OHNA Rulemaking Advisory Committee Meeting #12 – May 7, 2024



Meeting Notes (Published June 5, 2025)

The Department of Land Conservation and Development (DLCD) convened a committee of people from across the state to help develop Oregon Administrative Rules (OARs) that will advise the Land Conservation and Development Commission (LCDC) on Goals 10 (Housing) and 14 (Urbanization). The Rulemaking Advisory Committee (RAC) held its twelfth meeting on May 7, 2025. The goals of the meeting were to share updates on housing capacity and urbanization topics and engage in discussion and to share updates on the Housing Actions Work Group (HAWG).

The meeting was held virtually and hosted over Zoom. The meeting was live-streamed via <u>YouTube</u> and closed-captioning was provided.

Attendees

Committee Members	Ex Officio Committee Members
Allen Hines	Becky Baxter (Ex Officio)
Anne Kelly	Dana Hicks (Ex Officio)
Alexandra Ring	Committee Members Not Present
Brian Rankin	Ana Molina
Brock Nation	Benjamin Gurewitz
Cassera Phipps	Brandon Pursinger
Chantal Invenso	Elissa Gertler
Corie Harlan	Garet Prior
David Mattison	Garrett Stephenson
Julia Metz	Gloria Sandoval
Kathy Wilde	Jessica Blakely
Lindsey Hutchison	Kelly Hart
Mac Cunningham	Lucia Ramirez (Ex Officio)
Mary Kyle McCurdy	Mercedes Elizalde
Miranda Bateshell	Megan Bolton (Ex Officio)
Patricia Diefenderfer	Michael Rock (Ex Officio)
Rachel Mori Bidou	Morgan Greenwood
Shane Kwiatkowski	Rian Vanden Hoof (Ex Officio)
Shannon M. Vilhauer	Richard Rogers (Ex Officio)
Ted Reid	Samantha Bayer
Victor Saldanha	Terra Wilcoxson
	DLCD
	Alexis Hammer
	Aurora Dziadul
	Celestina Teva
	Ethan Stuckmayer
	Ingrid Caudel
	Jena Hughes
	Kevin Young
	Madeline Phillips
	Mari Valencia Aguilar
	Palmer Mason
	Thea Chroman
	LCDC Commission Liaison
	Lobo commission Liaison

Allan Lazo
Governor's Office
Svetha Ambati
Consultant Team
Anita keā'lani Yap, MultiCultural Collaborative
Ben Duncan, Kearns & West
Ellen Palmquist, Kearns & West
Steve Faust, 3J Consulting

Key Insights Summary

Infrastructure funding: Infrastructure improvements are needed in jurisdictions throughout the state to increase the supply of land ready for development and plan for needed housing. Infrastructure projects are expensive, require extensive planning and coordination, and take time to materialize. When paying for these projects falls on developers, high costs may price out affordable housing developers. Many jurisdictions lack resources to pay for substantial infrastructure projects and are reluctant to pass costs on to rate payers, which could negatively impact people with low incomes. Statewide discussion and direction is needed around this issue.

Successful models: Jurisdictions have found creative ways to produce affordable housing by issuing bonds, creating improvement districts, and banking land for future use. While these tools work, it can take time for jurisdictions to gather resources to pay for infrastructure improvements and streamline processes for affordable housing developers.

Anti-displacement strategies: Infrastructure improvements may signal that displacement has already taken hold in a neighborhood or that it is likely to occur. Investing in affordable housing early on and identifying anti-displacement strategies is an important part of mitigating the negative impacts of investment.

Unrealistic timelines: Completing projects within the 6–8-year Housing Target planning window are ambitious and may not be realistic. While land may be ready to develop, developers still need to go through extensive application processes and navigate unanticipated challenges.

Public works and land use coordination: Increased communication and coordination is needed between land use and public works departments to better prioritize infrastructure projects. Improved communication will also help developers be more prepared when starting a new project. By communicating important information up front and clearly sharing expectations for a site, developers can anticipate project costs and meet project timelines.

Meeting Notes

Welcome and Meeting Overview

Ben Duncan, Kearns & West, welcomed attendees and viewers and provided meeting guidelines. Ben reviewed the agenda: 1) Welcome and Overview, 2) Racial Equity Framework, 3) Housing Capacity and Urbanization Update and Discussion, 4) HAWG Update, and 5) Closing and Next Steps.

Ethan Stuckmayer, DLCD, welcomed RAC members and reviewed meeting goals. Ethan reflected on the work the RAC has done, and the work left to do. He shared that the meeting would focus on development-readiness, the impacts of urbanization, and what it means to plan for housing within Urban Growth Boundaries (UGBs). The meeting will also include a brief update on HAWG topics.

Racial Equity Framework

Anita keā'lani Yap reminded the RAC of the purpose of the <u>Racial Equity Framework for Decision Making</u> and asked members to share ideas and thoughts on racial equity during the discussion. Anita noted that DLCD is required to develop a Racial Equity Impact Statement that outlines how rules would affect racial

equity in the state. She asked RAC members to consider how to inform the Racial Equity Impact Statement and to share any input with DLCD.

Housing Capacity and Urbanization Update and Discussion

Madeline Phillips, DLCD, shared what it means for land to be development-ready and outlined high level tradeoffs. By calling something development-ready, a jurisdiction is signaling that certain elements, like infrastructure, are in place to support housing development. Jurisdictions make decisions about which land to invest in and weigh different factors including operational and maintenance costs. She asked what these decision-making processes would look like if housing needs were factored into the equation. Madeline provided examples of infrastructure improvements including expanding facilities to areas that have not developed to allow for new growth and upgrading facilities in areas that are already developed to allow for more housing choice.

Ben Duncan asked RAC members the following question and they responded with questions and comments.

What are some of the ways investments in infrastructure have helped your community grow?

Comment: A planned development north of our property in Happy Valley was developed and started to make its way to the property line. The developer for our site was then able to afford to extend facilities and build affordable housing. The subsidy provided by the Metro Housing Bond made this project pencil and allowed us to pay for all the infrastructure for the development.

Comment: I have multiple examples of how infrastructure has increased displacement, including in the Powellhurst-Gilbert neighborhood in Portland. When Bus Rapid Transit (BRT) went in, it increased transit accessibility and trees were planted to increase urban canopy and reduce urban heat islands. As the years went on, the trees were dying. There are tradeoffs between a paved road and a gravel road with potholes or an English garden and native habitat. It feels like when infrastructure goes in, there is a dearth of housing that's available because of the decades of limited housing and rising wealth inequities. Infrastructure investments are a good goal but may attract people with access to more capital. Within two years these areas become inaccessible to people with low incomes.

Ben Duncan acknowledged the benefits and burdens associated with these policy concepts and the connection to the Racial Equity Framework. Infrastructure can open pathways to affordable housing, and it can also hinder the accessibility of a neighborhood. The RAC member added that there is urgency for people to feel a sense of social capital on the ground and shared the difficulty of seeing units built at levels that are not affordable.

Comment: Gentrification and displacement are triggered not when an infrastructure project opens but when the project is announced. For example, BRT opening on Division wasn't the cause of displacement, the catalyst was much earlier. It is critical to invest in affordable housing prior to these projects coming online to offer regulated opportunities for folks to remain in place and not face displacement.

Comment: Infrastructure requirements can kill affordable housing projects. We have a project at a greenfield infill site in the Portland metropolitan area. When the jurisdiction subdivided the lot and made it available for development there was limited coordination between the planning staff and engineers. They identified routes to bring in utilities and we made a proposal based on those assumptions. During the formal land use process, we were told the assumptions for bringing sewer and stormwater to the site were wrong and we needed to bring in an easement. This delayed the project by over nine months, and we lost millions of dollars in equity. Infrastructure investments are very important and requiring projects to pay for them presents problems, especially when they're affordable projects. Affordable housing developers are left with challenging sites and the leftovers of market rate developers.

Comment: The main street approach has sparked interest in preserving historic buildings, including rehabilitating upper floors of older buildings so they can be used for housing.

Comment: The reason affordable housing could be built on the Happy Valley project was because the city used land banking. The order of operations is key. States, cities, and investors can pair infrastructure with the tools we have to ensure affordable housing can be built and mitigate displacement.

Comment: I am trying to learn and take in new information. There is a potential as we go through this process to communicate to marginalized communities about these effects. If I'm at the bottom of the waterfall, it doesn't matter to me where the rain or the spring started, it still feels like bullets on my face.

Comment: The term affordable housing is used interchangeably with 60% area median income (AMI) and below and 120% AMI and below. When someone is sharing examples, it would be helpful to know what they mean by affordable housing. To me, anything that is affordable is below market rate. This could include subsidized housing or workforce housing.

Madeline Phillips shared that sometimes we talk about "Affordable Housing" which is a reference to subsidized housing. Housing under 120% AMI can also include a variety of incentives and private development.

Comment: When I say "regulated affordable housing" I mean 0-60% AMI in terms of public funding-based affordable housing.

Comment: Habitat for Humanity's average home buyer is around 46% AMI and we have a 98% homeownership repayment rate. Habitat for Humanity is not allowed to use tax credits, and we use a model that is difficult to bring to scale. It takes deep local partnerships. One of our strengths is that we have been in communities for decades because some of this work is deeply relational. A development is being built in Scappoose that will include 10 townhomes in an existing residential neighborhood. The owner is the second nonprofit to own the site in 10 years. The site is flat and in a residential neighborhood with trees and homes. The sewer on both sides needs to be replaced and up until recently the city had placed this responsibility on the builder. It took the city 10 years to gather capital for the improvements. It can take a lot of time for these investments to be realized. When a city helps do the work it makes a big difference. La Grande has a Local Improvement District, and the City is making improvements to support the production of affordable housing. Cities across the state are leaning in, seeing what the barriers are, and figuring out what they can do.

Question: Can you share how this discussion will inform the draft rules? This is a big question and I'm not sure how to answer this question in a meaningful and helpful way.

Comment: In Washington County, all housing development is difficult due to a lack of infrastructure in certain areas. We didn't have sewer lines for a long time in our northeast area against the Forest Heights neighborhood. We annexed from Multnomah County to provide sewer and still have a large area where people have been urbanized for decades and can't develop. Washington County has a large, urbanized area but is limited by infrastructure in certain areas. Infrastructure improvements unleash possibilities for housing of all kinds.

Comment: What are some of the ways investments in infrastructure could help our communities grow? We have a lot of housing stuck behind infrastructure investments in our core and expansion areas. These Development-Ready Land Inventories are going to show us something that cities and advocates are aware of. Many parcels are stuck behind infrastructure investments. We could grow with intention and create complete communities but are lacking key infrastructure investments to do so.

Comment: Recommend using a circle or a visualization to show development-ready land within the Buildable Land Inventory (BLI).

Madeline reviewed how development-ready land fits into the Goal 10 process. She reviewed the differences between buildable land and development-ready land. Buildable land is within a UGB and has a 20-year planning horizon. The BLI informs the Housing Capacity Analysis (HCA) and supports the need for Growth Boundary Amendments. Development-ready land is ready to be developed within a 6–8-year timeframe and supports the selection of Housing Production Strategies. Madeline illustrated an example of a BLI and development-ready land in the City of Salem. Development-ready land includes land that is:

- **Likely to support the production of housing** during the period of a jurisdiction's housing production target.
- Currently annexed and zoned to allow housing through clear and objective standards and procedures.
- **Readily served** through adjacent public facilities or identified for the near-term provision of public facilities through a capital improvement plan.
- Not encumbered by any applicable local, state, or federal protective regulations.

Madeline shared that when a community has insufficient development-ready land, it must take action to prepare land for development or redevelopment or increase the capacity of existing development-ready lands. These actions are taken through the Housing Production Strategy.

Ben Duncan asked the RAC members the following questions. RAC members provided the following questions and comments.

Do the rules guiding a jurisdiction's Development-Ready Land Inventory help a community:

- Meet the statutory intent?
- Get closer to targeting key investments to facilitate housing production, affordability, and choice?

What conversation do you hope a Development-Ready Land Inventory starts in your community?

What actions can a jurisdiction take to demonstrate they are likely to increase the amount of development-ready land available in their Housing Production Strategy?

Question: Could you explain how density fits into the conversation with new buildable land?

Madeline Phillips shared that in the BLI and Development-Ready Land Inventory, jurisdictions must calculate the capacity of land, a function of how dense the land is zoned. Examples include achieving the capacity a site is zoned for or the inability for a site to achieve the density it is zoned for because of an infrastructure limitation.

Comment: We can identify land on these maps that meet certain qualifications. This is a good approximation, but the city cannot compel developers to develop land. We can provide incentives and streamline processes, but we are making a best guess about what will develop. With the Development-Ready Land Inventory, there is an exclusion of land inside the UGB and outside of the city. There are cases where land in the UGB can be annexed, master planned, and come online faster than land inside the city. This exclusion may not be appropriate or helpful. The Capital Improvement Program (CIP) can be one of the primary drivers for defining what is going to be serviceable. These are sometimes a 10-year process. Just because a project is in the CIP, doesn't mean it is going to get built until year two, three, four, or five. This also wouldn't account for developers that are willing to make these investments. I'm not sure how we account for that in the analysis.

Comment: Coordination is needed between land use planners and public works. It can take substantial time to navigate these processes. The land use planning program usually bears the burden of blame when it's not all their fault. There needs to be some coordination to make land development ready and deliver it at a more affordable price.

Comment: Ten years ago, we were completing an opportunity analysis for commercial development. Large scale commercial development has not materialized on the coast. We had shovel ready property identified for commercial use and now the need has flipped to residential.

Comment: Capital projects, especially those involving road and sewer improvements, can be unfunded and sit on a list for decades. These projects are often prioritized based on safety issues rather than development potential.

Comment: Would it make sense for cities to update their Development-Ready Land Inventory in year four or six to remove land from lots that would have been served by projects that are no longer on track for completion or is this too much of a burden?

Madeline Phillips responded that cities required to complete a Development-Ready Land Inventory will start updating their maps when they make big decisions that shift a CIP. The Development-Ready Land Inventory is a tool to determine where development is expected in the near term and how decisions are influenced by land availability. We will find that communities will start to make dynamic changes to the work they prepare. Whether or not a city wants to make this a public document is something to be determined. They will likely use it internally to coordinate with engineering, public works, and land use departments so that expectations are somewhat accurate.

Question: Is "near term" referring to the 20-year planning horizon or is there a different timeline for this?

Madeline Phillips clarified that "near term" refers to the 6–8-year timeframe tied to the Housing Production Strategy (HPS). This takes the housing production target window and provides one year for infrastructure and one year for housing development which leaves 4-6 years for the project in the CIP to break ground. If a project is unlikely to break ground within that timeframe, it would not be included as a development-ready project. Ethan Stuckmayer added that if a city identifies a deficit, they take actions to remedy it in the HPS.

Comment: In the memo at the bottom of page four there is a disconnect with rule at the top of page 7. I believe it should include "minimum allowable density" based on the definition of development-ready land in statute. There needs to be a consideration of achieved density. If what's allowed is 8-18 and what's achieved is 10 what is the cost of upgrading the infrastructure to add additional units? It might make more sense to build at 8 and upgrade the infrastructure elsewhere in the development to increase density.

Madeline noted that the correction will be made and that there is substantial debate about how to characterize properties that can only achieve that minimum density.

Comment: In the Portland metropolitan area, we have a minimum density that is based on a maximum density. This will always be the baseline for us. When you are looking at what has been produced on average in a zone, if the zoning has changed over time to modify the range of density are we able to subtract out the areas that were developed to that zone prior to the modification in density? We wouldn't want to lower the average knowing that we're going to produce higher densities moving forward.

Madeline Phillips connected the conversation to rules related to the HCA. When a city initiates a new BLI, the achieved density of the zone will likely take into account that they made an efficiency measure change.

Comment: The encumbered definition refers to local, state, or federal regulations that would impede development of the land. I would advocate for it to incorporate wetlands that require DSL or DEQ permits and advocate that we subtract this out in terms of the definition and not how it applies to the land. We implement this through the Goal 5 Significant Resources Overlay zone. The way I read this definition, land can't have this designation, or it has entitlements. I'm concerned that the permitting process through DEQ and DSL takes a lot of time and doesn't happen until the land is annexed and going through development review. There would be no way to count the land as development-ready even though it is because they will not provide the entitlement until it's going through the development process. Advocate that we're attentive to this because the land is ready for development.

Comment: There are areas where cities can cluster development and still achieve the minimum density or some aspect of density because there is a clustering or transfer of development rights. The language needs to reflect this nuance.

Comment: Is DLCD interpreting "zoned for residential use" the same as "zoned to allow for residential use"? In the most recent Housing Capacity and Urbanization Technical Advisory Committee (CAUTAC) we reviewed the definition of partially vacant land. When considering what land is ready for housing there may be things like a commercial site or a parking lot with adjacent infrastructure that hits the criteria for development-ready land but is excluded from this definition.

Madeline Phillips responded that DLCD started from a place of "zoned to allow" because that's often the role cities have played, particularly in the capacity analysis projects. In the context of development-readiness, DLCD is hoping development-readiness will inform Housing Production Strategies that go beyond zoning to incentivize development and the city's desired outcomes. There are ways we will see jurisdictions taking into consideration the capacity these lands hold. She shared that this is an excellent point that there is capacity in land that isn't outright residential but allows for residential use.

Comment: Having a clear process and communicating expectations and standards to developers when looking at sites is important. With one jurisdiction we looked at the land use decision when a lot was divided, went to the early assistance meeting, and didn't find out about important information until later. In an early assistance meeting with the City of Portland, they bring in all the bureaus and overload you with information. A best practice for medium-to-large size jurisdictions is to make sure different agencies are at the table early on and are very clear about their standards. This can help make sure projects move forward and don't have to deal with last minute hurdles and risks.

Madeline Phillips reflected how important it is to be able to incorporate information into the proforma before asking for a loan. She also noted the importance of being clear about requirements and expectations. She asked the RAC to consider other conversations the Development-Ready Land Inventory could spur in the community and what it could help streamline.

Comment: Washington County requires front-end work with Clean Water Services to avoid this problem, but we need to think about it for other types of development as well and we are. We are in an uncertain economic environment right now and it's difficult for developers to develop. Six years is a short time for development and one year is a short time for public improvement projects. Land may be ready to develop but there may be a subdivision application the applicant needs to prepare to meet requirements. It typically takes two years to meet conditions and improvements before a developer can get permits to build housing. These timing assumptions are not very realistic, and the economic environment is uncertain.

Comment: Based on statute, the Development-Ready Land Inventory must be conducted at the same time as the BLI. I'm not sure if there is a justifiable reason to delay adopting the Development-Ready Land Inventory until the HPS. It seems like these processes should happen at the same time.

Madeline Phillips noted that the Development-Ready Land Inventory is proposed to be done at the same time as the BLI because of the efficiency presented with the vacant and partially vacant analysis. This makes sense from an economy of scale perspective with Geographic Information Systems (GIS). However, the Development-Ready Land Inventory is not a component of determining sufficient capacity of the UGB. If it is adopted with a BLI through the HCA, there may be some risk of appeal, or it may provide additional opportunities to hold up the HCA. Submitting it with the HPS makes it clear that it informs housing production strategies and removes the impediment of adoption of the HCA. The RAC member shared that a city should be able to refer to the Development-Ready Land Inventory and the BLI, and tie efficiency measures to the HPS. Madeline responded that having the Development-Ready Land Inventory adopted or acknowledged is valuable and can help a city make investment decisions. DLCD is concerned that requiring the Development-Ready Land Inventory to be paired with a specific plan may constrain its utility.

Comment: I strongly agree that the timelines proposed are uncertain in this environment.

Comment: This is so important! This conversation is pivotal, thank you for the work done on this so far. The middle-income revolving loan fund helps folks access funding for infrastructure. I'm hearing that we are encouraging cities to think about everything in their power to help some of these parcels result in needed housing.

Madeline Phillips responded that the intent is for cities to consider actions that could remove barriers and enable needed residential development. When cities look at the Development-Ready Land Inventory within the context of the Contextualized Housing Need (CHN), are there areas that light up or investments that could enable the production of certain types of housing for certain income groups? The language is optimistic and DLCD is hoping jurisdictions will have the latitude to figure out what it would take to complete improvements instead of waiting for interested parties to start the process. DLCD recognizes that this will be a significant challenge and that the current system is not set up this way. The RAC member added that they have seen cities invest in areas with development districts and advertise it to developers, but this isn't always the case.

Comment: I worked very closely with my counterparts in the engineering department. We have been very focused on the importance of infrastructure, which is tremendously complex and expensive. It is important to control our expectations. The typical process in Oregon to meet Statewide Goals 9, 10, and 11 is to do your land planning followed by public facilities planning. Each infrastructure plan can take years and millions of dollars. Once you have 20-year plans, you have to look at your rate structures to see how you're going to fund it. This process is going to expose that we have land in our UGBs or outside that we can't serve quickly. The remedy to this is to increase utility rates or to increase SDCs, both of which are unpopular. Higher utility rates also impact people with low incomes. There is tension in our ability to pay for this in the context of the state forcing more planning. We are not talking about how we are funding public infrastructure at scale to meet the housing needs across the state and cities need help because rate payers are not going to bear the cost.

Comment: My concern about timing is not just about what cities or counties do. There is a lot that falls on the developer that comes down to funding and timing and getting people on board. In 2008 we extended our two-year preliminary subdivision approval to five years because developers were having so much trouble gathering the funding. All of these expired after five years without any action. I'm very optimistic about what we can do to facilitate housing and recognize that making progress is not solely the responsibility of the jurisdiction.

Comment: I would love to see this process result in evaluation criteria for capital projects and how development-ready land can be used to filter potential projects. A lot is up to the property owners and developers but there is a big opportunity for feedback loops. This could include looking back to see why land didn't develop in an area that was in a plan. We need to think about investing in areas adjacent to development-ready land and make sure cities, counties, special districts are in communication and on the same page as public facility plans are developed to make sure there is local and regional alignment.

HAWG Update

Celestina Teva, DLCD, reviewed the purpose of the HAWG and key milestones including final rule adoption in December 2025. She reminded the RAC of the HAWG policy objectives and reviewed how the CHN, HPS, and Housing Acceleration Program fit into the OHNA process.

Identifying Needs through the CHN

Celestina shared that the HAWG is considering using a standardized compliance pathway in the CHN to identify key needs like housing type mix, accessibility and adaptability of housing, and housing in high opportunity areas. Other context specific needs could be identified at the local level. Celestina reviewed HAWG feedback including the importance of reflecting actual needs in the CHN, aligning transportation and planning rules, and considering prescribing what a local government may not do instead of what they must do.

Thea Chroman, DLCD, reviewed how a local government can take action to meet housing needs and shared a bifurcated pathway proposal for the CHN. One part of the pathway would address key needs with a narrow focus on land use actions. The other part would respond to remaining needs and include actions outside of land use, including financial support, public private partnerships, and more. Thea shared HAWG feedback including a lack of agreement on which actions should be included in the compliance menu, interest in ensuring a focus on land use does not deprioritize other types of actions, and an interest in making sure compliance menu actions are specific and have broad applicability.

Housing Acceleration Program

Thea reminded the RAC that a subset of cities falling behind on production targets may referred into the Housing Acceleration Program. How the pathway is established and how it intersects with the different planning processes are key decision points. She shared HAWG feedback on the Housing Acceleration Program including an interest in the development of a standardized process for the program and using the audit to establish a compliance pathway.

Thea reviewed next steps for the HAWG including:

- Continued HAWG meetings
- Subject Matter Expert small groups
- Focus groups
- DLCD housing open fora
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- Tribal coordination and consultation
- Next RAC meeting reviewing adoption-ready actions

Closing and Next Steps

Anita keā'lani Yap highlighted key themes she heard through RAC discussion including:

- The displacement of people living in areas that have gone through recent infrastructure improvements. Some communities have displacement strategies and DLCD has guidance around this.
- Who will pay utility bills to support infrastructure upgrades.

Vice Chair Allan Lazo echoed the importance of considering how land use actions and investments impact communities when having technical discussions. He shared appreciation that the RAC is bringing these discussions forward.

Ethan Stuckmayer shared that DLCD will have more information about next steps and the remaining RAC meetings for 2025 with the renewal of the state budget cycle the end of June. DLCD is planning to share the draft rules with the RAC in August or September. There will be a public hearing on the draft rules at the October LCDC meeting and rules will be considered for adoption in December. Ethan thanked the RAC for their participation and reviewed upcoming opportunities and meetings:

- RAC buddies are available to support RAC members with the rulemaking process and content. RAC members can indicate interest in the post-meeting survey.
- DLCD will hold drop-in sessions in advance of RAC meetings to answer clarifying questions. Information will be provided in packet materials.
- RAC members can email DLCD at housing.dlcd@dlcd.oregon.gov.
- The next RAC meeting is June 11, 9am-12pm.