

RHNA Working Group - Meeting 3

April 21, 2022

Meeting Notes

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Staff and Working Group Members

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Key Insights Summary

Measuring production and building a realistic and productive accountability framework – In general, working group members agreed that ongoing measurement of production and assessing the relative production of housing between similar communities (e.g. a “housing report card”) is the right direction, provided that they are considered as one (and not the only) dimension of evaluating performance, and that the realistic constraints of achieving greater housing production in light of aspirational goals are acknowledged and built into the accountability system. They further offered recommendations on how production should be measured, including tracking production and location of units accessible to people with disabilities so that targets may be developed over time. Additionally, financial incentives will be useful in advancing this work overall.

Accuracy of housing need data and analysis – Some members expressed concern on the accuracy of data and analysis that would inform statewide housing needs projections and production goals articulated by the OHNA. On the other hand, some members noted the widely inconsistent methodologies and results used in current localized housing needs projections, suggesting state data and analysis would provide greater consistency. It will be important to articulate a transparent process for conducting and updating the methodology and the ways in which local policy flexibility will be built into recommendations.

Aligning production with need – Most members agree that there is generally a mismatch between housing production and housing need. It will be important to build in systems of engagement and feedback with community members whose needs have been historically under-addressed, including communities of color and people with disabilities, to ensure that local housing planning and production provide more options that better suit their needs.

Building inclusive and equitable communities – Members shared general support in making housing production strategies work harder towards achieving fair and equitable outcomes. It is important to consider the issues that go beyond “form and function” to ensure the equitable outcomes and inclusive communities desired as part of this process.

Pre-Discussion Context

Presentation slides available at the following link:

https://www.oregon.gov/lcd/UP/Documents/20220421_Housing_Needs_WorkGroup_Meeting3_Presentation.pdf

Legislative Update

- Bill intended to facilitate UGB expansions for workforce housing. With the support of Rep Fahey, resources were identified in HB 5202 for DLCD to facilitate discussion specific to housing and land supply. The group will consider recommendations to deliver to the Legislature.
- Legislature allocated an additional \$300 million for the purpose of supporting affordable housing preservation and development. See [OHCS summary letter](#) for details.

Update on Process

- Reminder of the overall project framework and constituent components
- Description of the previous meetings and work on the project
- Anticipated future meetings and work necessary to develop legislative recommendations
- Overview of the roles and responsibilities of the new Housing Capacity Work Group in contrast to this work group.

Policy Discussion Context

- Grounding in Framework Report
 - Problem statement: Oregon has been dramatically underbuilding housing for decades. This has resulted in rising housing costs, more unhoused people, and fewer housing choices. As prices rise, households with lower incomes and communities of color are disproportionately impacted. This is happening in part because our planning system is not fully accounting for housing need across the income spectrum. As a state, we are not holding ourselves accountable to building enough housing in the locations where it is most needed.
 - Outcomes
 - More housing production
 - More affordable housing
 - More inclusive and equitable communities
 - Conditions for Success
 - Funding
 - Accountability
 - Administrative capacity
 - Housing capacity system
- What it needs to accomplish

- Move from a system that evaluates plans for sufficiency to a system that measures progress toward outcomes
- Establish a framework for measuring housing production progress
- Establish accountable policy that leads to inclusive and equitable communities
- Break cycle of past trends determining future development patterns
- Pathways
 - Changes to Housing Capacity Analyses – replacing local needs projections with OHNA
 - Changes to Housing Production Strategies – add production targets for total and affordable units. Provide data about housing segregation.
- Reform to a “housing report card” approach
 - Create “grades” for existing HPS requirements
 - Add “grades for progress toward production targets”
 - “Affordable
 - Total production
 - Add “grades” for progress toward “inclusive and equitable communities”
- To do this, we need to explore specific issues around target setting and designing policies that lead to inclusive and equitable communities

Comments from Work Group Members on Discussion Context

- The problem statement should also recognize the huge disparities for persons with disabilities of all races
- Need to absorb the problem statement further, but at first blush, it feels like it only captures market forces and not conscious actors in the process that also are impacting production and equitable outcomes.
- No. 1 should be reworded to say "a system that ALSO measures progress towards outcomes." +1
- If there's no real discussion of accessibility, equity is unachievable.
- There is a need to recognize that states and cities can build systems that stop or slow production.
- Appreciate the term “concentrated affluence”

Housing Planning Policy Pathways

topics: Production Targets, Inclusive Communities

Discussion of Production Targets

Questions for Production Targets. State’s targets for unit production - including current under supply, housing for people experiencing homelessness, and growth.

1. *What do you think about replacing locally generated need projections and adding OHNA production targets, where HCAs and subsequent HPSs are developed to meet the production targets?*
 - a. *What do you see as the benefits of this method? What would make implementation difficult?*
 - b. *How should we construct policy to remove barriers? What other parts of statute or policy would need to change?*

2. *Drawing from your experience and best practices research, what is the ideal function of the production targets? What is a reasonable way to implement the production targets?*

Breakout Group A

- Conversation will be needed on the details, but the preliminary proposal on evaluating production outcomes and progress sets up a conversation that needs to happen.
- Targets have the advantage of getting rid of the variations based on local politics, especially focused on the negative side. However, the problem we have is the same with the centralized population projection – if the methodology is flawed, it's flawed for everybody. I am concerned about the potential for it turning the screws down on production (i.e. it's not close enough to transit, it's not the right type). If we we're looking at actual needs and affordability that are really tied to Goal 10 and done properly, it could be a good thing. The risks are also substantial.
- One of the rural voices here – appreciate the idea of having technical resources, especially in small communities. As a county planner in a rural context, capacity is a major constraint, but we should not ignore them. We still need to allow the local values and local flavors to be able to shine through. This can happen via technical support. We want small rural cities to thrive and should support them.
- Understand the concern about risk, but a bigger concern are the multiple ways of doing a Housing Capacity Analysis. Have been involved in a number of them and have seen the motivation to skew the numbers in either direction. Seen consultants fired because they did not deliver desired outcomes in analysis. Having that at the state level takes the pressure off of local governments. While these are best practices, the methodologies are as good as it's going to get and local governments have the ability to participate in the process. Need to revise methodologies once every 6 to 8 years. It's necessary to move the technical analysis away from the political levers.
- It's a good idea for it to be coming from the state because there are major capacity issues at the local level. It helps having a central number, but my question is what level of detail do these come in at? Is there a process for challenging numbers?
 - One of the technical tweaks is changing the bins so they better align with funding sources.
 - Local flexibility would need to be incorporated through the policy choices made around housing

Staff is hearing a need for some flexibility and there are pros and cons with different forms of flexibility. What kinds of flexibility would be appropriate?

- The slides showed a target number, but accountability relies on progress towards reaching that number and demonstrating progress. That delivery will look different in various communities.
- Not about construction of buildings but the adopted policies. In Rogue Valley, students reported they were experiencing income discrimination in both affordable housing and market rate rental housing. Building is good, but include policies to ensure people have access.
- Agree with capacity constraints at the local level.
- On vacation rentals and second homes – how does the methodology take those into account? There are a significant number of these in coastal communities and it's hard to balance politically. Methodology needs to address this.

- On the residential lands task force in Bend, the city went through a back and forth on second homes, and they had developed a 20% estimate that was accepted by the Land Conservation and Development Commission. It will be different in different communities.
- Agree on doing this methodology at a central place, but want to make sure it doesn't go into a "black box" that is not subject to refinement. It may be there's an allocation process that accounts for the differences of varying communities.
 - *[Staff response: The current methodology does not allow for regional variations in allocation. Part of the rationale is to address a known critique of the CA system where vocal communities can lower their allocations.]*
 - There is a unique situation in the Metro region where there is a statutory responsibility for creating its own forecast. While Metro controls the UGB for the region, it does not control local zoning and can't really force cities to provide infrastructure for Urban Growth Boundary expansions. You can define need by income but translating to units requires implicit policy decisions.
 - It has been past practice going into housing type but not into tenure. Those are criteria in Goal 10 that currently exist and are used. The Legislature has cut Metro at the knees, so there is a disconnect between cities and the goals requiring reconciliation.

Thoughts on measuring progress on relative instead of absolute terms?

- Reservations about that concept. What are those peer cities, and does it set the bar too low? It's relevant, but peer comparison alone is not good enough.
- Concern that cities are not all starting from the same level. For instance, Gresham and Lake Oswego could demonstrate 5% progress, but they are very different results. The challenge is different in different places.
- In an isolated way, it's difficult to know how much is enough. How do you account for the ebbs and flows of the market? Recognizing that no one is going to achieve their targets, how do we measure sufficient progress?
- Measuring relative progress is a valuable and important piece of information and should be included. It's just not sufficient on its own.
- There are existing local reporting requirements on Exclusive Farm Use monitoring and percentages of land to be taken for Urban Growth Boundary expansions. Need to consider that in light of additional reporting requirements and systems of evaluation.
- Progress could be x-percentage of the units are going to the BIPOC community, but structuring that data will be challenging – in East Portland, there have been 20-unit projects going to the BIPOC community, and that's a win. Serving populations according to diversity is important.

Breakout Group B

- Yes, the OHNA production targets should replace current local projections because the current projections perpetuate inequitable outcomes/data.
- I would love to see the identification of the current inventory of accessible units (to accommodate people with disabilities) and then add a target for the development of accessible units based on the need. Affordability is not enough, must go further by considering disability/accessibility for the units.
- Will the OHNA targets look at need based on middle housing type?
 - *[DLCD response: No. This comes in with the HCA.]*

- Wonder if the state projections will be more accurate. Wilsonville has struggled many years with Metro projections getting local projections right. To what extent will the state provide better data, or will it simply result in less accurate data for some cities? There are benefits to moving to OHNA data but would need to know about the demand modeling and revisions to ensure local accuracy.
- Encouraged by the language around the targets as “aspirational” and how cities will be measured more by progress than hitting the target. Locals need a target to aim for but struggling with knowing that it could be wrong.
- Fully support measuring and setting targets for accessible units (as previously mentioned). Want to push more nuance policy to encourage housing that would be more accessible and could use the state direction to support that. We should think about what is being directed and how it relates to inclusive housing.
- Should there be an iterative process on setting targets and what it could look like, particularly on the target piece? Perhaps it’s important to consider back and forth data to inform equitable outcomes.
- On the topic of accessibility, there are mechanical questions (outside of OHNA) to consider. For example, affordable housing developers are required to meet accessibility obligations under the fair housing act - are they meeting their obligations, being held accountable?
- How will the OHNA account for market forces that are out of jurisdictional control and zoning changes like inclusionary zoning (IZ)? How will the methodology at the state account for local changes? How will IZ at a local level get included into the OHNA methodology?
- Feels like there will be a greater disconnect between the UGB report for expansion. Second IZ comment above. Frustrated IZ is not a tool with small residential form (detached and middle housing). Results in greater need for public support of affordable housing, than if they could require affordable be built as part of subdivision developments.
- Households that include people with disabilities have higher costs (healthcare, services, etc.). When talking about housing affordability there has to be a way to calibrate the idea that a household might not be in poverty but have lower net income because they have higher expenses tied to family members with disabilities.
- Suggest creating a pathway for DLCD administrative approval for cities outside of the Metro to allow for the streamlining process for the efficiency measures required by UGB expansion.
- Confused about the idea of accountability knowing that targets are “aspirational”. How are we going to measure accountability and a draw line to say we are not doing enough?
 - Cities will be held accountable to what cities do have control over because cities cannot control housing production but do control the levers.
 - If a target is set and the project doesn’t pencil out, then housing doesn’t get built. Curious how this process will look at what other things to change outside of land use system.
 - There is a conversation as part of this process that is looking at the items outside of the land use system that need to change to reach the outcomes outlined as part of this process.
- Recommend reframing - rather than saying “targets will be aspirational” perhaps say “the targets are the actual need”. Then ask cities to explain/reflect on why they are not meeting those needs and look to remove barriers to meet those needs.
- Second reframing comment above. Like the report card concept as an accountability mechanism for cities for the targets. Would there be accountability on zoning capacity, could we cap zoning capacity assumptions?
- Also intrigued by the report card idea.

- Yes, to everything on targets.
- A lot of folks want to hold cities accountable for not producing targets, which we have all articulated is problematic as cities lack control of all factors. Would like to see the State take as much action on the private sector as it is on the public sector. This gets back to the Inclusionary Zoning topic as well as others.
- Yes, lots of people don't understand the role that cities might really play in housing production and want them to do everything and blame them when they can't. Definitely something to consider in how we frame all of this.

Discussion of Inclusive Communities

Questions for Inclusive Communities. Getting to more equitable, integrated, and inclusive communities.

1. *What are the opportunities within the Housing Production Strategies process to break up patterns of racial and economic segregation - potential requirements and/or incentives? What lessons from best practices are most applicable to the HPS process?*
2. *There are some fair housing needs that aren't land-based and/or are difficult to track (lack of data source). Are there other options to change Goal 10 / statute to address the goal of equitable, integrated and inclusive communities? Are there any policies other than land use that can address the needed outcomes?*
3. *How else could we add data around racial segregation and make progress?*

Breakout Group A

- This seems to implicate federal fair housing law. Some of this should be required if we are staying faithful to federal fair housing requirements. The state has done some things through HB 2001 and some cities have gone further than that. That will get at economically exclusionary areas. Those are ways of getting at that. Interest in pursuing this further, but there are hundreds of strategies to take us in that direction.
 - *[Staff response: The four variables to measure concentrated affluence are – race/ethnicity, income, housing type, and tenure. We know that we are not going to find good data statewide, so we are going to have to figure out how we address that problem. We've also heard that simply building more affordable housing is the best outcome for BIPOC communities, they may want investment in their communities – that provides a rationale for not having a metric but a policy direction and evaluation of plans.]*
- We could be learning from other jurisdictions. CA has figured out many ways of doing RHNA wrong, but they've had the resources to develop a monitoring system and getting towards more difficult issues. CA legislature has beefed up statutes to require access to opportunity and that might be a place to look for guidance on what might be working.
- Reluctant to move into a Goal 10 amendment without good data. Those goals are primarily aspirational but not exclusively aspirational. Reluctant to change statute, due to concern that local governments would get sanctioned despite trying their best.
- In terms of tracking progress, in our HCA, we shared data on demographic distribution of unhoused and cost burdened folks vs the whole city - how much closer those two data points are getting is a good way to track it.

- This will include people with disabilities? [Yes.]
- When we discuss building in affluent communities vs investing in underinvested communities, that's kind of an "either-or" framing when it should be a "yes-and" - that is reflected in recent federal administrative rule on Affirmatively Furthering Fair Housing. I think the framing as one or the other is deeply patriarchal, and we don't get here by deciding low-income folks need to live close to transit, etc. but that they have access to choice, otherwise we are just buying ourselves out of responsibility.
- Whatever we land on in terms of the data to track and report on for accountability, the report card concept could be helpful and drive the conversation.

What about the concept of using data on segregation to inform zoning decisions? Example for discussion purposes: the most extreme application could be requiring with exclusionary affluence to be rezoned/up-zoned.

- This is a good step but might not be that effective in terms of the impact rezoning would have on an extremely affluent area.
 - Both Metro and Bend in recent UGB expansions have been assertive in driving toward integrated communities in expansion areas, it's more difficult in infill areas.
- What's being talked about in equitable and inclusionary communities is a shift away from the form and function pieces that these conversations incorporate, but that's true of housing production overall. It's not all about form and function, there are other factors at play that control that, there are other actors, outside of market forces. that influence outcomes. It's not only production – how it intersects with what an equitable community looks like – what role housing production overall plays in equitable and inclusive communities.
- Appreciate the process and the other folks behind the scenes. The research and best practices was really helpful in grounding the policy conversations.

Breakout Group B

- Any way we can build fair housing into this process is great. Building accountability around equity outcomes will be important. This will be an important way to connect accountability and best practices to the Housing Production Strategies (HPS). Need to figure out how this pathway would reach the intended outcomes.
- Housing Production Strategies are currently conceived as a 'reflection' piece. Tying real targets to the strategies would be a significant step forward and move HPSs beyond reflection.
- Fully support concept placing additional requirements in the HPSs that get us to the needed outcomes of integrated, equitable communities.
- Not clear how built environment and form, as outlined in the current land use system, can lead to more inclusive communities. But we need to investigate it further.
- From experience working with developers, when there is a new subdivision, they usually only want to build single-family detached dwellings (SFDs). Believe this development program is based on a white, higher income family background and need. Community plans have been updated to include new rules for adjacency standards in hopes to see different housing types, but SFDs are still being built, perhaps the only changes are they have different facades. Housing developments still don't include diversity of types and so how do we change that? This is an important piece.
- Need more diverse context/lens to understand needs for other housing types.

- How do we make sure that we are hearing from consumers and BIPOC about the types of housing they want to be living in? How do we bring that product to the housing market so that it's accessible and affordable? Housing type matters but it's hard to be granular. Hopes through the ongoing process that we hear from consumers, so we understand what they want. Builders want to respond to the desired housing type, and who is in the room matters.
- There is a gap in feedback from people experiencing disabilities of all sorts. A contributing factor is that the engagement and outreach that are part of this and all other processes aren't accessible (example: this zoom meeting isn't accessible to folks with hearing disabilities) so you'll never hear the needs and wants from this particular group because they aren't at the table. When we talk about outreach, we don't know what the wants/needs/preferences are for people with disabilities because this population is not being engaged.
- People with disabilities have been completely excluded from conversations about the types of housing they need, and we have been inadequate at providing accessible housing.
- Sometimes a census tract data isn't granular enough to see the segregation. In other work, school data helped get a closer look at demographics.
- Seize the opportunity to reframe these processes. There are lots of functions that are beyond "form and function" to be considered to ensure the outcomes we want which are equitable communities.
- Most folks agreed that financial incentives always help.