



Oregon

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February 5, 2026

Dan Rutzick, Long Range Planning Manager
150 E. Main Street
Hillsboro, OR 97123
Sent via e-mail



RE: Review of City of Hillsboro's Readopted Housing Production Strategy

Dear Long Range Planning Manager Rutzick,

On April 10, 2025, the Department of Land Conservation and Development (DLCD or department) issued its [decision](#) to remand the City of Hillsboro's Housing Production Strategy (HPS). This decision applied two readoption conditions to be completed by December 31, 2025:

1. 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.
2. 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:
 - a. Clarifying the scope and implementation detail of each action and sub-action to demonstrate how it addresses specific identified housing needs;
 - b. 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;
 - c. Resolving inconsistencies or misalignments between overarching actions and their associated sub-actions, ensuring that each action is cohesive, actionable, and measurable;
 - d. 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
 - e. Integrating the burden mitigation proposals presented in the section "Assessment of Benefits and Burdens" into the actions and sub-actions in the HPS.

Accordingly, on December 5, 2025, the department received a submittal from the City of Hillsboro notifying the department of the adoption of the city's amended 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 8, 2025. Upon the close of the public comment period on January 22, 2026, the Department received [one comment](#) on the city's readopted HPS.

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 readopted Housing Production Strategy, the Department must make a final decision by April 7, 2026. 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 readopted Housing Production Strategy against the readoption conditions and the review criteria established in OAR 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 **approves the City of Hillsboro's Readopted Housing Production Strategy Report with the following condition (further described on page 20):***

***Condition of Approval 1:** The department requests that, at the time the city submits its three-year, Midpoint Report (by December 31, 2027) to the department under OAR 660-008-0230, the city provides all annual monitoring summaries thus far to the department. These annual summaries are not required as part of the submittal under OAR 660-008-0230 and will not be used to make any final approval decisions. Rather, they will help the department better understand local implementation trends and support broader learning across cities.*

As part of the Department's review of the City of Hillsboro's readopted 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, HB 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, Oregon Laws 2023, chapter 13, section 9(4), compiled as a note after 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 the City of Hillsboro's readopted HPS under the applicable statutory framework in ORS 196 and 197, rather than under the updated statutes in ORS 197A (2023).

The review criteria applicable to the City of Hillsboro's readopted HPS are available for reference through the Oregon Secretary of State's Archives Division here:

- *Chapters 196, 197, edition 2021:*
https://www.oregonlegislature.gov/bills_laws/Pages/ORSarchive.aspx
- *Chapter 660, Division 8:*
- <https://secure.sos.state.or.us/oard/viewCompDocument.action?compDocRsn=1240>

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.

In response to Readoption Condition #2, the City of Hillsboro conducted a locational analysis to provide greater geographic specificity to its previously approved Contextualized Housing Need (CHN) and to inform the refinement of its HPS' actions. This supplemental analysis draws on recent work by ECONorthwest and Washington County, including displacement and gentrification risk mapping and the identification of racially and ethnically concentrated areas of poverty (RECAPs), which are defined as areas with a non-white population of 50 percent or more and 40 percent or more of individuals living in at or below the federal poverty level. The analysis confirms that low-income households and other vulnerable households including people of color, cost-burdened renters, manufactured housing residents, and households with lower educational attainment are disproportionately concentrated in southern and western Hillsboro, particularly in and around the downtown area and within a census tract designated by Washington County as the county's sole RECAP. This area is predominantly Latine, has significantly lower homeownership rates than the city and county overall, and contains a substantial share of the city's regulated affordable housing units.

The department finds that this locational analysis adds meaningful context to the city's CHN by identifying areas with heightened vulnerability to displacement as well as areas of opportunity where high housing costs may limit access for lower-income households. The analysis also indicates that some neighborhoods near employment centers have experienced significant rent increases but currently exhibit lower displacement risk and higher incomes, suggesting emerging exclusivity and barriers to access in high-opportunity areas. Conversely, neighborhoods in and around Downtown Hillsboro, including the RECAP, have not yet experienced substantial rent escalation, presenting an opportunity for proactive stabilization and anti-displacement measures. The department finds that this additional work improves alignment between identified housing needs and the scope, location, and prioritization of HPS actions, and concludes that the City's CHN, as supplemented, satisfies the requirements of OAR 660-008-0050(1).

(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 department previously found that the city's public engagement for the HPS satisfied the requirements of OAR 660-008-0050(2), and the department did not require the city to conduct additional engagement to address the remand decision. As part of the readoption process, the city nonetheless undertook supplemental engagement activities focused on the proposed amendments necessary to address the readoption conditions. Beginning in summer 2025, the city worked collaboratively with department staff and a consultant team to present the proposed HPS amendments at a City Council work session on October 7, 2025. Following feedback from City Council and internal city departments, the city prepared a public comment draft of the readopted HPS, which was distributed to prior participants engaged in the first HPS process, including members of the Technical Advisory Committee, individuals who provided testimony at the December 2024 City Council public hearing, and those who submitted comments during the department's HPS review. The readopted HPS was also posted on the project webpage, and a public comment period was held from October 13, 2025, through October 24, 2025.

The department finds that this supplemental engagement provided a meaningful opportunity for public review and comment on the readopted HPS. The city received one public comment letter, jointly submitted by Housing Land Advocates (HLA) and the Fair Housing Council of Oregon (FHCO), which raised concerns related to renter impacts, residents of racially and ethnically concentrated areas of poverty, and patterns of

segregation and concentration of poverty. The department finds that the city appropriately considered these comments and continued to coordinate closely with department staff to clarify the scope, level of commitment, and implementation timing of HPS actions over the six-year period. The department concludes that the city's public engagement for the readopted HPS, taken together with the engagement conducted for the originally adopted HPS, satisfies the requirements of OAR 660-008-0050(2).

Note: Additionally, in accordance with ORS 197A.103(4), the department provided a 45-day public comment period on the city's readopted HPS, which closed on January 22, 2026, and received one comment letter from FHCO and HLA during that period. The city received praise on the city's final readopted HPS.

(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.

As part of the April 10, 2025, remand decision, the department identified two readoption conditions related to the city of Hillsboro's HPS actions.

Readoption Condition #1 required the city to remove Action 2.2 titled "*Coordinate with partners to pursue residential land Urban Growth Boundary (UGB) expansion(s)*". The department finds that the city has addressed this condition by removing Action 2.2 from the readopted HPS.

Readoption Condition #2 required the city to clarify the remaining actions and sub actions included in the HPS to address gaps in specificity, implementation timelines, alignment with identified housing needs, locational applicability, and integration of benefits and burdens mitigation. As part of the readoption process, following the removal of Action 2.2 "*Coordinate with partners to pursue residential land UGB expansion(s)*", the city reassessed its remaining actions to ensure that they collectively address the housing needs identified in the Contextualized Housing Need.

The city's readopted HPS identifies a revised list of 22 city-led actions that are within the city's authority and focused on promoting housing production, affordability, and choice within the existing UGB. These actions are detailed in chapter 5 "*New Actions to Meet Future Housing Needs*" and are organized under the following five categories:

1. Regulatory actions

2. Land based actions
3. Partnership actions
4. Incentive actions
5. Investment actions

OAR 660-008-0050(3)(a) requires the HPS to include a description of each action chosen to address identified housing needs. The department finds that the readopted HPS includes both clear and meaningful action titles and written descriptions for each action and associated sub-actions, satisfying the requirements of OAR 660-008-0050(3)(a). The city provided adoption timelines, implementation timelines, and timelines for when each action will impact needed housing, included both in the individual action descriptions and summarized in the table titled “*Summary Table of New Actions by Implementation Timeline and Impact*” within chapter 5 (snap included below). This level of detail ensures that each action is both actionable and accountable, allowing the department and the public to understand when an action will be adopted, implemented, and expected to produce measurable housing outcomes. The department finds that OAR 660-008-0050(3)(b), OAR 660-008-0050(3)(c), and OAR 660-008-0050(3)(d)(D) are satisfied.

Summary Table of New Actions by Implementation Timeline and Impact

Legend for Timeline		Timeline (Cycle 1: 2025-2030)						Cycle 2	Action Impact
		2025	2026	2027	2028	2029	2030	2031	
	Time frame when the City will conduct analysis, refine the action, and coordinate with partners prior to action adoption or completion	A/C		Time of action adoption (A) or completion (C)					
	Time frame when action will be implemented (i.e. the program, resource, code, etc. is available for use)	I		Time frame when action will impact (I) needed housing					
Action Group	Action Title	2025	2026	2027	2028	2029	2030	2031	Action Impact
Regulatory Actions	Action 1.1: Adopt Comprehensive Plan Map Amendments and Zoning Map updates to expand multi-unit housing capacity				A	I	I		High
	Action 1.2: Increase housing in Multi-Dwelling Zones and increase density bonus incentives for affordable, middle-income, and accessible housing units			A	I	I	I		High
	Action 1.3: Increase housing in Commercial and Mixed-Use Zones and increase density bonus incentives for affordable, middle-income, and accessible housing units			A	I	I	I		High
	Action 1.4: Refine middle housing development standards		A	I	I	I	I		Medium
	Action 1.5: Streamline design standards					A		I	Low
	Action 1.6: Adopt a user-friendly code						A	I	Low
	Action 1.7: Reduce and remove development code and permitting process barriers					A		I	Low
	Action 1.8: Adopt a local pre-approved housing plan for ADUs with universal design						A	I	Medium
Land-Based Actions	Action 2.1: Coordinate with public, private, and faith-based organizations to identify underutilized land for affordable housing				C		I		Medium

Action Group	Action Title	Timeline (Cycle 1: 2025-2030)					Cycle 2		Action Impact
		2025	2026	2027	2028	2029	2030	2031	
Partnership Actions	Action 2.2: Identify and use City-owned land for affordable housing				C			I	High
	Action 3.1: Develop new strategic partnerships for state and federal advocacy				C			I	Low
	Action 3.2: Continue and expand affordable and middle-income homeownership partnerships					C		I	Medium
	Action 3.3: Adopt and implement the 10th Avenue/Avenida Diez Equitable Development Strategy			A				I	Medium
	Action 3.4: Partner with Metro to support the creation of an ongoing revenue source for affordable housing production					C		I	Low
Incentive Actions	Action 4.1: Complete permit application fee study and consider fee structure adjustments				A			I	Medium
	Action 4.2: Complete SDC study and consider adjustments to select SDCs				A			I	Medium
	Action 4.3: Expand the use of the Vertical Housing Development Zone Program to target middle-income housing				A	I	I		Low
	Action 4.4: Adopt a MUPTE program to target middle-income and accessible housing				A	I	I		Medium
	Action 4.5: Expand property tax exemptions for non-profit affordable housing to include for-profit affordable housing			A				I	Medium
Investment Actions	Action 5.1: Target strategic infrastructure investments to unlock housing production based on a development ready lands analysis						C	I	Medium
	Action 5.2: Build a year-round homeless shelter	C	I	I	I	I	I		Low
	Action 5.3: Approve criteria in housing solicitations to include preferences for supportive housing and accessible units in affordable housing projects			C	I	I	I		Medium

Each action includes an estimated magnitude of impact, using a low/medium/high framework, with accompanying rationale that considers the scope and scale of the action relative to the housing needs identified in the CHN. The city also provided a quantified assessment of the magnitude of impact for actions 1.1-1.3 that the department finds particularly commendable and fully consistent with OAR 660-008-0050(3)(d)(B):

- Action 1.1 “Adopt Comprehensive Plan Map Amendments and Zoning Map Updates to Expand Multi-Dwelling Housing Capacity” – high impact. The HCA identified a deficit of roughly 939 units of zoned capacity for multi-unit dwellings compared to the city’s projected housing need over the next 20 years. This action targets addressing roughly 339-439 multi-unit dwellings not addressed by Actions 1.2 and 1.3.
- Action 1.2 “Increase Housing in Multi-Dwelling Zones and Increase Density Bonus Incentives for Affordable, Middle-Income, and Accessible Housing Units” – high impact. This action estimates increased zone capacity by roughly 400-500 units, representing a 30-40% increase over existing capacity.
- Action 1.3 “Increase Housing in Commercial and Mixed-Use Zones and Increase Density Bonus Incentives for Affordable, Middle-Income, and Accessible Housing

Units” – high impact. This action estimates increased zoned capacity by 600-700 units, including standalone and mixed-use developments, representing a 20-30% increase over existing capacity.

OAR 660-008-0050(3)(d)(A) requires that each action describe the housing need addressed by the identified action by tenure and income. The readopted HPS includes “Affordability Targets” and “Tenure Targets” sections for each action, showing how much each action will support the development of units for different income levels and household types, satisfying the requirements of OAR 660-008-0050(3)(d)(A).

OAR 660-008-0050(3)(d)(C) requires an analysis of the income and demographic populations anticipated to receive benefit and burdens, including low-income communities, communities of color, people with disabilities, and other state and federally protected classes. The readopted HPS now includes a “Benefits and Burdens” section for each action, describing the potential increased benefits and mitigation actions for any identified burdens, as applicable, satisfying OAR 660-008-0050(3)(d)(C).

Of particular note, the city has identified potential burdens and the actions the city will take to address those burdens during action implementation for actions 1.1, 1.2, 1.3, and 5.1, that reflects strong and appropriate application of equity centered planning.

- Action 1.1 *“Adopt Comprehensive Plan and Zoning Map Amendments to Expand Multi-unit Housing Capacity”* identifies a potential burden of increased rent or displacement pressure on low-income households and marginalized populations if zoning map amendments disproportionately increase development capacity in displacement vulnerable areas or areas containing naturally occurring affordable housing, including the RECAP in the 10th Avenue/Avenida Diez area. To mitigate this burden, the city commits to building on the locational analysis conducted under the readoption process by analyzing the spatial distribution of vulnerability and opportunity as part of this action’s implementation, focusing new housing capacity in high-opportunity areas, sequencing zoning map amendments to avoid concentrating capacity increased in vulnerable areas, and coordinating implementation with anti-displacement and affordable housing actions including Actions 2.1 and 3.3.
- Action 1.2 *“Increase Housing in Multi-Dwelling Zones and Increase Density Bonus Incentives for Affordable, Middle-Income, and Accessible Housing Units”* identifies displacement pressure in zones that overlap with vulnerable areas, particularly the SCR-HD zones within the RECAP. The city will mitigate against this burden by building on the locational analysis conducted under the readoption process by analyzing the spatial distribution of vulnerability and opportunity as part of this action’s implementation, limiting or refining density increases in vulnerable zones, focusing increased density in non-vulnerable or high opportunity areas, coordinating density increases within and near the RECAP with the implementation of Action 2.2 and pairing any increases with significant

bonus incentives for affordable, middle income and accessible housing to support stability.

- Action 1.3 *“Increase Housing In Commercial and Mixed-Use Zones and Increase Density Bonus Incentives for Affordable, Middle-Income, and Accessible Housing Units”* similarly identifies displacement risks where commercial and mixed-use zones, including the SCC-DT zone in downtown, overlap with displacement vulnerable areas and the RECAP. The city commits to addressing this burden by building on locational analysis conducted under the readoption process by analyzing the spatial distribution of vulnerability and opportunity as part of this action’s implementation, limiting or refining capacity increases in vulnerable zones, coordinating implementation with Action 3.3’s anti-displacement actions in the 10th Avenue/Avenida Diez area, and pairing increased capacity with affordability and accessibility incentives to ensure housing benefits are affordable to current and future community members.
- Action 5.1 *“Target Strategic Infrastructure Investments to Unlock Housing Production Based on a Development Ready Lands Analysis”* identifies potential property level displacement risks within the TV Highway corridor, including manufactured home parks, parcels with moderate redevelopment likelihood, and areas with elevated renter cost burden as well as proximity to the RECAP. The city will be mitigating these burdens by building on locational analysis conducted under the readoption process by analyzing the spatial distribution of vulnerability and opportunity as part of this action’s implementation and coordinating investments with housing stabilization efforts under Action 3.3.

Taken together, the department finds that the readopted actions provide sufficient clarity, specificity, and measurable commitments to address the city’s identified housing needs as required by OAR 660-008-0050(3) that directly responds to Readoption Condition #2.

(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 city's readopted HPS includes chapter 6 titled "*Achieving Fair and Equitable Housing Outcomes*" which details how the selected actions respond to OAR 660-008-0050(4).

The "Location of Housing" section of this chapter identifies the following actions that support the development of compact, mixed-use neighborhoods and meeting statewide greenhouse gas emission reduction goals:

- Action 1.1: Adopt Comprehensive Plan Map Amendments and Zoning Map updates to expand multiunit housing capacity
- Action 1.2: Increase housing in Multi-Dwelling Zones and increase density bonus incentives for affordable, middle-income, and accessible housing units
- Action 1.3: Increase housing in Commercial and Mixed-Use Zones and increase density bonus incentives for affordable, middle-income, and accessible housing units
- Action 1.4: Refine middle housing development standards
- Action 1.8: Adopt a local pre-approved housing plan for ADUs with universal design
- Action 4.3: Expand the use of the Vertical Housing Development Zone Program to target middle income housing
- Action 5.1: Target strategic infrastructure investments to unlock housing production based on a development ready lands analysis

The department agrees that Actions 1.2 and 1.3 intended to increase housing allowances and permitted densities in mixed-use, commercial, and multi-dwelling zones support the creation of compact, mixed-use neighborhoods. Further, Actions 1.4 and 1.8 facilitate more compact neighborhoods through the production of middle housing and Action 5.1 will further support transit-oriented development along TV Highway. Finally, Action 1.1 commits the city to zoning map changes to allow dense, multi-unit housing in more areas across the city, particularly in high opportunity, high amenity, and transit-oriented locations.

This information satisfies OAR 660-008-0050(4)(a).

(b) Fair Housing – How the city is affirmatively furthering fair housing for all state and federal protected classes. Affirmatively furthering fair housing means addressing disproportionate housing needs, patterns of integration and segregation, racially or ethnically concentrated areas of poverty, and disparities in access to housing opportunity.

The "Fair Housing" section identifies the following actions that advance the mandate to affirmatively further fair housing:

- Action 1.1: Adopt Comprehensive Plan Map Amendments and Zoning Map updates to expand multiunit housing capacity
- Action 1.2: Increase housing in Multi-Dwelling Zones and increase density bonus incentives for affordable, middle-income, and accessible housing units
- Action 1.3: Increase housing in Commercial and Mixed-Use Zones and increase density bonus incentives for affordable, middle-income, and accessible housing units
- Action 1.4: Refine middle housing development standards
- Action 1.8: Adopt a local pre-approved housing plan for ADUs with universal design
- Action 2.1: Coordinate with public, private, and faith-based organizations to identify underutilized land for affordable housing
- Action 2.2: Identify and use City-owned land for affordable housing
- Action 3.2: Continue and expand affordable and middle-income homeownership partnerships
- Action 3.3: Adopt and implement the 10th Avenue/Avenida Diez Equitable Development Strategy
- Action 3.4: Partner with Metro to support the creation of an ongoing revenue source for affordable housing production
- Action 4.1: Complete permit application fee study and consider fee structure adjustments
- Action 4.3: Expand the use of the Vertical Housing Development Zone program to target middle income housing
- Action 4.4: Adopt a MUPTE program to target middle-income and accessible housing
- Action 4.5: Expand property tax exemptions for non-profit affordable housing to include for-profit affordable housing
- Action 5.3: Approve criteria in housing solicitations to include preferences for supportive housing and accessible units in affordable housing projects

As mentioned previously under the Contextualized Housing Need section, the city conducted a locational analysis to provide greater geographic specificity to its previously approved CHN and to inform the refinement of its HPS' actions. The findings provided the city with a better understanding of where high and low opportunity areas exist and who resides within those areas.

Findings showed that vulnerable populations with the greatest needs were spatially concentrated on Hillsboro's southern and western sides. Southwestern Hillsboro is also home to Washington County's only RECAP. Higher levels of resident vulnerability to economic pressures and displacement are present in these areas, warranting actions related to housing stability and careful deployment of

actions related to housing production. In contrast, Hillsboro's northeastern neighborhoods tend to have higher incomes, higher levels of educational attainment, and lower displacement vulnerability. Those neighborhoods have also seen rapid rent appreciation, suggesting their attractiveness and perhaps growing exclusivity. These neighborhoods are high opportunity areas, warranting actions targeted to increase fair access to state and federally protected classes. The following maps were included in the readopted HPS supporting these findings worth highlighting as exceptional work:

Figure 1. Vulnerability Metric by Share of Population in Tract

Source: ECONorthwest 2022 "Displacement and Gentrification Risks and Potential Mitigations" Memo

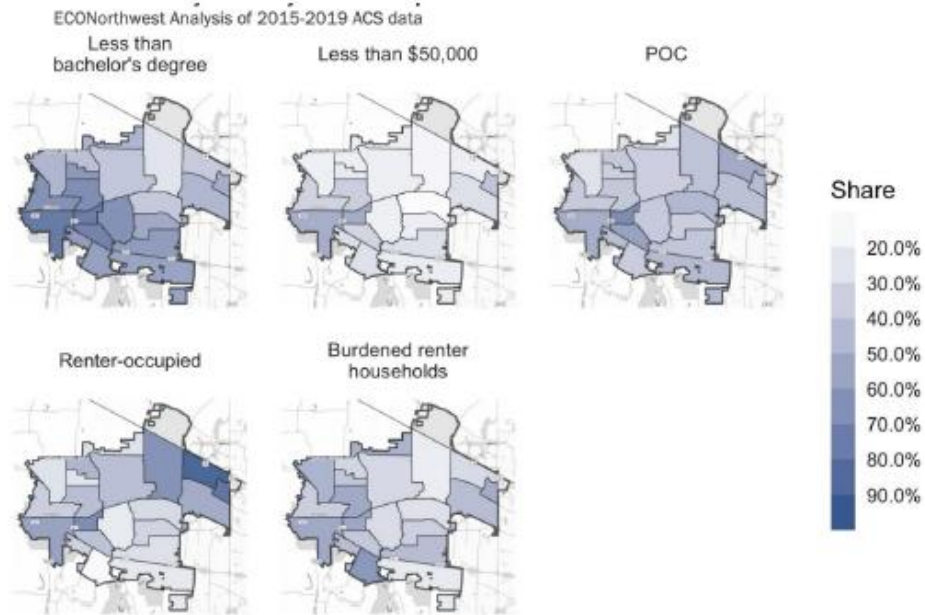


Figure 2. Manufactured Housing Communities in Washington County

Source: Washington County's Manufactured Housing Communities Facts, Risks, And Resources Final Report April 2022.

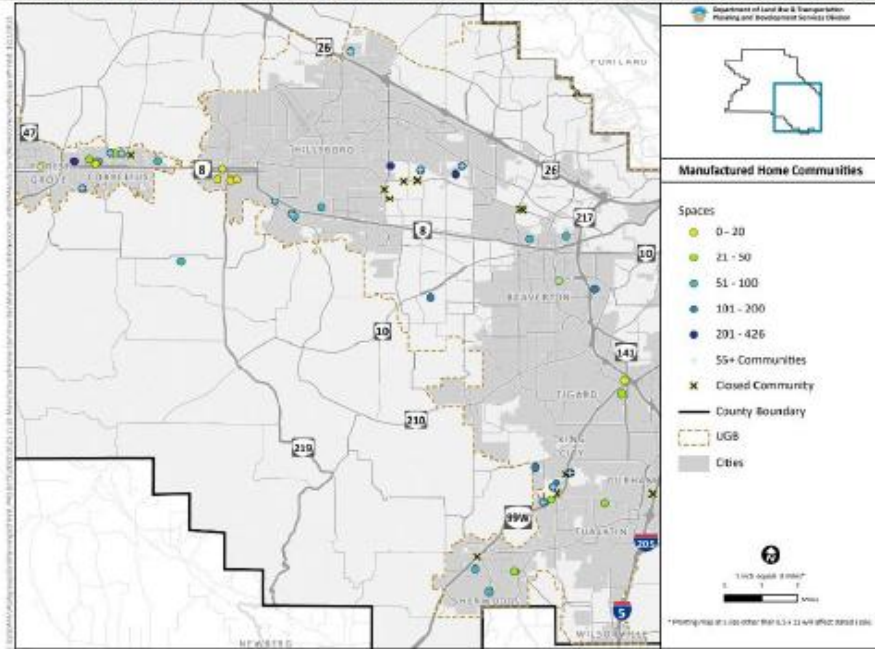


Figure 4. Location of the Location of the RECAP with National Origins

Source: Washington County 2020-2024 Consolidated Plan

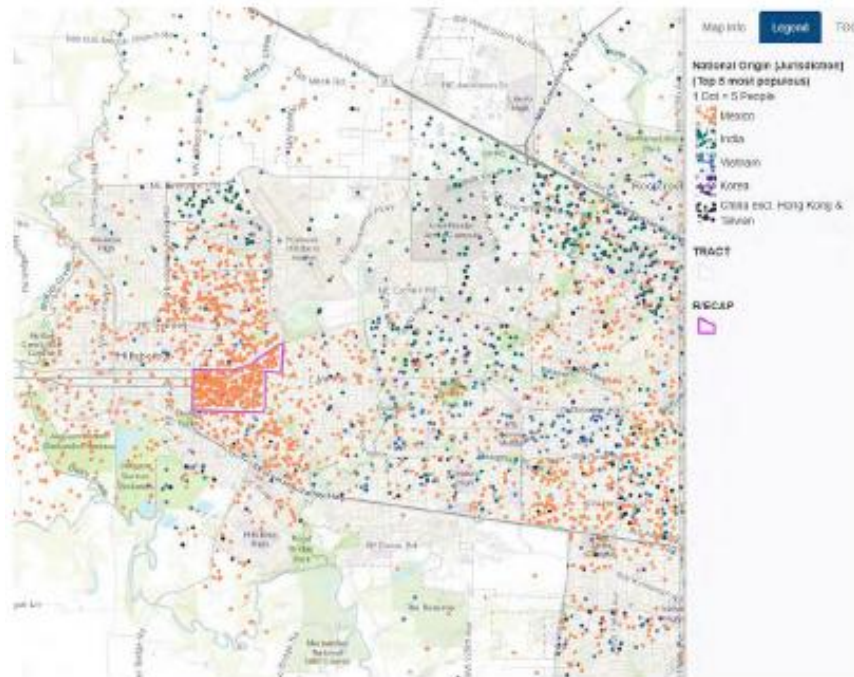
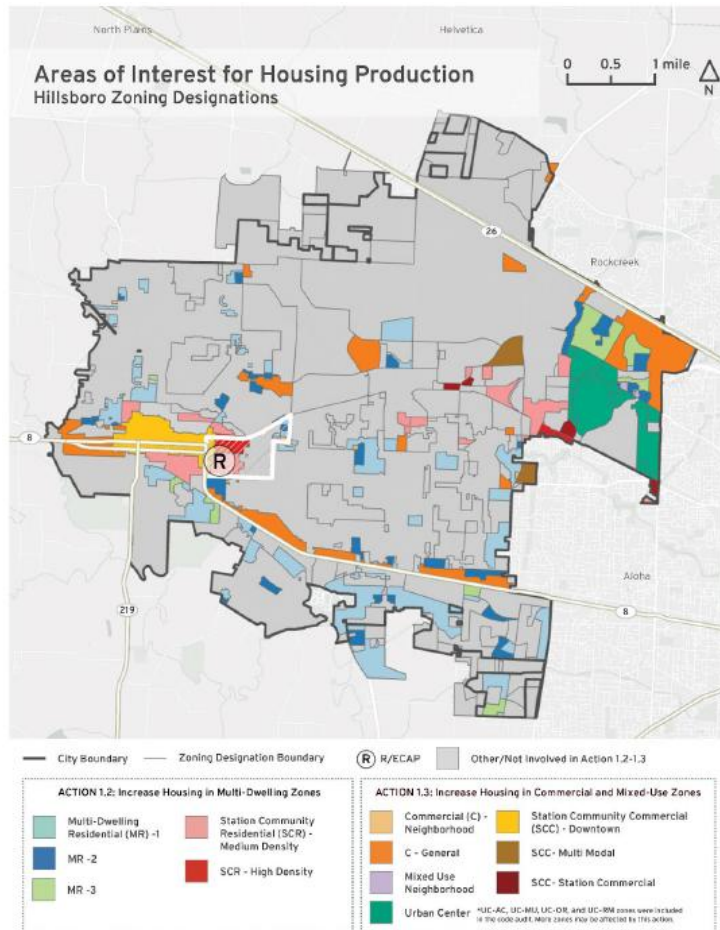
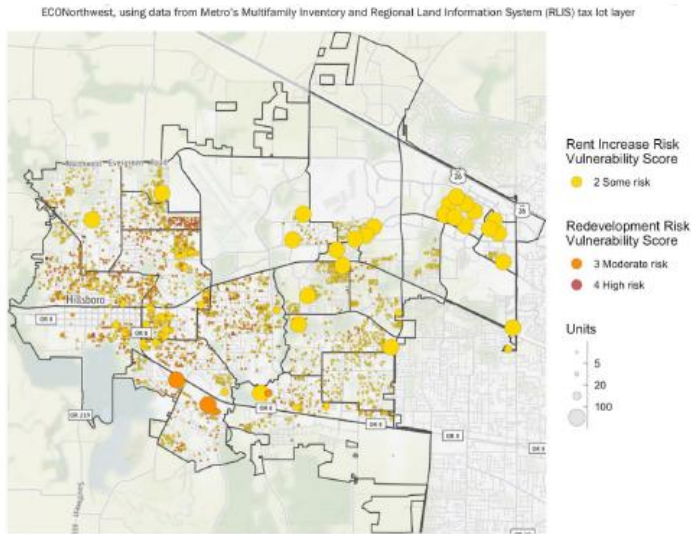


Figure 7. Housing with Greater Potential for Displacement Due to Redevelopment or Rent Increases from Repositioning
 Source: ECONorthwest 2022 "Displacement and Gentrification Risks and Potential Mitigations" Memo



The department agrees that Actions 1.1 and 1.4, intended to reduce barriers to building affordable and accessible housing and allowing these housing types to be built in more areas, including high opportunity areas across the city, are essential to ensuring diverse housing options are permitted. These actions will directly facilitate the production of more affordable and accessible housing as a means to counter disparities in access to opportunity and patterns of segregation affecting low income, communities of color, and people with disabilities. In tandem, the city included actions that promote incentives, investments, partnership, and land tools (Actions 2.1, 2.2, 3.2, 3.3, 3.4, 4.3, 4.4, 4.5, and 5.3) in support of more affordable and accessible housing production in these areas thereby working to promote access to opportunity, breaking down patterns of concentrated poverty, and addressing disproportionate housing needs for those populations.

This information satisfies OAR 660-008-0050(4)(b).

(c) Housing Choice – How the city is facilitating access to housing choice for communities of color, low- income communities, people with disabilities, and other state and federal 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 “Housing Choice” section identifies the following actions that support facilitating access to housing choice for communities of color, low-income communities, people with disabilities, and other state and federal protected classes:

- Action 1.1: Adopt Comprehensive Plan Map Amendments and Zoning Map updates to expand multiunit housing capacity
- Action 1.2: Increase housing in Multi-Dwelling Zones and increase density bonus incentives for affordable, middle-income, and accessible housing units
- Action 1.3: Increase housing in Commercial and Mixed-Use Zones and increase density bonus incentives for affordable, middle-income, and accessible housing units
- Action 1.4: Refine middle housing development standards
- Action 1.8: Adopt a local pre-approved housing plan for ADUs with universal design
- Action 2.1: Coordinate with public, private, and faith-based organizations to identify underutilized land for affordable housing
- Action 2.2: Identify and use City-owned land for affordable housing
- Action 3.2: Continue and expand affordable homeownership partnerships

- Action 3.4: Partner with Metro to support the creation of an ongoing revenue source for affordable housing production
- Action 4.1: Complete permit application fee study and consider fee structure adjustments
- Action 4.3: Expand the use of the Vertical Housing Development Zone program to target middle income housing
- Action 4.4: Adopt a MUPTTE program to target middle-income and accessible housing
- Action 4.5: Expand property tax exemptions for non-profit affordable housing to include for-profit affordable housing
- Action 5.3: Approve criteria in housing solicitations to include preferences for supportive housing and accessible units in affordable housing projects

Similar to the findings under “Location of Housing”, the department agrees that the city’s selected regulatory actions (1.1 and 1.4) will help ease regulatory challenges making it difficult to build affordable housing in high opportunity, high amenity areas. Those actions focused on code changes and commitments to zoning map changes will allow denser forms of housing in more areas in the city, especially in high opportunity areas. Further, the remaining actions (1.3, 1.4, 1.8, 2.1, 2.2, 3.2, 3.4, 4.1, 4.3, 4.4, 4.5, and 5.3) focused on investment and incentives will support the financial feasibility of building affordable and accessible housing in those areas and are aimed at state and federally protected classes, including low-income communities, communities of color, and people with disabilities,

This information satisfies OAR 660-008-0050(4)(c).

(d) Housing Options for People Experience Homelessness – How the city is advocating for and enabling the provision of housing options for residents experiencing homelessness and how the city is partnering with other organizations to promote services that are needed to create permanent supportive housing and other housing options for residents experiencing homelessness.

The “Housing Options for People Experiencing Homelessness” section identifies the following actions that promote housing and service options for residents experiencing homelessness:

- Action 2.1: Coordinate with public, private, and faith-based organizations to identify underutilized land for affordable housing
- Action 2.2: Identify and use City-owned land for affordable housing
- Action 3.4: Partner with Metro to support the creation of an ongoing revenue source for affordable housing production
- Action 4.1: Complete permit application fee study and consider fee structure adjustments

- Action 4.5: Expand property tax exemptions for non-profit affordable housing to include for-profit affordable housing
- Action 5.2: Build a year-round homeless shelter
- Action 5.3: Approve criteria in housing solicitations to include preferences for supportive housing and accessible units in affordable housing projects

The department agrees that the actions that promote affordable housing options (Actions 2.1, 2.2, 3.4, 4.1, and 4.5) increase housing production and reduce scarcity, can support lower rates of rent increases and homelessness. Additionally, the department commends the city for the additional Actions 5.2 and 5.3, that help bridge the gap between homelessness and housing. With Action 5.2 building the city's first year-round shelter and Action 5.3 that will prioritize Publicly Supportive Housing (PSH) and other affordable and accessible housing with services that many residents experiencing homelessness need, when administering housing bond funds and soliciting development partners to use city land or resources.

This information satisfies OAR 660-008-0050(4)(d).

(e) Affordable Homeownership and Affordable Rental Housing – How the city is supporting and creating 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 “Affordable Homeownership and Affordable Rental Housing” section identifies that nearly all actions included in the readopted HPS support the production of affordable rental housing and homeownership opportunities. The city identified the following three main types of actions that support this goal:

- “The HPS plans a suite of regulatory actions to support the production of the most affordable types of rental and ownership housing: multi-unit housing and middle housing (Actions 1.1, 1.2, 1.3, 1.4). In addition to naturally being more affordable due to their efficient use of land and infrastructure, these two types of housing are most likely to earn subsidy and be income-restricted, helping low-income households—and protected classes that tend to be lower-income—afford their rent or mortgage.”
- “The HPS builds upon those regulatory changes by committing to incentives and investments to both encourage the production of affordable ownership housing (Action 2.2, 3.2) and affordable rental housing (Actions 1.2, 1.3, 2.1, 2.2, 3.4, 4.1, 4.5, and 5.3). These incentives and investments can support developments that are fully income-restricted as well as mixed-income developments. Many of these actions have explicit

provisions for how they will target benefits at protected classes, such as communities of color and people with disabilities.”

- “The HPS plans several actions for the city to identify partnerships and outside resources (e.g., funding, land) to assist in producing affordable housing (Actions 2.1, 3.1, and 3.4). Such partners include local landowning organizations and the regional and state governments.”

The department agrees that these actions promote this affordable homeownership and affordable rental housing goal. Of note, the department commends the city for inclusion of Action 2.2 “*Identify and use City-owned land for affordable housing*” and Action 3.2 “*Continue and expand affordable and middle-income homeownership partnerships*” that will support developments that are fully income-restricted and target benefits at protected classes, including low income communities, communities of color, and people with disabilities. Action 2.2 commits the city to identify one or more suitable city-owned sites for deeply affordable (below 30% Area Median Income) housing and affordable housing (30-80% Area Median Income) primarily for rental but depending on the partners the city works with the housing could also for ownership. Action 3.2 commits the city to facilitate at least two new affordable homeownership projects through partnership with community land trust organizations.

This information satisfies OAR 660-008-0050(4)(e).

(f) Gentrification, Displacement, and Housing Stability – 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.

Through the locational analysis that was conducted as part of the readoption process, the city was able to understand the vulnerability to gentrification and displacement experienced in the city’s various neighborhoods. Accordingly, the “Gentrification, Displacement, and Housing Stability” section identifies three sets of actions included in the HPS intended to increase housing stability and mitigate displacement.

The first set of actions aims to raise housing stability in cases when market rate housing is constructed by committing to density bonuses for affordable housing units, including in mixed-income developments. Specifically, those being:

- Action 1.2: Increase housing in Multi-Dwelling Zones and increase density bonus incentives for affordable, middle-income, and accessible housing units

- Action 1.3: Increase housing in Commercial and Mixed-Use Zones and increase density bonus incentives for affordable, middle-income, and accessible housing units

Additional incentive actions commit to implementing VHDZ and MUPTE programs to create units restricted for middle income residents, including:

- Action 4.3: Expand the use of the Vertical Housing Development Zone program to target middle income housing
- Action 4.4: Adopt a MUPTE program to target middle-income and accessible housing

The second set of actions aims to support affordable housing more broadly as an effort to support a bigger pipeline of affordable projects overall in the city and to raise the chances of affordable housing production as in an effort to stabilize communities when neighborhoods need it. Accordingly, the city identified the following actions:

- Action 2.1: Coordinate with public, private, and faith-based organizations to identify underutilized land for affordable housing
- Action 2.2: Identify and use City-owned land for affordable housing
- Action 3.2: Continue and expand affordable homeownership partnerships
- Action 3.4: Partner with Metro to support the creation of an ongoing revenue source for affordable housing production
- Action 4.1: Complete permit application fee study and consider fee structure adjustments
- Action 4.5: Expand property tax exemptions for non-profit affordable housing to include for-profit affordable housing

The third set of actions are aimed at directly reducing displacement and increasing housing stability in vulnerable areas, particularly the city's RECAP. The city included mitigating actions discussed under section 3 of this letter ("Strategies to Meet Future Housing Need") to address the possible displacement risk due to code changes from the following regulatory actions:

- Action 1.1: Adopt Comprehensive Plan Map Amendments and Zoning Map updates to expand multiunit housing capacity
- Action 1.2: Increase housing in Multi-Dwelling Zones and increase density bonus incentives for affordable, middle-income, and accessible housing units
- Action 1.3: Increase housing in Commercial and Mixed-Use Zones and increase density bonus incentives for affordable, middle-income, and accessible housing units

Additionally, in the third set of actions the city appropriately highlights Action 3.3 “*Adopt and implement the 10th Avenue/Avenida Diez Equitable Development Strategy*” as a mitigation action for the RECAP. Through adoption and implementation of the 10th Avenue/Avenida Diez Equitable Development Strategy, the city intends to develop and carry out anti-displacement and housing stability measures to mitigate the risk of involuntary displacement in the area. The department acknowledges the city’s thoughtful approach in recognizing the need for careful analysis and community engagement and positioning the 10th Avenue/Avenida Diez Equitable Development as the mitigation mechanism.

The department agrees that these highlighted actions collectively satisfy the requirements of OAR 660-008-0050(4)(e).

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

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

The readopted HPS includes a “Considerations” section for each action description, describing opportunities, constraints, or negative externalities associated with the implementation of each action. Additionally, each action description identifies the costs the city will incur due to each action via two forms: administrative costs and fiscal costs. These costs are assessed by the magnitude of the costs ranging from low, medium, and high. This information satisfies the requirements 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;

The readopted HPS includes a “Lead” section for each action description, identifying the lead department within the city for implementing the action. This information satisfies 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 readopted HPS includes chapter 7 titled “*Measuring Progress*” which identifies the methods and metrics the city will utilize to measure the results of the HPS actions. In addition, the city will be comparing data from its annual reporting on housing that is permitted and produced already required to data from previous actions implemented to monitor the effects of total production, affordability, and

choice, on an annual basis. This information meets the requirements of OAR 660-008-0050(5)(c). As the readopted HPS notes, the city will be producing annual monitoring summaries in addition to its Midpoint Report. The department is interested in the annual summaries for informational and educational purposes. As such, the department is applying the following condition of approval:

Condition of Approval 1: The department requests that, at the time the city submits its three-year, Midpoint Report (by December 31, 2027) to the department under OAR 660-008-0230, the city provides all annual monitoring summaries thus far to the department. These annual summaries are not required as part of the submittal under OAR 660-008-0230 and will not be used to make any final approval decisions. Rather, they will help the department better understand local implementation trends and support broader learning across cities.

(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 readopted HPS includes the city's pre-HPS submittal to the department as Appendix A, satisfying the requirements of ORS 456.586.

The department appreciates the city's timely, thorough, and exemplary work in responding to the remand and addressing the readoption conditions. The department commends the city for its commitment to affirmatively furthering fair housing and promoting equitable housing outcomes and looks forward to continuing to work together on our shared goal of housing production, affordability, and choice. Please reach out to the DLCD Housing Division at housing.dlcd@dlcd.oregon.gov to discuss this decision further, if desired.

Sincerely,



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

Cc: Brenda Bateman, DLCD
Kirstin Greene, DLCD
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