

Joint Working Group - Meeting 7

October 20, 2022 1pm – 4pm

Meeting Notes

(Published November 2, 2022)



Staff and Working Group

Members

Sean Edging, DLCD	Justin Peterson, Oregon	Michael Burdick, Association
Ethan Stuckmayer, DLCD	Cascades West Council of	of Oregon Counties
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Gordon Howard, DLCD	Jill Rolfe, Coos County	Jill Rolfe, Coos County
Emma Land, DLCD	Chris Faulkner, Clean Water	Ariel Nelson, League of
Ingrid Caudel, DLCD	Services	Oregon Cities
Matt Lawyer, Marion County	Mary Phillips, City of Gresham	Brock Nation, Oregon
Board of Commissioners	Yiping Fang, Portland State	Realtors
Jeffrey Adams, City of Cannon	University	Samantha Bayer, Oregon
Beach	Miranda Bateschelle, City of	Homebuilders Associations
Peggy Lynch, League of	Wilsonville	Allan Lazo, Fair Housing
Women Voters	Ted Reid, Metro	Council
Brian Rankin, City of Bend	Brian Latta, City of Dallas	Svetha Ambati, City of
Mary Kyle McCurdy, 1000	Jonathan Trutt, Home	Portland
Friends of Oregon	Forward (<i>represented by</i>	Rian Hooff, Oregon
(<i>represented by Alexis Biddle</i>)	<i>Taylor Smiley Wolfe</i>)	Department of Environmental
Heather O'Donnell, City of	Bill Van Vliet, Network for	Quality (ODEQ)
Eugene Planning Division	Oregon Affordable Housing	Association
	Michael Szporluk, Disability	Lucia Ramirez, ODOT
	Rights Oregon	

Key Insights Summary

Ensuring jurisdictions follow through with their housing development commitments is crucial - The accountability and enforcement measures within the recommendations are vague and will need further clarity, detail, and refinement so that there is clear direction on how we ensure cities remain on track with their development of housing. This framework should balance ensuring meaningful action with acknowledgement of the realistic implementation constraints of local communities.

Proposed recommendations are not new policy direction but rather reinforcing of a commitment - It's important to note that the proposed recommendations are not focused on shifting housing policy in a new direction but rather a critical step in addressing the direction articulated in Goal 10. Any additional realignment or considerations should be connected to addressing the historically unmet promise with the aim to refine administration at local levels and provide state support.

Providing the necessary funding for the recommendations to succeed will be critical - The recommendations are a holistic package and will require substantial appropriation of funding to result in housing production on the ground. In order for jurisdictions to address their housing goals, necessary funding, capacity, and resources are needed. This will play an especially integral role for small, rural jurisdictions that have limited capacity to conduct complete analyses. Additionally, this funding should emphasize low-income housing (especially below 30% AMI) that the market cannot build without subsidy as well as offering technical support and "off the shelf" policy options.

Excessive regulation can often make building affordable housing more challenging - Many private developers are often deterred from building affordable housing or caught in regulative loopholes that make it difficult to do so. Look for ways to remove impediments and find creative ways to incentivize development for private developers, as cities have limited policy levers to influence the market.

Joint Meeting Notes

Joint Meeting Outcome – Facilitate round-robin discussion intended to solicit top priorities from work group members in advising the Legislature on implementing OHNA recommendations.

OHNA Process Update

- Status of statewide recommendations
- Finalizing OHNA Recommendations
 - Draft Report Published August 31, 2022 – Comment period complete
 - Refined Draft Date: November 10, 2022
 - Will incorporate refinements and feedback from WG members/public
 - Final Report Deadline: December 31, 2022
 - Legislature will take on substantive policy concerns and issues

Themes: Comments and Follow-up Engagement

Comment period on draft report

- Support for small communities, particularly those with limited planning staff and capacity
- Aligning statewide policies
 - Alignment with climate policy and adaptive reuse/historic preservation legislation
- Funding, resources, and local capacity
- Equity in housing – allocation & planning
- Planning for accessibility
- Accountability addressing local barriers
- Clarifying policy details
 - Elucidate how draft recommendations interplay with efficiency measures

Legislative Direction

- HB 5006 (2021 Session) direction: *OHCS and DLCD “to study and make legislative recommendations on the incorporation of a regional housing needs analysis into state and local planning programs” by December 31, 2022*
- HB 5202 (2022 Session) additional direction: *DLCD “to support work on regional housing needs and land supply issues”*
- Meeting Context: *DLCD & OHCS’ role transitioning to advisory as Legislature considers implementation*
- *Opportunity to shape policy before Legislature takes lead*

Brief Policy Outline Overview

Recommendation 1: Plan for what’s needed (directly responsive to legislative direction, how do you implement this methodology, addressing issues related to land capacity)

- 1.1 Plan for more housing, especially affordable housing
Establish Oregon Housing Needs Analysis statute, amend “needed housing” statute.
- 1.2 Set targets, track progress and outcomes
Require OHNA to establish production goals with regular tracking & regular tracking & reporting of progress and outcomes
- 1.3 Refocus local action on production
Strengthen Housing Production Strategy statutes, broaden and clarify “efficiency measures,” clarify accountability, and fund DLCD/local jurisdiction housing work
- 1.4 Unlock land, where it’s needed
Refine land capacity and urbanization statutes & administrative rules to better reflect actual capacity and provide greater flexibility, fund urbanization-related work

Recommendation 2: Build what’s needed, where it’s needed (working towards better production outcomes, requires substantial Legislative decision-making)

- 2.1 Fund housing types the market would not produce on its own
Commit sustained resources to support production, affordability, and readiness, including:
 - Infrastructure and development readiness, including SDCs
 - Gap funding and loan guarantees
 - Fair housing strategies, including homeownership & unit accessibility
 - Local capacity
- 2.2 Make “housing choice for all” a state policy goal
Amend Housing Production Strategy statute to clarify explicit intent to further “housing choice for all”, in alignment with current administrative rule

Recommendation 3: Commit to working together with urgency (working towards better production outcomes, requires substantial Legislative decision-making)

- 3.1 Coordinate state agencies on housing production
Establish task force of various state agencies to recommend administrative structure, task an agency (DLCD, OHCS, or another entity) to establish an interim “housing production team” to work towards production in partnership with local jurisdictions
- 3.2 Organize continuing policy work to support production

Create a new statute requiring a regular state housing production strategy for the state administrative entity established in 3.1 and for Metro Regional Government.

Discussion

(What is the most important advice on the implementation of OHNA recommendations that the project team can relay to legislators and legislative council as they consider implementation? What are your top three priorities?)

Al Johnson

- Not asking legislature to develop new policy or to change policy direction but rather build upon a 50-year commitment to a longstanding statewide housing policy of housing choice for all. This is part of goal 10 since 1974 when it was first adopted.
- We need to maintain commitments and any realignment should not be directed away from Goal 10. These other considerations such as climate, farming, should continue to be incorporated, but towards the existing Goal 10 framework.
 - Legislature needed to give us the resources and the tools to do the job 50 years ago

Alexis Biddle

- Accessible housing is essential, accountability with resources is important
- Across the state, needs vary. What tools may be effective in growing areas is different than the tools that might be needed in eastern Oregon, where there may be focus on preservation of existing housing
- Inter-agency coordination/Task Force needs to be action oriented
- Affordable housing needs more flexibility than market housing

Allan Lazo

- The promise of Goal 10 has gone unmet historically, this work should move towards addressing this gap.
- Recommendation 2.2, make sure that production enables fair and equitable housing choice and outcome. It's not enough for to produce housing, but to make sure that we are truly meeting the needs of housing for everyone

Anneliese Koehler

- Emphasizing to legislature that the recommendations put forth are a holistic package, and recommendations 1, 2, and 3 need to be implemented together. Concerned that the legislature will implement policy change but not allocate funding. The funding pieces are really critical for us to be successful
- Need to remain engaged and continue the conversation in how these recommendations will work in the Metro region

Ariel Nelson

- If we talk about accountability, we need to provide the funding for cities to be successful
- How do we operationalize what's in the recommendations? If we ask cities to reach housing goals, the current funding is competitive, and cities currently do not have a connection to the current system

Brian Rankin

- Cities, localities, and counties are exhausted. Between homelessness and the housing crisis, cities are trying but still have unmet need. It's not that cities are inept, but rather they are out of tools. Statewide support is needed
- Funding for housing production for middle and low income brackets, getting creative and exploring incentives for the private market, make it worth the while for private developers
- Land supply and readiness inside and outside the UGB, and prioritizing Goal 10.
- Localities often need to balance multiple considerations and housing doesn't get the attention that it undoubtedly deserves

Brock Nation

- Housing market is one market, anything you do in one will affect the other submarkets. Address housing shortage at every level. If it's not addressed at every level there will be negative consequences
- Accountability, urgency, and make the changes that need to be made in order to see legitimate progress

Heather O'Donnell

- Additional funding for implementation cannot be underestimated, especially given the increased implementation requirements
- Providing adequate time for rulemaking, need to provide meaningful comments
- Recommendation 1.1 OHNA methodology, 1.2 production targets, and 2.1 the additional funding requirements for housing production

Jeffery Adams

- Small rural communities are not all the same and should not be forgotten while also not being let off the hook
- Consider the impact that small communities have on the system
- Integrate buildable lands with policy development to remove burden on small communities, by having stand-up systems in place
- Free up the funding, having multiple funding tools at our disposal is really important

Jill Rolfe

- Making funding available to rural and non-rural communities
- Having the capacity to ensure that these recommendations can be implemented
- When pursuing holistic approach, considering how housing would impact infrastructure

Justin Peterson

- Local capacity support needs to be flexible, each community is unique
- Need for funding around infrastructure

Lucia Ramirez

- Oregon Transit and Housing Study, the OHNA was really helpful for those who pursued them. Make sure that they are done and done well in a realistic fashion
- Cities often have a limited ability to address what's happening in the market

Mary Phillips

- Anticipate there will be pushback from state policy fatigue
- Recommendations are built together to refine the housing policy system that we already have. It's to simplify administration at local levels to focus on local implementation with state support

- Funding and technical support is essential
- Facilitate local action and regional coordination
- Advancing equitable outcomes in housing through intent and goals
- Need accountability and enforcement measures, they are vague. The way they are structured matters

Matt Lawyer

- Small communities don't have necessary infrastructure and jobs
- Coordination on the affordable housing side, developers get excited about affordable housing but then realize that there are many regulations from DEQ and other institutions that limit the ease of creating housing. So, make it easier for developers and remove impediments
- Local coordination piece is great, helping support with SDCs

Michael Burdick

- Recognize that there are additional constraints and asks from the legislature right now, along with funding limitations. Help legislature prioritize. Provide option for high, medium, and low budgeting
- Want to prioritize policies that will be the quickest in getting construction going

Michael Szporluk

- Housing choice for all and equity are important. Housing choice also includes building affordable housing that is accessible, otherwise those with disabilities will have no real housing choice
 - Disparities in housing happen to those who possess multiple affiliations of underserved identities (race, ability, rural/non-rural)

Miranda Bateschell

- Overanalyzing data and regulation stand in the way of getting us to do what we need to do. We don't want to waste time with perfecting a system, the most important priority is to emphasize the need for expediency in producing housing
- Even for areas where there are less regulatory obstructions in creating housing, housing is still not being built. This is likely due to the fact a city does not control the market
- Recommendation 2.1 is important so that funding can be provided for the creation of affordable housing, especially in areas of growth where it can be challenging to produce accessible housing
- Having state support to help local with expertise, and looking at statewide policies that might be undermining local jurisdictions in inhibiting the development of housing
- Recommendation 2.2 is a priority because if we aren't focusing on advancing fair housing, then we shouldn't be doing this work

Peggy Lynch

- We need immediate action in the 2023 legislative session, for production
- Understanding the budget system is important, all agencies have the staff needed to do this work
- Need support with communication, bring the public along with any changes we create

Stacie Sanders

- Feel good about the recommendations, particularly around fair housing and accessibility
- Don't create unfunded mandates
- Have regional agency coordination, so that land can be tied to the necessary infrastructure so that the land within the UGB is usable

- Align housing with TOD and utilize the climate adaptation tools that we have, rather than as an afterthought
- Permit expediting, it often takes too long to create housing because of this
- Prioritize Recommendations 1.1, 3.1, and 3.2. For Recommendation 1.2, it's really important to inform the public of the progress of housing units built.

Svetha Ambati

- For cities to build units with deeper affordability, funding is imperative
- New housing is expensive to build, consider funding programs such as “preservation of unregulated affordable housing” to stabilize communities in their existing homes and places of their own choosing
- Ensure compatibility between Goal 9 and Goal 10. Create an inter-agency Task Force to think about land capacity and meeting goals for cultivating the housing and jobs balance

Taylor Smiley Wolfe

- Emphasize the legislature should go slow where they need to, and go fast where they need to
- It's important to uphold the integrity of the structural aspects of the recommendations, particularly since they affect the land use system
- Accurate estimate of equitable allocation of housing production targets, particularly for affordable housing within the 0%-60% AMI range
- Emphasis on accountability to be built in throughout the process
 - Potential of enforcement order if jurisdiction's do not follow through

Yiping Fang

- Watching data for housing need change every year can help determine whether change is positive or negative
- Those who need the most funding are those who the market will not address

Bil Van Vliet

- Don't let perfect be the enemy of good
- Need to fully fund land use system, underfunding has led to a log jam
- The only way to get out of the housing crisis is to build our way out of it
- Need to solve for infrastructure

Closing Thoughts

- If you have specific, technical feedback on the draft recommendations, please review and share comments with Sean/DLCD
- Draft recommendations are currently in the process of being refined, final version will be published November 10 and updated via press release, followed by final LCDC meeting (in person or hybrid) with public comment
- Additional direction on accountability/reinforcement portion of the recommendations. Accountability needs to acknowledge the meaningful action towards removing barriers against the development of affordable housing while understanding the limitations and challenges that local governments face. How can this be reflected in the recommendations?
- In addition to looking for new affordable housing, we should consider preservation, adaptive reuse

HCWG Focused Meeting Notes

(Facilitate round-table discussion specific feedback related to the implementation of capacity-related recommendations)

Recommendation 1: Plan for what's needed

1.3 Refocus local action on production

Implement “efficiency measures” regularly as part of HPS, clarify and broaden actions to support production, diversity, and affordability

1.4 Unlock land, where it's needed

Refine land capacity and urbanization statutes and administrative rules to better reflect actual capacity and provide greater flexibility, fund urbanization-related work

Discussion

Question #1: What specific refinements are necessary to ensure future legislative concepts best reflect the housing capacity recommendations and key takeaways from the process?

Question #2: The small-scale UGB amendment remains the most contentious policy option of the eleven presented at the previous Housing Capacity Work Group meeting. While the recommendations will include important considerations necessary to successfully implement an effective policy, it will take significantly more work to establish a detailed and thoughtful policy proposal. What are the appropriate next steps to achieve this?

Question #1: What specific refinements are necessary to ensure future legislative concepts best reflect the housing capacity recommendations and key takeaways from the process?

- Provide model codes or model codes amendment that would be linked to the HPS
 - DLCDC could provide permit-ready site plans and modules
- Statute currently is interpreted as doing baseline capacity analysis without considering changes to policy and plans, you may or may not have demonstrated meeting 20-year need, to make that demonstration before in order to satisfy the requirement of goal 14 that you show you've done things reasonably to accommodate unmet need, you have to reasonable measures. The way the statute reads is that if you adopt an efficiency measure, you have to have to make a supportable assumption about the efficiency measure increasing capacity within UGB. Will be targeted towards a particular need; this has to be quantified. Having a credible efficiency measure.
- ORS 197.296 6,7,8,9 Efficiency Measures
 - If you adopt an efficiency measure, you have to make a supportable assumption on how much the efficiency measure will increase capacity within UGB
 - Concerned that with this potential change, it will allow cities to “blue sky” how much efficiency measures will increase capacity before it has been tested on the ground
 - The concurrency requirement should not be removed, worried about sequencing
 - Efficiency measures adopted with UGB, efficiency measures delivered much more housing than the UGB expansion areas. Delaying efficiency measures will only lessen the ability to create housing

- *Clarification: Proposed change in statute is altering the sequency of efficiency measures in relation to the HPS, not delaying them*
- If the 3% fails while trying/has unintentional consequences, what is the accountability for that?
 - There is an existing system that needs additional refinement, assuming efficiency measures aren't included in the HPS right now. Jurisdictions need to illustrate a Plan B, and if there isn't a Plan B, one needs to be adopted

Question #2: The small-scale UGB amendment remains the most contentious policy option of the eleven presented at the previous Housing Capacity Work Group meeting. While the recommendations will include important considerations necessary to successfully implement an effective policy, it will take significantly more work to establish a detailed and thoughtful policy proposal. What are the appropriate next steps to achieve this?

- Whatever happens, it needs to be directly connected to the community and not jumped over other lands. It needs to be like any other UGB amendment and not leap-frogged and there needs to be something yielded in return
- We need to take advantage of the federal infrastructure funding and ensure that lands are not given without the means for creating infrastructure
- It seems like the statute adjustment for small-scale UGB amendment needs some more process work
 - Potential for Task Force? Key elements of the policy have been articulated but additional refinements are needed
- Whoever is the point of contact for drafting the policy portion of the small-UGB amendment should be just as familiar with state land use knowledge as they are housing, incorporating legislators with that background and experience
- Small-scale UGB process can help support the creation of deed restricted affordable housing that is otherwise challenging to build within a UGB
- Could be immediately successful and have least amount of budget impact. Should be an urgent process that concludes in time
- Regulatory streamlining could impact DLCD's capacity
- Should not be consensus-driven
- Small-scale UGB adjustment isn't a one-size-fits-all, small-scale UGB amendment could accommodate efficiency measures for small communities, finding 10/20 acres where they can create mixed use, highlights that this is a scenario-based opportunity