or written plan of action) to the Department outlining how it will address these issues and readopt and submit a compliant HPS by a date mutually agreed upon by the Department and the city.

During this process, the city must collaborate closely with Department staff to clearly define its commitments by:

- Clarifying the scope and implementation detail of each action and sub-action to demonstrate how it addresses specific identified housing needs;
- Distinguishing between exploratory efforts and commitment actions and ensuring that each action includes a specific implementation timeline, as well as a time frame over which each action will impact needed housing;
- Resolving inconsistencies or misalignments between overarching actions and their associated sub-actions, ensuring that each action is cohesive, actionable, and measurable;
- Conducting a locational analysis for actions that are not applied across the entire city in order to better define their magnitude and their responsiveness to the identified housing needs of the city, particularly as they relate to fair and equitable housing outcomes; and
- Integrating the burden mitigation proposals presented in the section "*Assessment of Benefits and Burdens*" into the actions and sub-actions in the HPS.

This readoption condition is critical to ensuring the HPS fulfills its intended purpose of addressing housing needs through actions that are both truly actionable and measurable.

Finally, the Department is aware of the city's proposed work plan to engage in code amendment processes during the 2025–2027 biennium to address the actions categorized as regulatory actions in the HPS. The Department wants to ensure these code amendments are successful and proceed as scheduled, even in light of this HPS decision. Department staff are committed to working with the city to ensure that planning assistance grants are available to support both the code amendment process and the HPS readoption.

(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 – How the city is striving to meet statewide greenhouse gas emission reduction goals, established under Executive Order No. 20-04, by creating compact, mixed-use neighborhoods available to people who are members of state and federal protected classes. Within Metro, cities subject to this rule shall describe actions taken by the city to promote the production of regulated affordable units, as defined in ORS 456.586(1)(b); to promote the production of accessible dwelling units; to mitigate or avoid the displacement of members of state and federal

protected classes; and to remove barriers and increase housing choice for members of state and federal protected classes within Region 2040 centers.

The HPS' "*Achieving Fair and Equitable Housing Outcomes*" chapter identifies six actions supporting the intent of OAR 660-008-0050(4)(a):

- Action 1.1: Undertake Comprehensive Plan amendments and Zoning Map updates
- Action 1.2: Increase housing in multi-dwelling zones
- Action 1.3: Increase housing in commercial and mixed-use zones
- Action 1.4: Refine middle housing development standards
- Action 1.8: Adopt pre-approved housing plans
- Action 4.2: Scale select SDCs

It further notes that these actions collectively move the city to more compact, mixed-use neighborhoods which increase housing opportunities in high opportunity, high amenity, and transit-oriented places.

However, most of the cited actions do not specify a target location. Actions 1.1 and 5.1 refer to "high opportunity areas," but at this time the city has no operating definition for high opportunity areas.

"Action 3.3: Undertake a Calle Diez Equitable Development Strategy" is targeted to a specific place and is in support of the rule's intent to "mitigate or avoid the displacement of members of state and federal protected classes." However, this action is exploratory in nature and commits to no clear policies which will prevent displacement. The Washington County-Beaverton-Hillsboro Consolidated Plan and accompanying Analysis of Impediments to Fair Housing Choice identify the area where Calle Diez is located as a Racially/Ethnically Concentrated Area of Poverty (R/ECAP). This designation indicates a high degree of vulnerability among residents, particularly among state and federal protected classes, and elevates the urgency for the city to take meaningful action to affirmatively further fair housing while at the same time not resulting in further displacement of these communities. Given the documented history of segregation and concentrated poverty in this area, it is critical that future iterations of this action include measurable commitments to preventing displacement and advancing equitable outcomes for existing residents.

Readoption Condition #2 requires the city to provide the locational scope of the proposed actions, which will allow the Department to verify that OAR 660-008-0050(4)(a) is met.

(b) Fair Housing

OAR 660-008-0050(4)(b) requires the city to analyze how the HPS affirmatively furthers fair housing for all state and federally protected classes. This means addressing disproportionate housing needs, patterns of integration and segregation, racially or ethnically concentrated areas of poverty, and disparities in access to housing opportunity. Hillsboro's HPS includes ten actions which it says meets this rule section:

- Action 1.1: Undertake Comprehensive Plan amendments and Zoning Map updates
- Action 1.2: Increase housing in multi-dwelling zones
- Action 1.3: Increase housing in commercial and mixed-use zones
- Action 1.4: Refine middle housing development standards
- Action 2.1: Coordinate with partners to identify underutilized land
- Action 3.2: Continue and expand affordable homeownership partnerships
- Action 4.1: Make fee structure adjustments
- Action 4.3: Pursue MUPTE to incentivize need housing and extension of the VHDZ program
- Action 4.4: Evaluate additional tax abatements
- Action 5.2: Explore the creation of an ongoing revenue source for affordable and middle-income housing production

The HPS section "*Assessment of Benefits and Burdens*" also features a table which expands on the potential impacts to federal and state protected classes. The Department appreciates this information, particularly for the actions which apply across the entire city. However, several of these actions are locationally specific, and thus a locational analysis is necessary to affirm that this section of the rules is met. Readoption Condition #2 will help to clarify that the HPS will affirmatively further fair housing.

(c) Housing Choice

OAR 660-008-0050(c) requires the city to address how it is facilitating access to housing choice for communities of color, low-income communities, people with disabilities, and other state and federally protected classes. Housing choice includes access to existing or new housing that is located in neighborhoods with high-quality community amenities, schooling, employment and business opportunities, and a healthy and safe environment. The HPS notes nine actions which most directly speak to this rule section:

- Action 1.1: Undertake Comprehensive Plan amendments and Zoning Map updates

- Action 1.2: Increase housing in multi-dwelling zones
- Action 1.3: Increase housing in commercial and mixed-use zones
- Action 1.4: Refine middle housing development standards
- Action 4.1: Make fee structure adjustments
- Action 4.2: Scale select SDCs
- Action 4.3: Pursue MUPTE to incentivize need housing and extension of the VHDZ program
- Action 4.4: Evaluate additional tax abatements
- Action 5.2: Explore the creation of an ongoing revenue source for affordable and middle-income housing production

The HPS section "*Assessment of Benefits and Burdens*" details the benefits to low-income and marginalized populations, as well as anticipating potential harms and proposing mitigation strategies. As with OAR 660-008-0050(4)(a) and (b), locational analysis is needed to ensure that the actions increase housing choice. Readoption Condition #2 will help to clarify that the HPS will support housing choice for communities of color, low-income communities, people with disabilities, and other state and federally protected classes.

(d) Housing Options for People Experiencing Homelessness

Under OAR 660-008-0050(4)(d), the HPS must describe actions which advocate for and enable the provision of housing options for residents experiencing homelessness. Hillsboro's HPS notes five actions which address this:

- Action 2.1: Coordinate with partners to identify underutilized land
- Action 4.4: Evaluate additional tax abatements
- Action 5.2: Explore the creation of an ongoing revenue source for affordable and middle-income housing production
- Action 5.3: Build a year-round homeless shelter
- Action 5.4: Support PSH production

This section of the HPS states that actions to reduce displacement, preserve naturally occurring affordable housing, and provide new affordable housing assist with homelessness prevention. This is in addition to Actions 5.3 and 5.4, which more directly speak to the needs of people currently experiencing homelessness.

The Department acknowledges and commends the city's significant efforts to support the needs of people experiencing homelessness and finds the city satisfies compliance with OAR 660-008-0050(4)(d).

(e) Affordable Homeownership and Affordable Rental Housing

The city must show how the actions support and create opportunities to encourage the production of affordable rental housing and the opportunity for wealth creation via homeownership, primarily for state and federal protected classes that have been disproportionately impacted by past housing policies. The HPS states that nearly all of its actions are applicable in fulfilling this requirement, specifying eleven which are directly relevant.

- Action 1.1: Undertake Comprehensive Plan amendments and Zoning Map updates
- Action 1.2: Increase housing in multi-dwelling zones
- Action 1.3: Increase housing in commercial and mixed-use zones
- Action 1.4: Refine middle housing development standards
- Action 2.1: Coordinate with partners to identify underutilized land
- Action 3.1: Develop new strategic partnerships for state/federal advocacy
- Action 3.2: Continue and expand affordable homeownership partnerships
- Action 4.1: Make fee structure adjustments
- Action 4.3: Pursue MUPTE to incentivize need housing and extension of the VHDZ program
- Action 4.4: Evaluate additional tax abatements
- Action 5.2: Explore the creation of an ongoing revenue source for affordable and middle-income housing production

The Department agrees that there are many actions in the HPS which support this goal, and that the intent of OAR 660-008-0050(4)(e) is met.

(f) Gentrification, Displacement, and Housing Stability

The HPS must describe how the city is increasing housing stability for residents and mitigating the impacts of gentrification, as well as the economic and physical displacement of existing residents resulting from investment or redevelopment. The Hillsboro HPS lists seven actions which could be used to promote this goal.

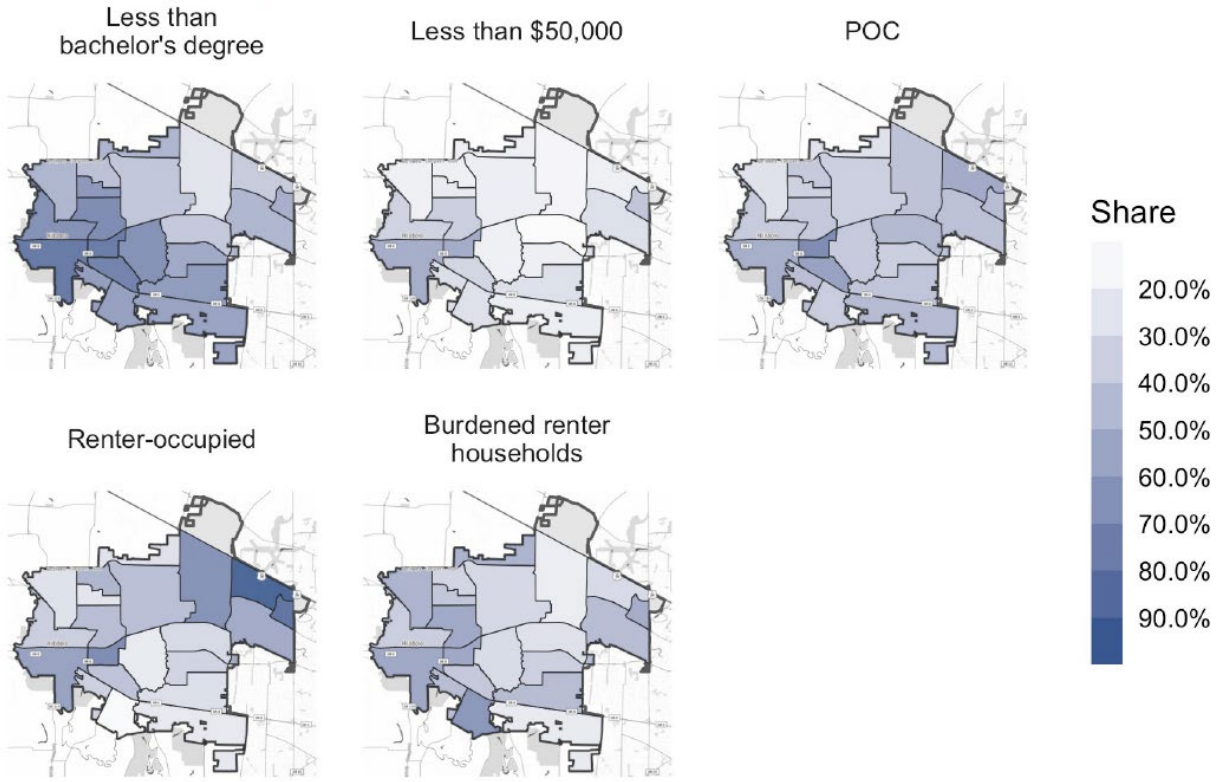
- Action 1.1: Undertake Comprehensive Plan amendments and Zoning Map updates
- Action 1.4: Refine middle housing development standards
- Action 3.2: Continue and expand affordable homeownership partnerships
- Action 3.3: Undertake a Calle Diez Equitable Development Strategy
- Action 4.3: Evaluate tax abatements for preservation and ownership
- Action 4.4: Pursue MUPTE to incentivize need housing and extension of the VHDZ program

- Action 5.2: Explore the creation of an ongoing revenue source for affordable and middle-income housing production

The Department agrees that these actions could be used to promote housing stability, however, further commitment to mitigation steps is necessary to ensure that the proposed actions do not worsen displacement.

The HPS also states that "the city collaborated with a consultant to map and better understand the vulnerability to gentrification and displacement experienced in the City's different neighborhoods." Department staff were unable to locate this map in the HPS, however, upon request, city staff provided a memo from ECONorthwest dated April 11, 2022, which contains an analysis of vulnerability to displacement by census tract.

Exhibit 2. Vulnerability Metric by Share of Population in Tract
Source: ECONorthwest Analysis of 2015-2019 ACS data



This information should be further incorporated into the selected actions, as well as informing mitigation actions, as a part of Readoption Condition #2 in order to affirm that OAR 660-008-0050(4)(f) is met.

(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;

Each HPS action contains a section titled "*Implementation Considerations*" which discusses certain opportunities, constraints, or negative externalities at a cursory level. Additionally, the "*Assessment of Benefits and Burdens*" section addresses these considerations for target populations specifically. Collectively, these sections comply with the intent of OAR 660-008-0050(5)(a).

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

Each action contains a section titled "*Implementation Steps*" as well as identifying a lead agency in charge of each action. This meets the requirements of OAR 660-008-0050(5)(b).

(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 HPS includes a chapter titled "*Measuring Progress*" which contains many detailed "methods" and "metrics" which *can* be used to measure progress, in contrast the rule's mandate to specify how the city *will* measure progress. The Department requests the city decide which methods and metrics they will be using to measure progress as part of Readoption Condition #2.

(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 submitted a survey to meet the requirements of ORS 456.586 to the Department and attached it in Appendix A with the submitted HPS.

The Department truly appreciates the dedication and hard work the city has invested in the development of the HPS thus far. The Department is eager to continue our partnership with the city in order to work towards our shared goal that the proposed actions have the best chance to meet the city's housing needs and result in fair and equitable housing outcomes for current and future Hillsboro residents.

Please reach out to Senior Housing Planner, Mari Valencia Aguilar, at 503-930-9739, or at mari.valencia-aguilar@dlcd.oregon.gov to discuss this decision further.

Sincerely,



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

Cc: Brenda Bateman, DLCD
Kirstin Greene, DLCD
Laura Kelly, DLCD
Mari Valencia-Aguilar, DLCD
Samuel Goldberg, DLCD
Ingrid Caudel, DLCD
Dan Rutzick, City of Hillsboro
Dan Dias, City of Hillsboro

HBA
HOME BUILDING ASSOCIATION OF GREATER PORTLAND

January 14th, 2025

Department of Land Conservation and Development
635 Capitol Street NE Suite 150
Salem, OR 97301

RE: Support for City of Hillsboro's 2024 Housing Production Strategy

We are writing on behalf of the Home Building Association and the thousands of businesses and individuals seeking to address our biggest issues by building the housing, infrastructure, and jobs that make our region livable and economically vibrant. For years, the City of Hillsboro has been a trusted partner—from thoughtful Urban Growth Boundary decisions, early and localized urban infill policies, and proactive outreach and community engagement.

We would like to thank city staff and elected officials for working with the community in developing their Housing Production Strategy published in December 2024. HBA supports Hillsboro's 2024 HPS and encourages DLCD to move to approve as proposed.

In addition to addressing important land use and capacity concerns, the council-approved HPS also looks at zoning reforms to encourage appropriate density, code cleanup projects, increased incentives and improved community partnerships—all of which will encourage new housing production that addresses the region's underlying housing affordability problems. As a result of these implemented actions, the City of Hillsboro will benefit from increased housing security for those earning a low-income, new homeownership opportunities for households of color, and greater diversity in existing housing types.

As we saw with the city's 2023 Housing Needs Analysis engagement, this HPS was built out following input from a variety of stakeholder tables including a Technical Advisory Committee, focus groups of historically marginalized communities, council work sessions, planning commission meetings, an Advanced Manufacturing Training Collaborative, and multiple interdepartmental workgroups. In short, the process was thorough, data-informed, and incorporated strategic community engagement.

We believe that Hillsboro's strong reputation for thoughtful collaboration and a pro-housing philosophy will continue to make it an attractive place for current and future residents to thrive.

Thank you for your consideration,



Preston Korst
Director of Public Policy and Government Affairs
Home Building Association of Greater Portland

WASHINGTON COUNTY CHAMBER of COMMERCE

5193 NE Elam Young Pkwy, Suite A | Hillsboro OR 97124

January 23, 2025

Department of Land Conservation and Development
635 Capitol Street NE, Suite 150
Salem, OR 97301

RE: Support for City of Hillsboro's 2024 Housing Production Strategy

To the Department of Land Conservation and Development:

On behalf of the Washington County Chamber of Commerce, we are pleased to offer our strong support for the City of Hillsboro's 2024 Housing Production Strategy (HPS). As advocates for a thriving business community, we recognize the critical connection between housing affordability, economic growth, and community well-being.

The City of Hillsboro has demonstrated consistent leadership in addressing the housing needs of its diverse population through proactive planning and collaboration. The 2024 HPS reflects a comprehensive and data-informed approach to meeting the projected demand for over 14,000 housing units in the next two decades, as identified in the 2023 Housing Needs Analysis. This ambitious plan integrates equitable housing outcomes with economic vibrancy, creating opportunities for residents across the income spectrum.

However, we recognize the challenges Hillsboro faces in accommodating growth within the current Urban Growth Boundary (UGB). The availability of land inside the UGB is critical to meeting the region's long-term housing and economic needs. We support the City's exploration of opportunities for UGB expansion as part of the Housing Production Strategy to address the identified land shortage. Expanding the UGB will ensure there is sufficient land available for housing production, enabling the city to meet its ambitious goals while maintaining its commitment to economic and community vitality.

We commend the City for its targeted strategies, including zoning reforms to encourage appropriate density, incentives to support affordable and middle-income housing, and investments in infrastructure that enable housing production. The emphasis on collaboration with stakeholders—ranging from historically marginalized communities to key industry representatives—ensures the plan is not only inclusive but also actionable.

Key elements of the HPS, such as streamlining development processes, adopting pre-approved housing plans, and identifying underutilized land for housing, align with the needs of our business community. These initiatives will help attract and retain a skilled workforce by fostering a stable and diverse housing market.

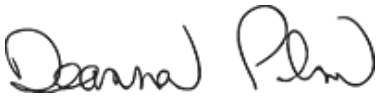
Additionally, Hillsboro's commitment to supporting affordable homeownership opportunities and addressing homelessness through permanent supportive housing exemplifies a holistic vision for community development. These actions resonate deeply with our values as a Chamber, ensuring economic opportunities for all.

The Washington County Chamber of Commerce urges the Department of Land Conservation and Development to approve the City of Hillsboro's 2024 Housing Production Strategy. This plan lays a strong foundation for meeting housing needs, supporting economic growth, and maintaining Hillsboro's reputation as a forward-thinking and livable city.

We are proud to stand with the City of Hillsboro in championing these initiatives and look forward to the positive impact they will bring to our community.

I welcome the opportunity to answer any questions you may have.

Respectfully yours,



Deanna Palm
President & CEO

PORTLAND METROPOLITAN ASSOCIATION OF REALTORS®

Department of Land Conservation and Development
635 Capitol Street NE, Suite 150
Salem, Oregon 97301

Dear Members of the Department of Land Conservation and Development,

On behalf of the Portland Metropolitan Association of Realtors® (PMAR), representing over 7500 real estate professionals dedicated to promoting homeownership in the metro area, **we wish to express our strong support for the City of Hillsboro's 2024 Housing Production Strategy (HPS)**. PMAR recognizes the urgent need for policies and actions that expand housing supply while advancing community stability and affordability throughout our region.

Hillsboro has consistently demonstrated leadership in housing planning and production, showcasing its commitment through proactive Urban Growth Boundary decisions, innovative infill strategies, and robust community engagement processes. The 2024 HPS builds upon this foundation with thoughtful and forward-looking approaches designed to meet the housing needs of current and future residents.

PMAR applauds the City of Hillsboro for incorporating diverse strategies into its HPS, including zoning reforms to enable appropriate density, code refinements to streamline development, increased housing incentives, and strengthened community partnerships. These measures are crucial to addressing the systemic challenges of housing affordability and ensuring access to diverse housing options. By implementing these actions, Hillsboro is poised to achieve key outcomes such as:

- Increased housing availability for low-income households.
- Enhanced homeownership opportunities for historically underrepresented groups.
- A greater diversity of housing types to meet the needs of a growing population.
- Expanding housing affordability as housing supply at all income levels catches up with demand.

We also wish to highlight the inclusive and transparent process undertaken to develop the HPS. With input from technical experts, historically underserved communities, council members, and other stakeholders, the strategy reflects a well-rounded, data-informed, and community-centric approach. Such efforts underscore Hillsboro's reputation as a regional leader in housing innovation and collaboration.

As advocates for diverse housing options that create thriving communities, PMAR believes that Hillsboro's Housing Production Strategy aligns with the values and priorities that drive our work. **We respectfully urge the Department of Land**

Conservation and Development to approve the 2024 HPS as proposed, enabling Hillsboro to continue its progress toward a more inclusive, affordable, and livable future.

Thank you for your thoughtful consideration.

Sincerely,



Michele Gila
Director of Realtor® Advocacy
Portland Metropolitan Association of Realtors®

January 24, 2025

Ethan Stuckmeyer
Dept. of Land Conservation and Development
Housing Division
635 Capitol Street NE, Suite 150
Salem, OR 97301

Re: City of Hillsboro Housing Production Strategy (HPS)

Dear Mr. Stuckmeyer,

This letter is submitted jointly by Housing Land Advocates (HLA) and the Fair Housing Council of Oregon (FHCO). Both HLA and FHCO are non-profit organizations that advocate for land use policies and practices that ensure an adequate and appropriate supply of affordable housing for all Oregonians. FHCO's interests relate to a jurisdiction's obligation to affirmatively further fair housing. Please include these comments in the record for the City of Hillsboro Housing Production Strategy.

HLA and FHCO commend the staff of the City of Hillsboro for crafting an HPS which responds to the needs of its current and future residents through a number of bold strategies. These include a long overdue initiative to rework their System Development Charges (SDCs) to be scalable for certain housing types, the identification of underutilized lands within the Urban Growth Boundary (UGB) for residential development, and the upzoning of many high opportunity areas. It also promises to initiate many of these actions early in the planning cycle, which will allow them to produce results and be evaluated by the time of the next HPS.

It is that much more regrettable then, that the HPS is tarnished by the City's insistence on the inclusion of an attempt to expand the UGB as a mid-term strategy. While UGB expansions have a place in Oregon's land use planning system, they should occur only when necessary for the City to meet its needs, and after the important strategies to increase housing production listed in this HPS have had a chance to work.

In relation to the hyper-attention to a UGB expansion, the absence of direct language referencing single family zones is notable, especially when the HPS had already noted that communities of color are more likely to live in multi-unit housing types.[1] By exclusively seeking to build

[1] The HPS states,

> "Like renters, Hillsboro's households of color are also less likely to live in single detached units. Whereas 55% of White households live in the 47% of Hillsboro's housing stock that are single detached units, only 41% of Asian and Latino households and only 32% of Black households do. White households' increased

housing types more frequented by communities of color in commercial/mixed use zones, as well as multi-dwelling zones, we are concerned that Hillsboro will continue practices of segregation.

Commendation should be given to the planner who wrote this suggestion,

> "In addition, a wide range of policy literature has demonstrated that prohibiting denser, multi-unit housing facilitates the creation of high-income, high-opportunity enclaves that lower-income households cannot afford. Through this action, the City can increase zoned capacity in high-opportunity neighborhoods for the type of housing with the greatest chance of achieving deep affordability: multi-unit housing. This will promote fair housing and expand affordable housing options in high opportunity areas, such as those with quality amenities, schools, transit service, and employment and commercial access. This action will also help the City encourage the creation of more compact, mixed-use neighborhoods."

However, suggestions are not binding in an HPS, and language such as “especially in high-opportunity areas… that may currently have concentrations of higher income” can easily be circumvented. By utilizing indirect language on densification in high opportunity zones, as opposed to the direct language used to showcase the desire to increase density in multi-dwelling, commercial, and mixed use zones, the Hillsboro HPS undermines the staff recommendations to increase dense, multi-unit housing in high-income enclaves. Hillsboro can and should do much more to ensure that segregatory zoning patterns are eliminated as part of the HPS, not perpetuated.

We also want to call attention to the process leading up to the City Council’s adoption of the HPS of December 3, 2024. We made numerous attempts to get access to the final draft of the document in order to assess and provide comments but were not given a copy until the morning of the vote. HLA and FHCO received the copies the morning of, but what of the general public who has an interest in these important planning documents? Just because the HPS is not a typical land use decision, does not make the City's process immune from Goal 1. Hillsboro's process is unacceptable for any public matter, let alone a policy document which, with appendices, is 491 pages long. Moreover, the legislation requiring the HPS calls for broad public input, yet when the public finally had an opportunity to participate before the decision makers,

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access to detached units, which are often ownership housing, increase opportunity for wealth building. However, the prevalence of middle housing in Hillsboro—particularly townhomes, which are often ownership housing too—assists other groups in accessing homeownership. 23% of Latino households, 20% of Asian households, and 29% of multiracial households live in middle housing, despite that housing type representing only 18% of housing stock. About 40% of that middle housing is ownership housing. This suggests that middle housing likely has served (and could continue to serve) as a key tool in building homeownership among communities of color. *This data also reveals the importance of multi-unit as a housing type that disproportionately serve various communities of color.*" (Emphasis added).

they were foreclosed from a full opportunity to review the proposed final document. Remand of the HPS is justified for that reason alone.

For these reasons, we urge DLCD to remand the HPS. After 50 years of Goal 10, the Oregon Housing Needs Analysis process, including the HPS, gives us a chance to actually meet the needs of our communities. However, it will only work if everyone plays ball.

Please provide written notice of your decision to, FHCO, c/o Samuel Goldberg, at 1221 SW Yamhill Street, #305, Portland, OR 97205 and HLA, c/o Jennifer Bragar, at 121 SW Morrison Street, Suite 1850, Portland, OR 97204. Please feel free to email Samuel Goldberg at sgoldberg@fhco.org or reach him by phone at (503) 223-8197 ext. 104.

Thank you for your consideration.

Samuel Goldberg
Public Policy Manager
Fair Housing Council of Oregon

Jennifer Bragar
President
Housing Land Advocates

1000 friends of Oregon

Main Office • 340 SE 6th Ave • Portland, OR 97214

January 24, 2025

To: Ethan Stuckmeyer, Manager
Housing Services Division
Department of Land Conservation & Development

housing.dlcd@dlcd.oregon.gov

From: Mary Kyle McCurdy, Associate Director

Re: City of Hillsboro Housing Production Strategy

Thank you for the opportunity to comment on the city of Hillsboro's Housing Production Strategy (HPS). In evaluating a city's HPS, 1000 Friends of Oregon focuses on, among other things, whether the HPS meets the statutory requirements of ORS 197A.100:

> (2) A housing production strategy must include a list of specific actions, including the adoption of measures and policies, that the city shall undertake to promote:
> (a) The development of needed housing;
> (b) The development and maintenance of housing that is of diverse housing types, high-quality, affordable and accessible;
> (c) Housing with access to economic opportunities, services and amenities; and
> (d) Affirmatively furthering fair housing

We appreciate the analysis done by the city and support much of the new housing production strategies the city proposes to adopt. The Partnerships Actions, Investment Actions, and Incentive Actions are strong. However, we have some comments on the proposed Regulatory Actions and Land Actions and do not believe the city's HPS meets the statutory requirements.

- We note that the city's housing projections differ somewhat from the 20-year housing projections just published by the Oregon Department of Administrative Services (DAS) and that all cities must comply with starting in 2025. The DAS report concludes that the city will need slightly fewer housing units (13,473 v. 14,046) but that a larger number of those should be for those making under 80% of area median income (5880 v. 5249). While we understand that the city undertook this HPS prior to the DAS housing need allocations, it does demonstrate that the city must do more to ensure more housing is built that is attainable to those making under 80% AMI.

- The city describes current population-specific housing needs, but we could not easily tell whether and how those might change over the 20-year planning period, and how the

specific housing production strategies proposed by the city would meet the amount of housing needed by those specific populations, now and in the future.

- We support the city's proposals to increase housing in commercial and mixed-use zones and multi-dwelling zones. We assume that the commercial and mixed-use zones tend to be more walkable and transit served, but there is no description of this. Nor is there a description of how these, or any other strategies, meet the climate reduction goals of the Climate Friendly & Equitable Communities program.

- There appears to be a lack of strategies applied to the city's single family zones to ensure the city meets its obligations to affirmatively further fair housing. This is particularly stark in the South Hillsboro neighborhood, which, according to the attached study, consists of almost entirely single unit homes, most of them detached, and most owner-occupied.

  The city's own analysis shows that communities of color and families with lower incomes tend to live in multi-unit structures, and are also more often to be renters. However, proposed Actions consist of statements like "rezone parts of the city to allow more housing."[1] This does not specify which parts of the city or what type of housing would be allowed through rezoning, or what populations would be served. Therefore, one cannot conclude whether the city's HPS will meet its obligations to affirmatively further fair housing, or to meet the housing needs of the specific populations the city identified.

  The Action to increase housing in multi-dwelling zones is good but, again, it seems limited to just parts of the city that already have multi-dwelling housing. It does nothing to open up neighborhoods that are almost exclusively single dwelling to more diverse and affordable housing types.

  By not committing to explicit strategies, including zoning and investments, to open up single family neighborhoods, like South Hillsboro, to diverse and more affordable housing options, patterns of economic segregation will continue and grow.

- We strongly object to the city's proposed Land Based Action 2.2, which calls for a UGB expansion as a housing production strategy. Under Goals 14 and 10, statutes, administrative rules, and longstanding caselaw, a city must demonstrate it has done all it can to meet the housing needs of current and future residents using its existing land supply, before seeking a UGB expansion. And the city must demonstrate how the UGB

[1] HPS, p.37.

expansion would meet its housing needs - including affirmatively furthering fair housing. The city claims that a UGB expansion "may result in the production of all housing types across the income spectrum including low-income households, communities of color, people with disabilities, and seniors who are disproportionately living in poverty." There is no evidence that any of Hillsboro's recent past UGB expansions have resulted in housing across these spectrums; the HPS does not consist of any specific commitments the city would undertake to make that happen; and the city acknowledges the housing is likely to be for low-density, single detached housing units.[2]

We urge the department to remand the Hillsboro HPS. Please provide 1000 Friends of Oregon with written notice of your decision. Thank you.

[2] HPS, pp. 57-58.

Housing Affordability and Development in Hillsboro, OR

Portland State University
Toulan School of Urban Studies and Planning
Community Recovery Fellowship

Diego Murphy-Mendez
Spring 2024
Dr. Megan Horst

Funding for this fellowship was provided by the Institute for Metropolitan Studies at Portland State University. This paper was prepared for Farmland First, a 501(c)(3) nonprofit with a mission to protect farmland and build livable cities in Oregon, now and into the future.

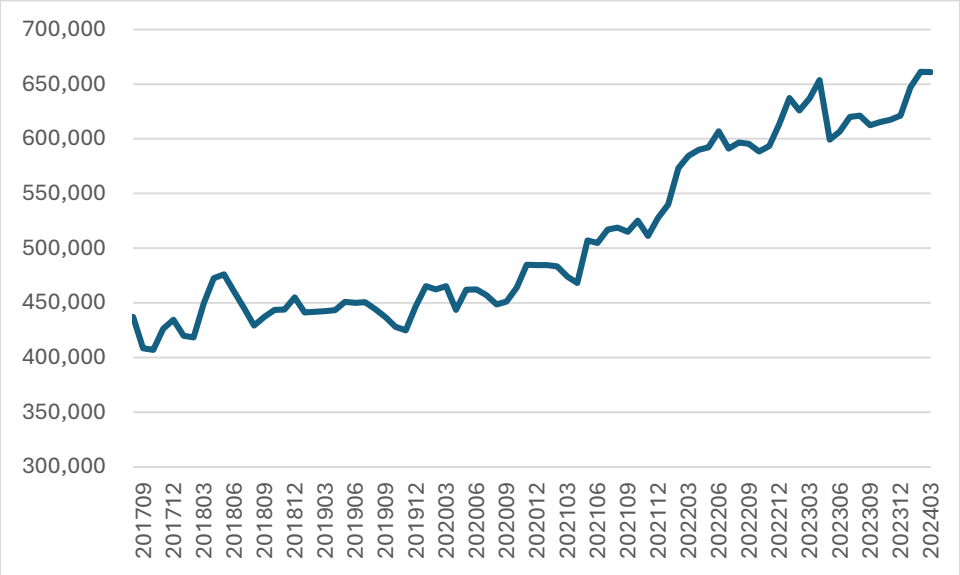
Summary

Housing in Hillsboro has remained unaffordable, and homeownership has become inaccessible to many residents. This is a potential cause for Hillsboro's changing tenure composition. While Hillsboro has historically been a homeowner's community, over the past decade the number of renter-occupied units has grown faster than the number of owner-occupied units to the point where there is now an even split between owners and renters. Rental units are more affordable compared to owner-occupied units in Hillsboro, but rents have remained high. This may pose a strong barrier to entry for outsiders interested in moving to Hillsboro.

Hillsboro has made efforts to address its growing housing need and new housing development in the city has centered on three areas: Amberglen, Orenco Station, and South Hillsboro. Development in Amberglen is defined by the construction of small multi-unit rentals, while development in South Hillsboro is defined by the construction of large single-unit owner-occupied structures. Comparatively, Orenco's development has involved a mix of housing types. Sales prices in South Hillsboro are high, but not necessarily atypical for the city. At the same time, rents in South Hillsboro are extremely high and can often be twice as high as the city's median. South Hillsboro is also the only development that involved expansions to the city's urban growth boundary.

Cost of Homeownership in Hillsboro

Figure 1. Hillsboro Median Home Listing Price 2017-2024



Source: Realtor.com residential data

The median listing price for a home in Hillsboro is currently $661,000. Assuming there is a 15% down payment ($99,150) and a 7.322% interest rate (the going rate in Hillsboro as of March 2024), then a new homeowner would have to pay roughly $3,860 per month, or $46,320 per year. Using the most recent American Community Survey (ACS) data, the cost of a mortgage for the median household in 2022 earning $98,891 per year would be roughly 41.9% of their

income. For a median renter who earns $77,697 per year, the cost of homeownership would take up roughly 59.6% of their income. This does not include payments to homeowners insurance, HOA fees, property taxes, or maintenance costs.

Table 1 breaks down yearly costs over time for Hillsboro, assuming a similar interest rate, and it likewise does not include additional costs in the form of property taxes, HOA fees, homeowners insurance, or maintenance costs. Understanding that these are a basic reality of homeownership, we can safely assume that the real cost is greater than what is listed in Table 1. However, just focusing on the primary costs is enough to get a sense of how expensive housing is in Hillsboro.

Table 1: Median Yearly Mortgage Cost with Ratio to Median Household Income 2017-2022

	2017	2018	2019	2020	2021	2022
Principal + 7% Interest	$35,676	$36,288	$35,520	$36,636	$38,532	$41,460
Down Payment	$76,352	$77,676	$76,039	$78,408	$82,476	$88,750
Ratio of Cost to MHI	39.5%	39.8%	37.7%	37.8%	38.9%	41.9%
Cost / MHI for Owners	31.9%	32.1%	30.7%	30.7%	31.4%	33.7%
Cost / MHI for Renters	52.3%	50.2%	47.0%	46.7%	48.6%	53.4%

Source: Calculated from American Community Survey 2018-2022 and Realtor.com residential data, assuming a 15% down payment on the 30-year fixed mortgage with roughly 7.3% interest.

Table 1 mirrors what we have already seen in Figure 1, that housing costs in Hillsboro have risen over time. However, Table 1 also gives us a more precise look at rising ownership costs in comparison to income and shows that principal and interest costs have not grown significantly as a proportion of median household income, but instead have fluctuated over time. This pattern remains true when distinguishing between owners and renters. For both groups, the cost of ownership has somewhat increased overall but has mostly fluctuated.

The steady proportion of costs to income may signify some level of stability in Hillsboro's housing, but it does not signify affordability. It is common wisdom in real estate to not pay more than 30% of your income on housing and the federal government considers a household "cost-burdened" if it has to pay more than this figure on housing costs ("severely cost-burdened" if a household has to pay more than 50% on housing). This threshold is worth questioning as it is not always an effective gauge for affordability, but in Hillsboro's case it is not important to interrogate the 30% figure as the city's housing costs stretch beyond this threshold anyway.

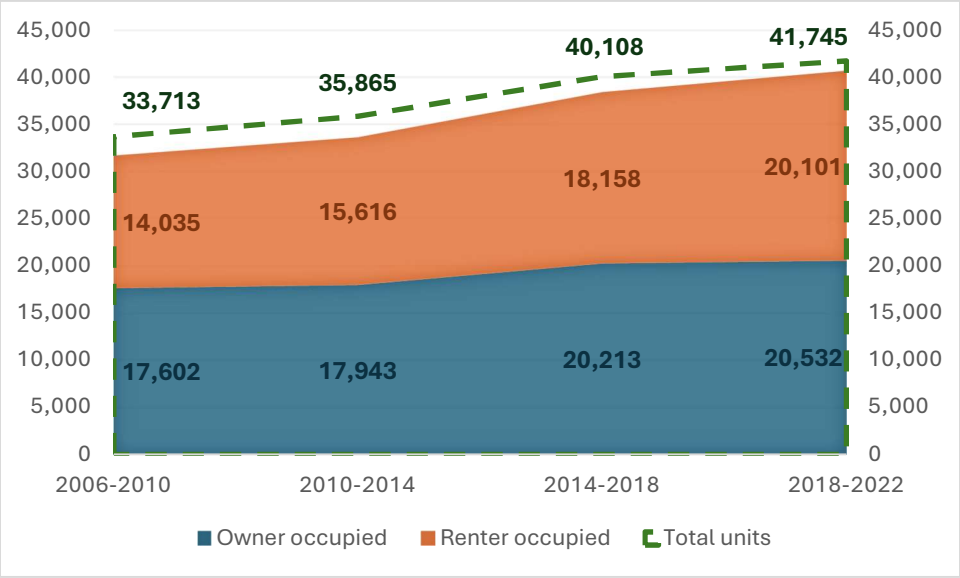
The median homeowner in Hillsboro is putting at least a third of their income towards their mortgage, while the median renter who aspires to homeownership would have to spend more than a year's salary on a down payment and put over half their income towards a mortgage. This means that, in Hillsboro, homeownership is a cost burden on many homeowners and is entirely inaccessible for most renters. Median household income across Oregon and in Portland

is roughly similar to renters in Hillsboro, meaning that homeownership is also inaccessible to many outsiders who may be thinking of moving to Hillsboro.

Growing Rental Community

Over the past decade, Hillsboro has developed a sizeable rental community that now comprises nearly half of the city's residents. While homeowners still outnumber renters by a small proportion, renter-occupied units in the city have grown much faster than owner-occupied ones. Currently, the proportion of renters-to-owners, shown in Figure 2, is about an even split. This indicates that most of the new units constructed in Hillsboro are rented out instead of sold to a homeowner. This also indicates that population in Hillsboro has continued to grow despite inaccessible homeownership costs, and may signify that this inaccessibility is playing a role in the city's changing tenure composition.

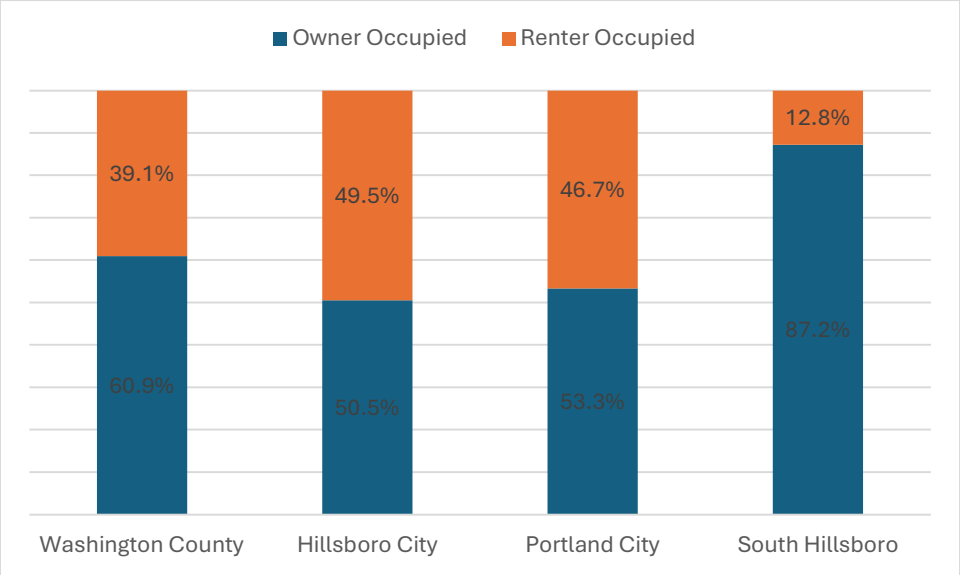
Figure 2. Hillsboro Tenure Type 2006-2022



Source: US Census Bureau (2010, 2014, 2018, 2022). *American Community Survey 5-Year Estimates*

Figure 3 shows the same composition contrasted with Washington County and Portland. One surprising fact shown in this figure is that there is now a greater proportion of homeowners in the city of Portland than there are in Hillsboro. Also included in this figure is the composition of the South Hillsboro census tract. This is one of the three major development areas that Hillsboro has focused on to manage its housing crisis, and it is the only one that involved expansions to Hillsboro's urban growth boundary. Although not enough to reverse the trend, South Hillsboro stands here as a clear counter-example to the rest of the city.

Figure 3. Tenure Composition 2022



Source: US Census Bureau (2022). *American Community Survey 5-Year Estimate*

In contrast to homeownership, renting in Hillsboro is generally more affordable as a proportion of the median renter's household income. Table 2 shows that rent increases in Hillsboro have mostly kept pace with rising incomes among renters. At the same time, rents in Hillsboro have remained high even by the 30% standard. Just like homeownership, rentals have not gotten much more expensive between 2006 and 2022, but they also have not become much more affordable either.

Table 2: Median Gross Rent and Rent as % of Median Household Income 2006-2022

	2006-2010		2010-2014		2014-2018		2018-2022	
	Median Gross Rent	as % of Renter MHI	Median Gross Rent	as % of Renter MHI	Median Gross Rent	as % of Renter MHI	Median Gross Rent	as % of Renter MHI
Washington County	1,193	27.8	1,257	29.5	1,482	29.7	1,695	29.6
Portland City	1,095	33.4	1,171	34.5	1,385	33.4	1,530	31.9
Hillsboro City	1,275	27.5	1,350	28.3	1,686	18.8	1,797	27.8
South Hillsboro							2,226	22.2

Source: Calculated from US Census Bureau (2010, 2014, 2018, 2022). *American Community Survey 5-Year Estimates,* adjusted for 2022 dollars

The story is different for outside renters who are thinking of moving to Hillsboro. Growing rents in Hillsboro may not necessarily make the city out of reach for outsiders, but may still pose a strong barrier to entry. The median renter in Portland would have to spend about 37% of their income to bill a $1,797 per month rental. The median renter across all of Oregon would have to spend about 42% of their income for the same rental.

Housing Development in Hillsboro: Amberglen, Orenco, and South Hillsboro

Housing development in Hillsboro over the last decade has centered around three primary areas, highlighted in Figure 4 for reference. They are Amberglen (the two eastern most geographies) Orenco Station (the three central-eastern geographies), and South Hillsboro (the large southern-most geography). The majority of the new units in Hillsboro since 2010 (somewhere between 54% and 69%) were constructed in one of these three areas. It is worth comparing these examples because of the stark differences in their recent development patterns.

Figure 4.

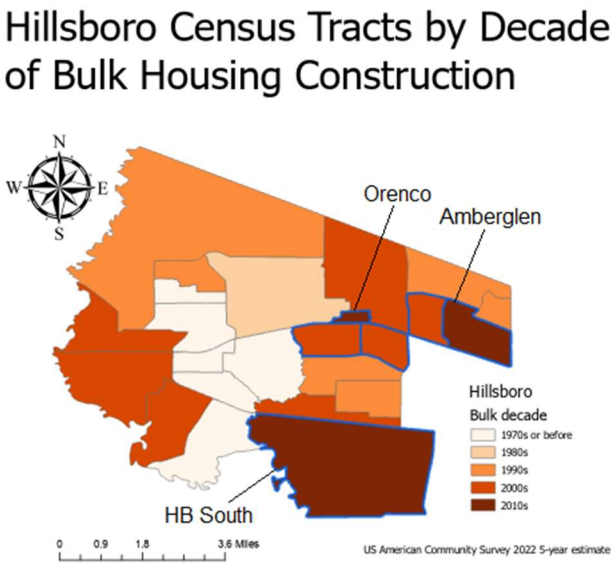
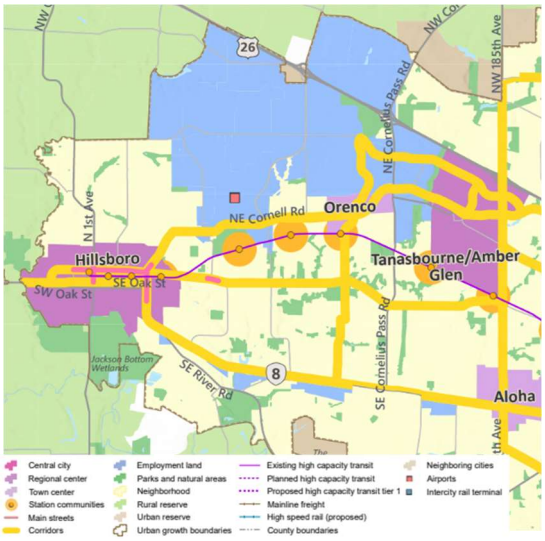


Figure 5. Metro 2040 Growth Concept



Amberglen and Orenco have been areas of interest for Metro as urban centers for the 2040 Growth Concept, shown on Figure 5. Hillsboro has developed these two areas with an explicit motive toward dense transit-oriented construction that could provide greater connection to Portland and to downtown Hillsboro while also efficiently adding to the city's housing supply. Between 2010 and 2022, Amberglen added 1999 units to Hillsboro's housing supply while Orenco added 1332 units.

South Hillsboro's development was pursued to accommodate Hillsboro's current and projected demand for housing. The first development phase was the Witch Hazel expansion, while the second phase is covering the larger part of South Hillsboro and is comprised of Reed's Crossing and Butternut Creek. Much of this second development phase is still underway. Between 2010 and 2022, South Hillsboro has added 994 units to Hillsboro's housing supply.

Table 3. Total Units by Tenure

Census Tracts	Total Units	% owner occupied	% renter occupied
Amberglen	4402	27.5%	71.4%
Orenco	4856	40.6%	54.5%
South Hillsboro	2361	85.1%	12.5%
Median	1701	46.3%	41.4%

Source: US Census Bureau (2022). *American Community Survey 5-Year Estimates*

Table 3 compares total units and tenure for the three development areas with the median for all 25 of Hillsboro's census tracts. Amberglen and Orenco are primarily rental communities, although Orenco still has more of a mixed tenure. South Hillsboro, as was seen earlier in Figure 3, is overwhelmingly an ownership community with a proportion of owner-occupied units that is almost twice the median for Hillsboro. Figures 6 and 7 visualize this owner-renter divide and likewise show a large density of owners in South Hillsboro, a large density of renters in Amberglen, and a mix of tenure in Orenco.

Figure 6.

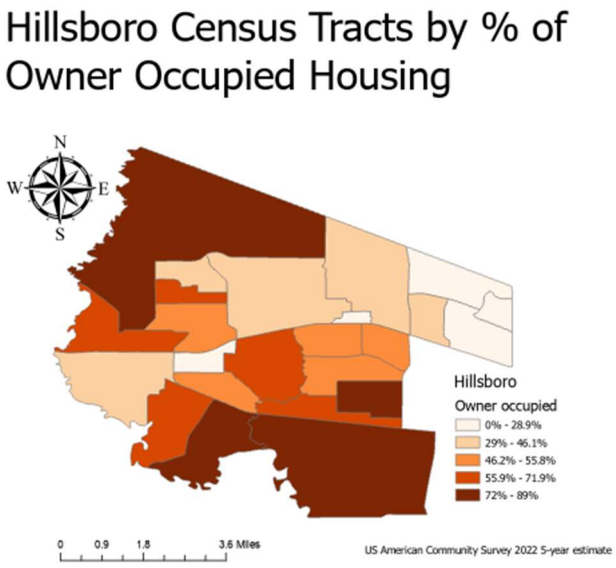


Figure 7.

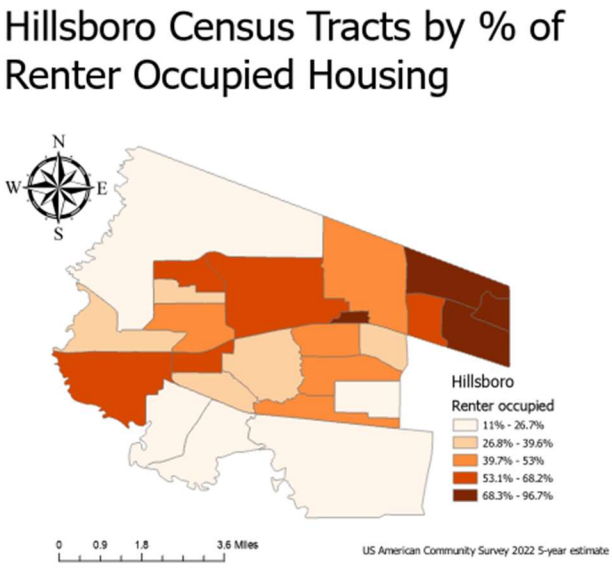


Table 4 shows three related metrics—the proportion of units that are single-unit (versus multi-unit), the proportion of those single-units that are detached, and the average number of bedrooms for all housing units in these areas. Relative to the rest of Hillsboro, Amberglen has a low proportion of single-unit structures. Of the single-unit homes that do exist in Amberglen, a low proportion of them are detached. South Hillsboro again stands in stark contrast to Amberglen. The South Hillsboro development is made up almost entirely of single-unit homes (99.6%!), over two-thirds of which are detached.

Table 4. Housing Unit Data

Census Tracts	% of single units	% of single units that are detached	Average # of bedrooms per unit
Amberglen	31.6%	33.5%	1.62
Orenco	54.1%	81.9%	2.29
South Hillsboro	99.6%	77.8%	3.49
Median	66.7%	82.8%	2.45

Source: US Census Bureau (2022). *American Community Survey 5-Year Estimates*

Another important data set included in Table 4 is the average number of bedrooms per unit. The number of bedrooms is a good way to gauge the average size of a home, and homes with a high number of bedrooms are typically accompanied by a very high listing price. The average number of bedrooms for each census tract follows the pattern, with small structures in Amberglen, typically-sized structures in Orenco, and large structures in South Hillsboro. In fact, South Hillsboro holds the highest average for the entire city, holding roughly one fourth (26%) of all the five-bedroom units in Hillsboro. This proportion is far above both Amberglen and Orenco, which collectively hold only 8% of the five-bedroom units in the city.

Finally, its important to look at differences in income and value. Table 5 outlines the comparison between the three areas and the median for all of Hillsboro's census tracts. Interestingly, it is here where Orenco breaks its previous middle-of-the-road pattern by having a median household income that is even higher than South Hillsboro. Despite this, South Hillsboro's median home value is higher than Orenco's. Amberglen's income is expected of a primarily renter community, but like Orenco their median home value is unexpectedly high. Figures 8 and 9 visualize these categories.

Table 5.

Census Tracts	Median Household Income	Median Home Value
Amberglen	76,100	102,547
Orenco	125,139	134,375
South Hillsboro	122,227	160,341
Hillsboro Median	91,066	108,503

Source: US Census Bureau (2022). *American Community Survey 5-Year Estimate*

Figure 8.

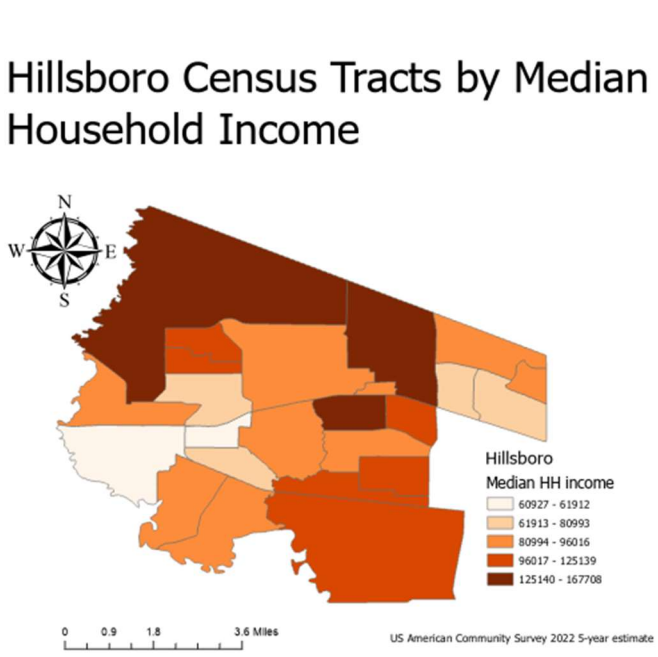
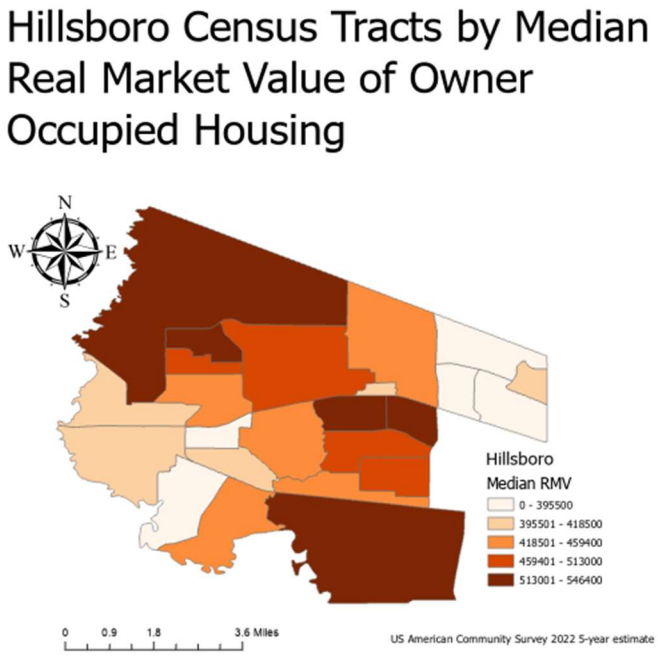


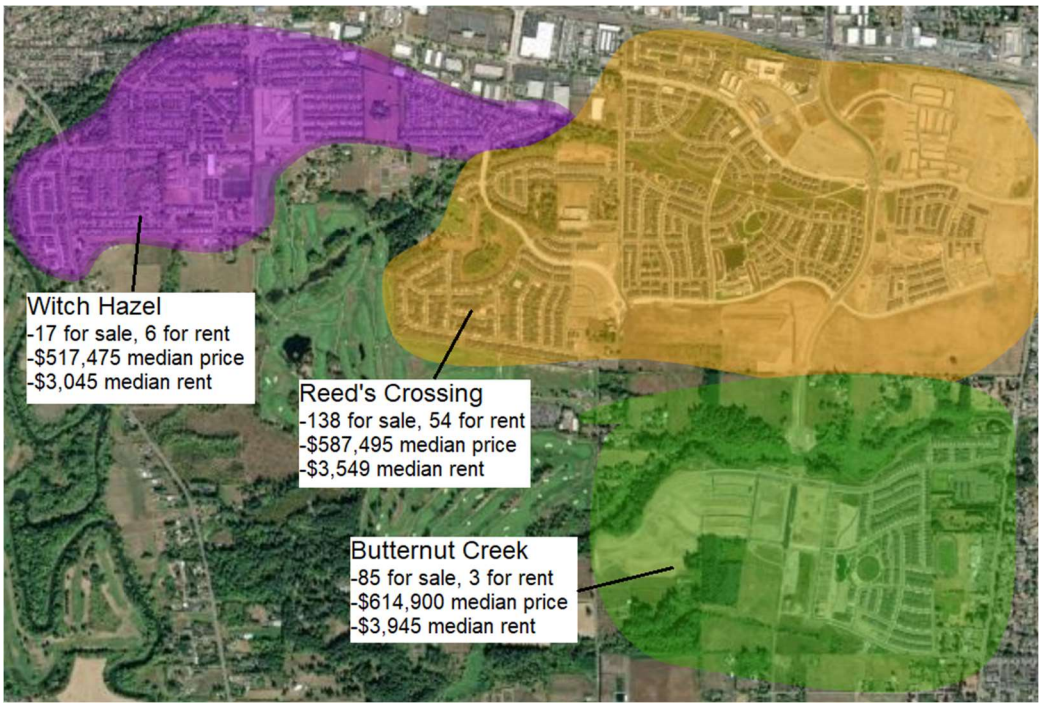
Figure 9.



It is essential to note that real market value (RMV) is often not a precise reflection of what a home will actually cost. For example, Hillsboro's current median listing price is $661,000, which is far above any of the median RMVs of the tracts shown on Figure 9. RMV can be a decent reflection of the wealth of a homeowner, but a more precise metric is needed to determine actual listing prices for smaller geographies.

While more work would need to be done to provide a precise look at housing prices by census tract (or other small geographies), a quick look at Zillow can provide us with an accurate reflection of what the housing market in an area is actually like for prospective residents. To do this, I divided South Hillsboro into three areas reflecting its development phases: Witch Hazel, Reed's Crossing, and Butternut Creek. The three areas and their different Zillow figures can be seen in Figure 10. Notice how Reed's Crossing and Butternut Creek are still in the midst of development and thus still hold large empty lots.

Figure 10: South Hillsboro Phases of Housing Development 2024



Source: Satellite image from Google Maps, housing data accessed through Zillow on May 2nd 2024

On May 2nd 2024, there were 240 units available for sale and 63 units available for rent in South Hillsboro. Prices ranged from $424,990 at the lowest end to $1,300,000 at the highest, with a median price of $579,990. This is fairly below the median listing price for Hillsboro. Interestingly, the median price varies depending on which development area we look at, with lower prices at the first phase of development (Witch Hazel) and higher prices at the two ongoing developments (Reed's Crossing and Butternut Creek). This may either suggest that prices in Witch Hazel have gone down over time, or that new construction in South Hillsboro is continually growing more expensive.

The median rent for South Hillsboro as of May 2nd 2024 is $3,549 per month, with a range of $1,550 at the lowest end to $9,000 at the highest end. This is significantly higher than the median rent for the city ($1,797) and reflects the high costs of South Hillsboro's housing construction as well as its low supply of rental units. Like the listing prices, rents appear to grow higher with each phase of development.

Conclusion

Housing costs in Hillsboro have grown over time, but have remained stable as a proportion of median household income. Homeownership has remained a cost burden for many owners and is largely inaccessible for most renters in the city. Hillsboro is a higher-income area compared to the rest of Oregon, and high housing costs can pose a strong barrier to entry for outsiders who are thinking of moving into the city. Rentership comes with high costs as well, but is relatively more affordable as a proportion of the median renter's income. This may be a driving force behind Hillsboro's fast growing rental community, which is beginning to outpace homeownership in the city,

Hillsboro's efforts to manage the housing crisis have centered on three main areas: Amberglen, Orenco Station, and South Hillsboro. Amberglen represents dense affordable development of small multi-unit rentals, Orenco represents a mix of housing types that tends to reflect the median for Hillsboro, and South Hillsboro represents large single-unit development. Housing development in South Hillsboro is still ongoing and conditions are likely to change as new units are constructed. As it stands right now, ownership prices in South Hillsboro are very expensive but remain below the median for the city, although there is variation between different phases of development. Rents remain far above the median for the city and have a similar variation across the different phases of development.

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May 30, 2025

To: Ethan Stuckmeyer, Manager, Housing Services Division
Kelly Reid, Regional Representative
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From: Mary Kyle McCurdy, Associate Director
Robb Wolfson, Legal Apprentice

Re: City of Molalla Housing Production Strategy

Thank you for the opportunity to comment on the city of Molalla's Housing Production Strategy (HPS). In evaluating a city's HPS, 1000 Friends of Oregon focuses on, among other things, whether the HPS meets the statutory requirements of ORS 197A.100:

> (2) A housing production strategy must include a list of specific actions, including the adoption of measures and policies, that the city shall undertake to promote:
> (a) The development of needed housing;
> (b) The development and maintenance of housing that is of diverse housing types, high-quality, affordable and accessible;
> (c) Housing with access to economic opportunities, services and amenities; and
> (d) Affirmatively furthering fair housing
>
> (3) Actions that may be included in a housing production strategy include:
> ****
> (d) Target development on identified development-ready lands;
> (e) Actions that affirmatively further fair housing;
> (f) Actions that:
> (A) Increase housing diversity, efficiency and affordability, including new construction and the preservation of naturally occurring affordable housing;
> (B) Allow greater housing choice for households and greater flexibility in location, type and density;

We appreciate the analysis done by the city, especially in the context of a relatively fast-growing city. The city has been proceeding thoughtfully through its urban growth boundary analysis and housing needs analysis of its current and future residents. However, we conclude that additional work is needed to succeed.

Molalla's Housing Needs Analysis (HNA) and Contextualized Housing Needs (CHN) describe current housing generally and specific housing needs, including the mix of housing types and tenures, and the degree to which current residents are rent or mortgage burdened. However, we find a lack of clarity and alignment between the identified housing needs and the Housing Production Strategies proposed, in terms of the chosen strategies themselves, the timelines to adopt many of them, and in the lack of baseline comparative data for some. And, we find some possible flaws in the underlying analysis.

I. General Concerns

The city's Housing Production Strategy summarizes the findings of the city's CHN analysis, which describes some of the housing needs of Molalla's current residents.[1]

> • 7% of Molalla is living at or below the poverty line, suggesting economic challenges for a substantial number of residents.
> • 46% of rental-occupied housing is considered affordable, with households paying less than 30% of income in rent.
> • 24% of Molalla identifies as a minority, with 16% identifying as Hispanic or Latino, and homeownership rates are lower for many minority groups compared to households overall.
> • 16% of Molalla's population is living with a disability, which is higher than county and national averages.

The city is projected to grow by 5,432 people to a population of 15,660 by 2042, which translates to 1,996 net new dwelling units based on an assumed vacancy rate of 4% and 2.83 persons per household.

The HPS[2] takes this conclusion of the HNA and attempts to translate it into strategies to address the city's housing needs over the next 20 years:

> "The expected distribution of housing types is depicted in Table 14. Based on local housing mix preferences outlined in the Safe Harbor Method, it is anticipated that 55% of the dwelling unit demand (1,143 dwelling units) will consist of single-family detached homes including manufactured dwellings, 25% will be medium density such as townhouse/plexes (519 dwelling units), and 20% (415 dwelling units) will be high density such as multi-family (apartments). The future demand represents a greater share of medium and high-density housing in Molalla than the current inventory and would result in more attainable housing for households at all income levels."[3]

In coming up with these percentages of future need, Molalla relies on the Safe Harbor provisions in OAR 660-024-0040(8) and the accompanying "Housing Mix/Density Safe Harbors" table.

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[1] Molalla Housing Production Strategy, p. 1.
[2] Molalla Housing Production Strategy, p. 1, graphic.
[3] Molalla Housing Needs Analysis, p. 20.

The Molalla Housing Production Strategy fails to meet state law for the following reasons.

- Molalla fails to make any factual findings as to the actual housing needs of its future residents. Rather, it uses the Safe Harbor option to conclude that this is the mix of housing needed. While the city might be able to rely on this Safe Harbor for some purposes of a UGB assessment until the Oregon Housing Needs Analysis rules are in effect, it is not at all clear that this relieves Molalla of an independent obligation to actually assess and meet its future housing needs. For example, the *DAS Oregon Housing Needs Assessment* report projects the housing needs of Molalla, in total and in five income categories, over the next year and the next 20 years.[4] There is no analysis of how this actual projected need aligns or does not align with the Safe Harbor assumptions or the city's proposed HPS strategies.

- The HPS and CHN both include the same graphic, titled "Molalla Housing Units by Income Bracket," which depicts the number of housing units in each of five income brackets (ranging from extremely low income to high income) and the number of "units to meet the HNA need."[5] The HPS states that this figure:

  > "[S]hows existing housing units by income bracket and allocates the 1,996 units of needed housing discussed above across those same income brackets based on the assumption that existing ratios will hold."

  It is not clear to us what this graph is depicting - if it depicts the number of existing housing units that are affordable to those at the indicated income levels, it does not seem to align with the numbers in the next figure, Figure 2.[6] More importantly, as described in the above quote, the graph then distributes needed housing units according to these same ratios, without an explanation of whether that distribution actually meets future housing needs at those income levels. Finally, it is not clear how this income distribution relates to the distribution of housing units *by type* that Molalla has projected its needs in the future, using the Safe Harbor (or any) analysis.

- The HPS makes statements like:

  > "Expectations for future housing demand in Molalla have shifted towards a greater share of medium and high-density housing compared to the current inventory. Single-family detached homes, including manufactured homes, will continue to play a significant role, comprising 55% of the new housing units, which translate to about 1,143 units, reflecting their enduring appeal to homeowners."[7]

  However, no factual evidence supports these percentages; rather, these are simply the Safe Harbor percentages translated to numbers of units. In fact, the city's HNA states

[4] Oregon Housing Needs Analysis Methodology, December 2024, p. 55.
[5] Molalla HPS, p. 4, Figure 1 and CHN, p. 44, Figure 3.
[6] Molalla HPS, p. 5, Figure 2.
[7] Molalla HPS, p. 4.

that from 2011-2017, “70% of the residential development permits proposed multi-family or duplex housing,”[8] indicating that planning for only 45% of the housing to be some type of multi-family in the future is significantly less than the actual need.

- Molalla’s HNA describes the city’s current housing mix as: 68.2% single-family detached, 15.6% apartments of 5 or more units, 6% triplexes and quadplexes, 5% duplexes, and 4.7% mobile homes.[9] Regardless of whether Molalla’s housing targets by type are those in the Safe Harbor or are based on an individualized calculation, no description or estimates are provided for how the proposed HPS strategies - collectively or individually - will move from today’s housing mix to the target mix. Rather, it seems it is just assumed that the HPS strategies are reasonably likely to achieve the target housing mix.

- This is complicated by the fact that while the CHN describes some characteristics of current residents that translate into housing needs (e.g., “16% of Molalla’s population is living with a disability, which is higher than county and national averages”), the HPS does not describe whether these characteristics will remain the same or change over the coming 20 years and, if they change, how that translates into housing need. Therefore, neither the city nor DLCD can conclude whether the HPS strategies will meet these needs.

- Even assuming the city can rely upon the Safe Harbor rule and table for some aspects of this UGB analysis, it appears to be doing so incorrectly:
    - We read the percentages in the Safe Harbor rule and table as referring to *total* housing, not just the housing added over the next 20 years.[10] So, for example, the Safe Harbor rule requires that the city’s zoning across all its buildable land must allow a mix of 25% medium density housing. To achieve that would require that *new* housing be allowed at higher densities and/or over more acres than the city appears to be planning for (although as described below, we cannot determine, based on the HPS, the number of acres or locations where the proposed HPS strategies are to be implemented).

    - The Safe Harbor addresses only housing density and mix. It does not address the other housing needs of Molalla’s residents, which the city is required to do by Goal 10[11] and related statutes and rules. So, for example, even assuming the characteristics identified in the CHN stay the same for the next 20 years, how does the city propose to meet the needs of older residents, those with disabilities, and other populations who need particular types of housing?

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[8] Molalla HNA, p. 19.
[9] Molalla HNA, p. 14.
[10] The Safe Harbor table describes the “Housing Mix Safe Harbor” as “percentage of DU that must be *allowed* by zoning.”
[11] Goal 10 requires that cities “encourage the availability of adequate numbers of needed housing units at price ranges and rent levels which are commensurate with the financial capabilities of Oregon households and allow for flexibility of housing location, type and density.”

- Finally, the city may be using a flawed analysis of its buildable land acreage. The city's HNA states:

> "From the Buildable Lands Inventory Analysis, we know that the City of Molalla has 60.82 net acres of vacant/buildable and infill potential land with a residential comprehensive plan designation within the Urban Growth Boundary and City Limits. Further broken down, Molalla staff has identified 33.25 net acres within the R-1 zone, 5.06 net acres within the R-2 zone, and 22.51 net acres in the R-3 zone. Using the 7 units per net acre density and accounting for a 25% reduction (right-of-way and public facilities), the current available land can accommodate approximately 425 of the 1,996 attached and detached dwelling units (including manufactured dwellings) needed for the projected population growth by 204219. With current available land accommodating for 25% of the needed dwelling units, this leaves a deficit of 1,570 units."[12]

It appears the city might be reducing the gross acres twice for right-of-way and public facilities. First, the report states that there are a certain number of *net* acres in each zone, such as "33.25 net acres within the R-1 zone." The Safe Harbor rule defines "net buildable acre" as "residentially designated buildable land after excluding future rights-of-way for streets and roads." OAR 660-024-0010(6). Then the HNA report reduces those net acres by 25% to - again - account for "right-of-way and public facilities."

If there has indeed been a double reduction of the same thing, the number of buildable acres inside the existing UGB is greater than that on which the HPS is based, and the HPS is therefore flawed, lacking substantial evidence to support its findings and conclusions.

II. Housing Production Strategies - Generally

Even assuming the city is correctly using the Safe Harbor option, on the basis of the information provided, neither the city nor DLCD can conclude that the fourteen proposed HPS strategies are reasonably likely to achieve the number or mix of housing units set out in the Safe Harbor rule.

The HPS does not estimate how many units will result from each strategy, or how much land each strategy will apply to.[13] In some cases, the number of existing units in a given category is not provided. Therefore, it is not possible to assess how the proposed strategies will impact the number, type, and location of dwellings that could be sited within Molalla's existing UGB, and how many might need to be accommodated in a UGB expansion.

For example, for the strategy of "Revisions to ADUs," which involves revising the ADU code and reducing the ADU system development charge (SDC), the HPS describes the impact as "low to

[12] HNA, p. 22.
[13] HPS, Table 1, Summary of Actions, and section on "Housing Policy Descriptions by Category," starting on p. 15.

medium," and provides that progress will be monitored by "Number of ADUs developed."[14] There is no assessment of the number of current ADUs in Molalla, the pace at which ADU construction is already taking place, and no estimate of the number of ADUs that might be developed or even the hoped-for number. How will the city, DLCD, or the public know if this strategy is successful, when there is nothing against which to measure the count going forward, or what "success" would look like?

This lack of critical baseline information infects many the HPS strategies. There is simply not enough information to assess the individual or collective effectiveness of the HPS strategies.

III. Housing Production Strategies - Specific Strategies

The descriptions of many individual HPS strategies are insufficient to demonstrate the strategies are reasonably likely to meet the city's housing needs - whether that need is the Safe Harbor on which the city relies, or the city's housing needs based on an individualized approach. As described below, for many of the strategies, the HPS does not provide any baseline information about current conditions, or information about the number or location of the acres to which the strategy would be applied. The HPS states that "To diversify housing locations, it is essential to expand options for compact residential development in mixed-use neighborhoods,"[15] and it lists those options for mixed-use neighborhoods as ADUs, cottage clusters, small dwelling units, and residential units with ground floor retail. However, it is not clear the degree to which the various strategies will be applied, what are the "mixed-use neighborhoods" including in the future, and why these strategies are limited to only mixed-use neighborhoods.

In addition, the timeline for adopting some of the strategies would seem to significantly reduce their effectiveness in meeting the city's housing targets. We detail some of these shortcomings below.

Code revision for ADUs:[16] Molalla proposes to "make ADU standards less restrictive" and to reduce SDC charges for ADUs. These are both worthwhile strategies; however, without an explanation of the current number of ADUs, the current ADU code, the proposed changes to make it less restrictive, and the number of lots to which it will apply, it is not possible for the city or DLCD to assess how effective this action will be. Current law already requires Molalla to allow ADUs on every parcel zoned for single family residential use, and it prohibits requiring an additional off street parking spot. What else does Molalla propose to enact to increase the likelihood that the number of ADUs will grow, and by how much? The HPS reports that the impact of these code revisions for ADUs will be primarily due to the reduced SDC. However, the SDC reduction is not scheduled to be implemented until 2032.[17] This long time frame reduces whatever impact the overall ADU strategy might have.

[14] HPS, Table on p. 15.
[15] HPS, p. 33.
[16] HPS, Table 1, p. 11 and Table on p. 15.
[17] HPS, Table 3, Implementation Timeline, p. 31.

Developing Standards for Cottage Clusters:[18] This is a very worthwhile strategy; as the HPS explains this could have a moderate to high impact on Molalla's housing needs. However, again we see no description of the number of acres or where the code revision will allow cottage clusters, so it is not possible for the city or DLCD to assess how many cottage clusters could or would be developed and how effective this action could be. And, this action is not scheduled for adoption until 2031-32, which would seem to reduce its impact.

Small Dwelling Unit Developments.[19] Again, this is a worthwhile strategy but we see no description of the number of acres or where small dwelling units would be allowed, so it is not possible for the city or DLCD to assess how effective this action will be. Additionally, the city states that these housing types would potentially meet the affordability target of "publicly subsidized (<30% AMI)." Without a description of the density at which these would be allowed, that seems a questionable conclusion. Most public funding sources for affordable housing require at least 40 units/parcel. There are private nonprofit affordable housing developers who might build at lower numbers and densities, but without an understanding of the densities at which these small dwelling units would be allowed, we do not see how conclusions as to the likelihood of those meeting residents making <30% AMI can be drawn.

Regulate Short Term Rentals[20] and Address "Zombie" Housing.[21] Both strategies are worthwhile, but again, without any baseline information about how many short term rentals and zombie houses currently exist in Molalla, it is not possible for the city or DLCD to assess how effective these actions will be.

Remove Impediments for Conversions/Duplex Parking.[22] We do not understand why this action is not scheduled to be implemented until 2031.[23] Removing or reducing offstreet parking requirements has proven to be an action that many cities in Oregon and across the country have quickly enacted.[24]

Federal LIHTC Program.[25] It is unclear from our review of the HPS whether the city has any land zoned at sufficient densities to make it likely that affordable housing developers would build in the city using LIHTC funding.

Land Owned by Faith-Based Organizations.[26] Without any baseline information about the potential scope of this worthwhile strategy, we do not believe it is possible for the city or DLCD to assess how effective this could be.

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[18] HPS, Table 1, p. 11 and Table on p. 16.
[19] HPS, Table 1, p. 11 and Table on p. 17
[20] HPS, Table 1, p. 11 and Table on p. 19.
[21] HPS, Table 1, p. 12 and Table on p. 23.
[22] HPS, Table 1, p. 12 and Table on p. 21.
[23] HPS, Table 3, p. 31.
[24] See, e.g., Sightline, Beyond Parking Mandates and Twice As Many Small Towns Have Eliminated Parking Mandates As Large Cities
[25] HPS, Table 1, p. 12 and Table on p. 22.
[26] HPS, Table 1, p.12 and Table on p. 24.

Modify SDC fee schedule based on size.[27] We recommend adding to this strategy deferring collection of residential SDCs until the certificate of occupancy is issued.

For several strategies (e.g., ADUs, cottage clusters, and small unit developments, others) the city concludes that among the groups for which this housing would be beneficial because it is more affordable is people living with disabilities. However, without the city requiring that all or some of the units be accessible, or without requiring that these units be built at densities at which the ADA/state building code requires a certain number of accessible units,[28] we do not see how the city or DLCD could draw that conclusion.

In the discussion of "Funding Sources," Molalla acknowledges that "a primary challenge to implementing the HPS… is the availability of adequate funding."[29] Yet the city has not adopted a Construction Excise Tax (CET) for housing, which other cities across Oregon have adopted and found effective. We question why adoption of a CET is not included as a strategy.

Some of the "Future Action for Consideration"[30] listed by the city appear to promote denser, more affordable housing options at little cost to the city, and yet are inexplicably listed as options for future recommendations rather than as current strategies. These include Provide Handbook with Pre-Approved Plan Sets for ADUs, Reduce Regulatory Barriers to Lot Division, and Flexible Regulatory Concessions for Affordable Housing. We recommend these be moved to the HPS, along with more extensive upzoning of existing residentially zoned lands, and other tools in DLCD's Housing Production Strategies.[31]

The HPS acknowledges the importance of "diversify[ing] housing locations" as an essential part of meeting fair housing goals.[32] However, as noted above, we cannot tell from the HPS the number or location of acres that will be impacted by the proposed revision for ADUs, cottage clusters, or small dwelling units, so we do not see how it is possible to conclude whether the HPS meets fair housing goals.

Thank you for considering our comments. We look forward to Molalla's continued efforts to ensure its current and future residents have appropriate, accessible, affordable, well-located housing.

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[27] HPS, Table 1, p. 13 and Table on p. 26.
[28] For example, if a development is over 20 units, then 2% of the units must meet Type A accessibility standards. See, e.g., American National Standards Institute (ANSI) code
[29] HPS, p. 29.
[30] HPS, p. 32.
[31] DLCD, Housing Production Strategies table
[32] HPS, pp. 33-34.