

# Housing Capacity Working Group - Meeting 5

August 31, 2022 2pm – 4pm

Meeting Notes

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## Staff & Working Group Members

Sean Edging, DLCD	Justin Peterson, Oregon	Brock Nation, Oregon
Ethan Stuckmayer, DLCD	Cascades West Council of	Realtors
Mari Valencia-Aguilar, DLCD	Governments	Samantha Bayer, Oregon
Gordon Howard, DLCD	Chris Faulkner, Clean Water	Homebuilders Associations
Emma Land, DLCD	Services	Allan Lazo, Fair Housing
Ingrid Caudel, DLCD	Yiping Fang, Portland State	Council
Matt Lawyer, Marion County	University	Brian McDowell, Business
Board of Commissioners	Ted Reid, Metro	Oregon
Peggy Lynch, League of	Brian Latta, City of Dallas	Mary Anne Cooper, Oregon
Women Voters	Bill Van Vliet, Network for	Farm Bureau
Brian Rankin, City of Bend	Oregon Affordable Housing	Rian Hooff, Oregon
Mary Kyle McCurdy, 1000	Michael Burdick, Association	Department of Environmental
Friends of Oregon	of Oregon Counties	Quality (ODEQ)
Heather O'Donnell, City of	Anneliese Koehler, Metro	Dave Hunnicut, Oregon
Eugene Planning Division	Ariel Nelson, League of	Property Owners Association
Kathy Wilde, Housing Land	Oregon Cities	Lucia Ramirez, ODOT
Advocates		

## Key Insights Summary

**There is strong support for linking efficiency measures with the Housing Production Strategy** - Aligning efficiency measures with the HPS can streamline the process jurisdictions would need to pursue if they are looking to expand their urban growth boundary while additionally encouraging adequate housing mix and diversity. It is important to note that addressing housing production and need is imperative regardless of whether a city is or is not choosing to expand their boundary. In addition, it may be beneficial to create a schedule for jurisdictions to use as a resource to better understand how efficiency measures and the HPS will layer on top of existing analysis requirements.

**Reducing analytical burden on jurisdictions and increasing staffing at DLCD for a housing production team will better support smaller cities** - Removing the burden of conducting analysis on cities, particularly smaller jurisdictions, is strongly supported by the Working Group. Allowing the State to take on some analytical responsibilities will help standardize housing production endeavors. In addition, having a dedicated set of staff focused on housing-related work through increased funding for Goal 14 has been particularly well-received.

**Options to provide analytical flexibility need some refinement** – Statutory adjustments and follow-up administrative rulemaking intended to provide jurisdictions more options in pursuing housing capacity analyses or UGB amendments need specific refinements to better incentivize their use and mitigate potential unintended consequences. This includes refinements to buildable lands inventories, UGB land swaps, and urban reserve planning.

**A small-scale UGB amendment based on HB 4079 would be contentious** – Multiple work group members expressed serious concern and opposition to the prospect of any policy option modeled on House Bill 4079, citing that the bill was intended to be a pilot to assess outcomes that have not manifested yet and risks creating a “bypass” to existing Goal 10 and Goal 14 processes. Other work group members expressed support for the option. Of all of the options presented, this created the most stark divide between work group members and risks fomenting opposition to the full set of recommendations if a mediated option is not developed.

## **Meeting Notes**

*Meeting Outcome – Facilitate discussion to solicit refinement of discussion draft recommendations, including refinements that make recommendations implementable, effective, and politically viable, ameliorate unintended or undesirable consequences, provide alternatives that fulfill the direction provided by the Legislature*

### **Update and Context Reminder**

DLCD directed to facilitate discussion on housing capacity (through a work group), with a focus on:

- How land within UGB’s can be better utilized to increase housing type and unit, including reduction of restrictive and outdated zoning regulations
- How the process and level of data necessary to establish the need of UGB adjustments can be streamlined, considering protection of resource lands
- How regulatory review of UGB adjustments can be streamlined, while considering the protection of resource lands
- How to fund additional capacity in cities with populations below 10,000

### **Work Group Charter**

- 1) Advise DLCDC staff on issues specific to housing capacity as implemented through Housing Capacity Analysis and related statute and administrative rule.
- 2) Provide diverse perspectives and share knowledge and experiences working with Housing Capacity Analyses and Goal 10, and constructively critique staff’s direction and proposals.
- 3) Consider and integrate the diverse perspectives, knowledge and experiences from the Housing Needs Work Group and the stakeholder engagement process.

## **Discussion Draft Recommendations**

### **Utilizing land within UGB**

- Implement efficiency measures into the Housing Production Strategy

- Adopt rules to support housing diversity and production as part of the HPS; broaden the scope of efficiency measures

#### Discussion

- Grouping the HPS with efficiency measures is an effective way to bridge existing policy with new work and serve as a checkpoint in evaluating the UGB
- Articulating need and housing production should not be tied to UGB amendments, but should be addressed by every jurisdiction regardless of whether they are interested in pursuing UGB expansion
- Having efficiency measures as a progress checker is helpful for jurisdictions to make sure they are on the right track. Integrating efficiency measures in this way can be beneficial to use as a tool in the event of a UGB expansion to encourage proper housing mix, housing diversity, multi-family zoning. Could additionally reduce some political backlash
- How will the HPS work align with additional rulemaking that DLCDC has prompted? This should be considered. DLCDC should look into creating a schedule to illustrate various timelines could improve clarity to visualize the “layering” of rulemaking and requirements
- In addition to housing affordability, diversity, and density, housing accessibility should also be considered
  - This can be challenging since the State would be the institution to require certain allowances and standards for accessibility related to building code. Should be articulated as a value
- After efficiency measures are incorporated, how does this sequence with the UGB? If efficiency measures are enacted after a UGB expansion, how does the quantitative analysis compensate for the mismatch?
  - This will need to be discussed in greater detail during the drafting of the rulemaking

#### **Establishing need for UGB amendment**

- Put analytical burden on State
- Replace 20-year projection with OHNA
- Adjust BLI statute to reflect realistic capacity through removing unusable lands and minimize the inclusion of “phantom” capacity
- Adopt rules to refine BLI methodological tools, including safe harbors and assumptions to reflect an accurate 20-year projection

#### Discussion

- Regarding the language **“Enable the application of market factor amendments reflecting the reduced likelihood of development or redevelopment in light of regulatory or market constraints”**, the housing market looks only 2 years out, while we are looking at 20-year housing projections (**pg. 5 of Draft Recommendations**). In addition, regulatory constraints are often barriers that could be removed, such as requirements for off-street parking and additional building constraints that could impede development
- Regarding the language **“Appropriate market factor amendments reflecting the reduced likelihood of development or redevelopment in light of regulatory and market constraints, including but not limited to: (A) Parcelization; (B) Infill and redevelopment; (C) Landowner-related inhibitions to housing production, including codes, covenants, and restrictions (CC&Rs); and (D) Regulatory constraints, including lands subject to state wetland regulations”**,

private contracts between landowner/HOAs as they are not public policy and should not be build into the public land use planning system **(pg. 6 of Draft Recommendations)**

- CC&Rs are exclusionary actions to preclude development of diverse and affordable housing, should not be included anywhere within the recommendations
- Like putting less burden on local governments, not supportive of market factor C (“Landowner-related inhibitions to housing production, including codes, covenants, and restrictions”) in draft packet **(pg. 6 of Draft Recommendations)**
- Homeownership should be considered in addition to renting in Draft Recommendations
- There should be factors included for border or rural cities, so that it is efficient and feasible and reduce development cost to develop within the State rather than outside of it

#### **Regulatory Review of a UGB amendment**

- Emphasize and providing funding for urban reserve and concept planning to make it a more useful tool for jurisdictions
- Facilitate UGB Land Swap and increase its flexibility
- Small-scale streamlined UGB amendment process in exchange for delivering statewide housing policy goals
- Amend “simplified UGB methodology” to be clearer and objective that reduces the basis and incentive for appeal

#### Discussion

- Better align UGB expansion language and requirements with urban reserve planning language
- Rural reserve planning is beneficial and should be looked into further
- For the appeal process, look at more objective measures for policy direction. UGB land swap as a comparable tool to Transfer of Development Rights (TDR)
- Urban reserves and rural reserves work well, particularly in the Rogue Valley which is a helpful precedent for a regional approach
- Page 7 of Draft Recommendations states “land removed from the UGB would keep applicable zoning, however, zoning doesn’t change with land removed from UGB, so this should be additionally fleshed out
- Leading with a UGB expansion as a way to support affordable housing might not be the best order. Should begin with supporting affordable housing within existing UGB before prompting an expansion
- Additional land might not be the solution for building more affordable housing, could also be the availability of infrastructure and utilities. What are full set of tools needed to produce housing?
- Provide technical assistance for cities to conduct Goal 14
- The recommendations provided are a helpful way to expedite a process that would normally take seven years to pursue
- Finding the middle ground between infrastructure and land costs could be an effective way to ensure housing actually gets built
  - Factoring infrastructure costs along with land costs in the Needs Analysis could be a way to assist the development of housing
- Recommend broadband conduit/access cost be included as part of infrastructure. Minimize the digital divide. Empower community and economic development. Highspeed Broadband is a requirement for everything (housing, attracting talent, recruiting/retaining business, etc.)

- The State should pursue various changes to the land use system to expedite production of needed housing. This should include bringing more affordable and shovel ready land to the table and SDC reform

#### **Building Capacity, Especially in Small Cities**

- Fund Goal 14-related work, including public facilities planning
- Focus new agency staff to create Goal 14, public facilities, and development team
  - Increase capacity to do off-the-shelf Goal 14 analyses/BLIs, increased housing production team within DLCD

#### **Discussion**

- This is a great starting point for smaller jurisdictions, but is it sufficient? It will require dedicated and sustained funding
- Support additional funding for a bigger package for housing support
- Increased funding would make a significant difference for smaller jurisdictions
- It is important to tie funding to affordable housing experts and industry experts who have the experience and expertise in getting housing developed and built

#### **Recap and Next Steps**

- Next meeting is September 26<sup>th</sup> from 9-11 AM
- Please share additional information and feedback from the session with Sean Edging, DLCD

***Meeting adjourned.***