MINUTES

PLANNING COMMISSION MEETING
July 18, 2024
5:30 p.m.

City Hall Council Chambers 313 Court Street, The Dalles, Oregon 97058 Via Zoom / Livestream via City Website

PRESIDING:

Councilor Timothy McGlothlin

COMMISSIONERS PRESENT:

Addie Case, John Grant, Philip Mascher, and Mark Poppoff

COMMISSIONERS ABSENT:

Cody Cornett, Maria Peña, and Nik Portela

COUNCIL PRESENT:

Darcy Long, Scott Randall, Dan Richardson, and Rod

Runyon (arrived at 5:35 p.m.)

COUNCIL ABSENT:

Mayor Rich Mays

STAFF PRESENT:

Director Joshua Chandler, City Manager Matthew Klebes,

City Attorney Jonathan Kara, Economic Development

Officer Dan Spatz, Secretary Paula Webb

CALL TO ORDER

The meeting was called to order by Councilor McGlothlin at 5:31 p.m.

PLEDGE OF ALLEGIANCE

City Manager Klebes led the Pledge of Allegiance.

APPROVAL OF AGENDA

It was moved by Poppoff and seconded by Mascher to approve the agenda as submitted. The motion carried 9/0; Case, Grant, Mascher, Poppoff, Long, McGlothlin, Randall, Richardson and Runyon voting in favor, none opposed, Cornett, Peña, Portela and Mays absent.

APPROVAL OF MINUTES

It was moved by Grant and seconded by Long to approve the minutes of May 2, 2024 as submitted. The motion carried 9/0; Case, Grant, Mascher, Poppoff, Long, McGlothlin, Randall, Richardson and Runyon voting in favor, none opposed, Cornett, Peña, Portela and Mays absent.

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PUBLIC COMMENT

None.

DISCUSSION ITEM

2024 Housing Production Strategy

Councilor Runyon arrived at 5:35 p.m.

Director Chandler summarized the memorandum. He introduced Alex Joyce, Jamin Kimmell, Lydia Ness, and Lanier Hagerty of Cascadia Partners.

Lydia Ness provided the presentation (Attachment 1) and opened discussion.

Commissioner Poppoff said he understood the state would prevent prohibition of manufactured housing. He assumed that is already included by virtue of the state law.

Ms. Ness replied there are additional layers to preserve manufactured housing. A zoning change could provide areas zoned exclusively for manufactured housing, which would prevent redevelopment of that area.

City Manager Klebes requested confirmation that the state is exploring pre-approved building plans.

Ms. Ness replied yes, the state is pursuing pre-approved dwelling plans. She added there would need to be a layer of implementing that locally, and ensuring it complies with code and the building permit process.

Commissioner Poppoff asked if copies of the plans were available.

Mr. Kimmell was unsure where the state was in the process. Ms. Ness added she would return with the status.

Commissioner Mascher mentioned earlier discussions about tiny homes and container homes. As he understood it, the problem was not pre-approved plans, but the ordinances to allow them.

Director Chandler replied the process is in place for pre-approved homes. A builder or property owner can access a set of plans retained by the City to download. The City needs to fine-tune the code to allow modular and tiny homes.

Ms. Ness added it is common to see accessory dwelling units (ADUs) with pre-approved plans. Generally, those are for homeowners or property owners that can quickly build on their own property. Pre-approved plans would expedite the process.

Director Chandler said the Advisory Committee had mentioned pre-approved plans for ADUs. The Advisory Committee then recommended staff research duplexes and triplexes in order for the City to have pre-approved plans ready for them.

Commissioner Mascher encouraged multi-family housing.

Commissioner Grant asked for the initial cost to the City. Would the City pay for the plans and then provide access to anyone to develop? [Some portions were inaudible.]

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Director Chandler thought the City would purchase the pre-approved plans and make them available on the City's website. Pre-approved plans have been implemented outside of Oregon. The City of Seattle has a robust platform, with up to 15 various options.

Ms. Ness suggested research into cottage clusters, with one house replicated across an entire lot.

Councilor Runyon requested examples of things to be clarified in Regulation 4, "Allow tiny homes and modular housing."

Ms. Ness replied tiny homes are not currently allowed in the Code. There are specific types of sites and hookups for sewer and water may need to be regulated.

Mr. Kimmell added many tiny homes do not meet the standard residential building code. For that reason, many building code administrators have been hesitant to approve them as permanent dwellings. The state is working through revisions to the state building code to clarify the types of tiny homes that should be allowed as permanent dwellings. Existing tiny homes built on wheels are classified as recreational vehicles. Many are built to a high standard. Some cities permit them as permanent dwellings. The issue is, many do not met the definition or requirements of a dwelling; the codes are unclear.

Ms. Ness said the state is producing a model code for modular housing. This is another option for the City to explore.

Commissioner Mascher requested examples of zoning incentives.

Ms. Ness replied incentives could include additional parking reductions for accessible housing, a density bonus to allow more units on a lot, or a height bonus to increase the overall building height.

Commissioner Poppoff preferred to see the higher densities on undeveloped land to avoid overloading the existing infrastructure. He is not excited about triplexes and quadplexes because they will not have on-site management. Larger complexes should have on-site management.

Commissioner Mascher liked the strategies. He noted triplexes and quadplexes do not have to be rentals, they could also be condominiums.

Ms. Ness stated triplexes and quadplexes in the low density residential zone have setbacks, lot coverage, and other requirements to ensure the development can be compatible with a single-family dwelling. Instead of a 3,000 sq. ft. single-family house, it is three, 1,000 sq. ft. houses built in a similar footprint.

Councilor Richardson asked about significant hurdles identified with providing housing in commercial zones.

Ms. Ness replied in some commercial zones, it is either 50 percent or the entire ground floor that must be a commercial or retail use. Perhaps commercial zoning is not as viable in some areas. There are ways to identify areas within the City for a concentration of commercial, office, and retail use. Other areas requiring ground floor commercial use could be expanded to allow for residential use.

Director Chandler thought much of it is perception, too, in overall design of how cities have designed for years. Does it make sense to have a residential front door on Second Street where

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businesses are located? Although the code requires commercial uses on the ground floor, it does not specify how much of the ground floor is required.

Commissioner Mascher asked what tax could be exempted, to whom, and where in the process it would happen. Is it the property owner?

Ms. Ness replied it is the property tax. The property owner would receive the exemption over a ten-year period. This is primarily for rental housing. The exemption is only on the value of the improvements. The property owner would continue to pay property taxes on the land.

Commissioner Mascher said it improves the return on investment, but does not really stimulate the capital investment in developing, which happens later.

Mr. Kimmel replied if they build it into their pro forma and they assume they are not paying an operational expense ongoing, which can make the difference between an unattractive versus a feasible project.

Commissioner Mascher asked how it would work if the property was not a rental, but a property for sale.

Mr. Kimmel thought this process had been used exclusively for rental products.

Mr. Joyce added the benefit flows to the owner; it would not be an incentive to the developer.

Councilor Long stated our multi-level tax abatement is being used primarily in our Urban Renewal Agency in the current urban renewal zone. There has been some discussion about creating another zone. She wondered if this new Multiple-Unit Property Tax Exemption (MUPTE) Program would make sense with a new zone specifically for housing. Can it be anywhere in the city, or does it have to be a defined zone?

Ms. Ness thought it could be a defined zone. Mr. Joyce replied you define the zones, but the zone could be the same as the city area. The state set out broadly defined locational criteria. It relies on the City to set the areas. Typically, the areas are in centers of activity or along key corridors with transit or other connectivity considerations, where density is appropriate from a transportation perspective.

Councilor Long said she was thinking of combining it with another urban renewal zone to help some projects pencil out. What might the practical understanding of that idea be with rules that it must be used for workforce housing, or with a cap on rental rates. Builders and developers are developing profitable projects, but that does not mean they are affordable for our community. We do not have enough incentives or strategies to keep the cost down; everything will continue going up.

Mr. Joyce replied layering together a tax abatement tool like MUPTE, with a tax increment tool like a tax increment financing (TIF) district, can have some unintended consequences. The interest rate environment has moved away from multi-family construction with few exceptions. That condition could change. Tools like this can be important to help prove the market for multi-family units in places without a long track record of new multi-family construction.

Ms. Ness reviewed proposed investment strategies. The first was to explore implementing a construction excise tax for an additional affordable housing revenue source. This is a tax on the

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permit value of construction projects to help fund affordable housing. The tax can be applied to residential and commercial construction. According to state statutes, the tax is on improvement to real property resulting in a new structure or additional square footage in an existing structure. The City can only tax up to one percent of the permit value for residential construction; there is no cap on the percentage charged for commercial and industrial permit value.

City Manager Klebes asked if this would be over and above the existing school excise tax. Ms. Ness replied this would be a new tax.

Ms. Ness invited questions or comments related to the administrative costs or fiscal impacts of these tools.

Commissioner Poppoff said he would like to see an incentive for owner-built housing. Delayed development charges would help with building a first home. He added his concern about reduced parking. Most people have at least two vehicles; on-street parking is limited.

Director Chandler said there were questions about the administrative burden on the Wasco County Assessor's Office in implementing a MUPTE. City Manager Klebes said the enterprise zone, strategic investment programs, and vertical housing tax zone all placed an additional administrative burden on the Wasco County Assessor in applying each one of the exemptions. If there is certain criteria for MUPTE, and three or four years down the road they no longer meet the criteria, there could potentially be call back provisions which complicate matters and can place the developer, the owner, the City, and the County in an unfortunate situation.

Commissioner Grant asked if the construction excise tax had stunted development for other cities. He did not want an imbalance of development going only toward affordable housing.

Mr. Joyce replied most cities go through a thorough analysis to understand and mitigate those impacts. Many cities choosing to adopt these tend to have a hot housing market, and hot commercial and industrial development. Many cities are taxing at only three percent, or .5 percent of the value. Those cities determined this would probably not derail the economics of further development the community, but would provide a stable source of funding for affordable housing.

Councilor Richardson would like to explore the possibility of collecting the construction excise tax and System Development Charges (SDCs) when the certificate of occupancy is issued, or perhaps on a first sale, as opposed to an upfront development cost.

Ms. Ness asked if the City is ready to take a proactive role in identifying, assembling and preparing land for housing production. She also asked which agencies or organizations the City should partner with that may have land or would be willing to partner, and are there other strategies or considerations related to land that the City should explore or consider.

Commissioner Poppoff stated an inventory is a good idea.

City Attorney Kara replied the City already has a surplus property inventory. He will forward the list to Council. He asked, is there a standardized list of criteria used to evaluate whether a property meets the standard of underutilized.

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Mr. Kimmel replied the City could look at a citywide analysis and try to identify those properties. Consider the value of the improvement on the land, related to the value of the land itself. If the value of the improvements are relatively low relative to land value, there are few or no high value buildings on the property. This method will isolate properties that may be prime for redevelopment.

City Attorney Kara asked if it was a traditional role of cities in Oregon to take a lead approach at coordinated efforts to organize the development of land within the city, or is it more the function of Mid-Columbia Housing or federal projects.

Mr. Kimmell replied cities vary in activities. Some of the larger cities actively approach this in a less formal way. It is more common in areas with funding to acquire the land, particularly in urban renewal areas. Many cities are exploring ways to take a more active role in facilitating this process.

Mr. Joyce added it is helpful to think about how this process is similar to a buildable lands inventory required by state law. Oregon is and remains a pioneer in terms of proactive planning around housing and employment lands. This process is a bit more focused and action oriented. It is a proactive extension of a practice memorialized in state law.

Director Chandler said the Housing Needs Assessment (HNA), with the Buildable Lands Inventory (BLI) attached, was completed just last year. Is this a form of the first step for the City?

Mr. Joyce replied yes. The perspective of key landowners unknown from the typical state process. You know how the property is developed, but do not know the willingness and interest of landowners representing categories like civic, religious or public institutions, whether or not they need land that appears to be underutilized. That step is not memorialized in state law.

Councilor Richardson said following the first three steps made good sense in developing a list of actionable or investable properties. The City could streamline and incentivize some development. He wondered if the City should look to something line the Rand Road project in Hood River. The city and partners found land, identified the need, obtained grants and the funding package, and put the project together. They did not necessarily spend a great deal of time presumably in analyzing every single parcel in their urban growth area, but just found one that worked and purchased the property, found a partner, and then started building.

Ms. Ness said the community engagement will be held in August. The next joint session will be held on October 3, 2024 to discuss the draft Housing Production Strategy (HPS). Cascadia Partners is talking with builders and developers in The Dalles, learning what barriers or opportunities they perceive. In the next month, Cascadia will meet with groups related to affordable housing or manufactured home parks, the Latinx community, and young families. A community virtual open house will be held in August.

Councilor Long suggested meeting including young people without children, that have not settled down yet. They may have unexpected needs.

City Manager Klebes suggested a page in the final report that breaks out our strategies into production and affordability strategies. The assumption here is that production helps with

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affordability at some point, but maybe not where we are. In our proximity to Portland, the demand is so high, and we are so constrained, supply will never outstrip demand to reduce prices.

STAFF COMMENTS / PROJECT UPDATES

None.

COMMISSIONER COMMENTS / QUESTIONS

None.

ADJOURNMENT

Councilor McGlothlin adjourned the meeting at 7:11 p.m.

Submitted by/ Paula Webb, Secretary Community Development Department

SIGNED:

Timothy McGlothlin, Chair

ATTEST:

Paula Webb, Secretary

Community Development Department



City of The Dalles Housing Production Strategy

PC/CC Work Session #2

July 18, 2024

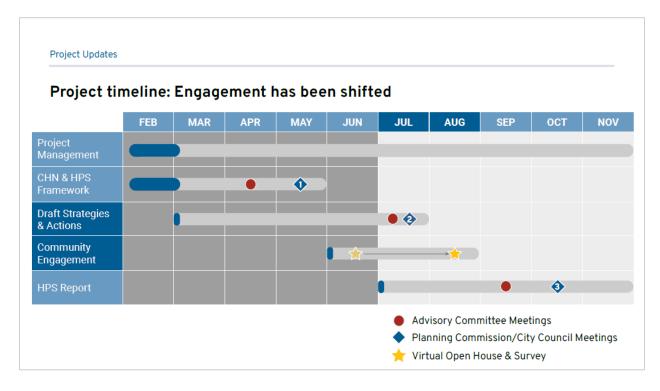


AGENDA



1	Project Updates	What feedback have we heard?	10 min
2	Draft Housing Strategies and Actions Overview + Discussion	Review draft strategies by category	70 min
3	Community Engagement Updates	Who will we be engaging and how? What feedback are we looking for?	5 min
4	Next Steps	Project next steps	5 min





Project Updates

This is the second opportunity to provide input on housing strategies

We will discuss and solicit potential housing production strategies and actions in three phases:

May 2:

- Discuss the landscape of housing needs, strategies, and actions
- Share examples of strategy types
- Broadly discuss your interests, priorities, and concerns

Today:

- Review and discuss a refined set of draft strategies and actions
- Share how the refined list is informed by what we hear from you today, feedback from City staff, and community input

October 3:

- Review the draft HPS report
- · Identify and discuss remaining questions

Project Updates

Key Takeaways from the Contextualized Housing Need

- Given the adjacency to a hot market and home price and rent increases outpacing wage growth, The Dalles is highly sensitive to market changes
- There is a need for more affordable, smaller units
- The Dalles Population Characteristics:
 - The Dalles has **held steady in its age distribution** compared to the state
 - Higher percentage of Latino population compared to the state
 - Higher percentage of population that lives with one or more disabilities compared to the state

Project Updates

Planning Commission and City Council Feedback from Work Session

- Several PC members are interested in making it easier to build tiny homes, modular housing, container homes, etc.
- Several Councilors/Commissioners were interested in incentive programs, such as:
 - Construction Excise Tax
 - Expanding the Urban Renewal program
 - Scaling SDC fees based on housing unit size
- Prioritizing excess public land for housing and partnering with land trusts for this
- There was lots of support and enthusiasm for the idea of pre-approved ADU plans
- Support for infrastructure investment for housing

Project Updates

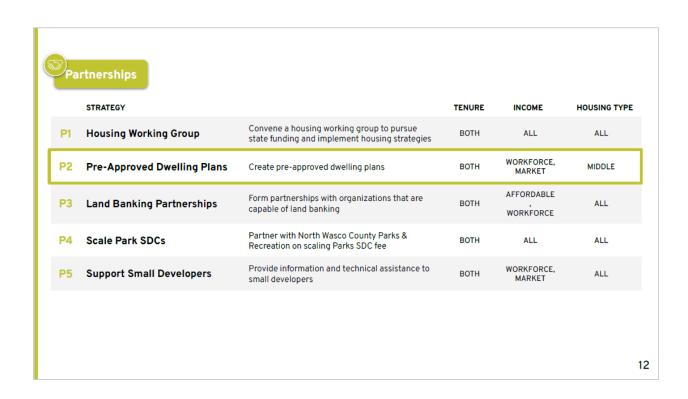
Key Takeaways from the second Advisory Committee meeting

- AC generally supportive of the strategies presented
- There are many organizations that are working on housing and the City has opportunity to coordinate and leverage those partnerships to build needed housing
- AC was especially enthusiastic about:
 - o II: Adopt Multi Unit Property Tax Exemption (MUPTE) to incentivize needed housing
 - o I3: Evaluate the feasibility of scaling SDCs
 - o P4: Partner with North Wasco County Parks & Recreation on scaling Parks SDC fee
 - V2: Creating/Extending URAs, particularly in areas with high density housing
- Additional strategy recommendations
 - Manufactured housing preservation

Draft Housing Strategies and Actions Overview + Discussion



Partnership Strategies



P2

Create pre-approved dwelling plans

Create pre-approved dwelling plans to help incentivize and expedite the development of various housing types by partnering with Wasco County and architect or builder to develop multiple ADU options that can be quickly reviewed and permitted.

Implementation Steps

- Partner with the County, architect, builder or institution to develop multiple dwelling plans
- Plans should accommodate constrained lots, a reasonable budget, and eligible for streamlined permitting
- Approve plans and make available to the public for use

Opportunities

- Reduce barriers to housing development for homeowners without experience
- Reduce costs for housing development

Constraints

 Funding may be required to develop plans with an architect or institution

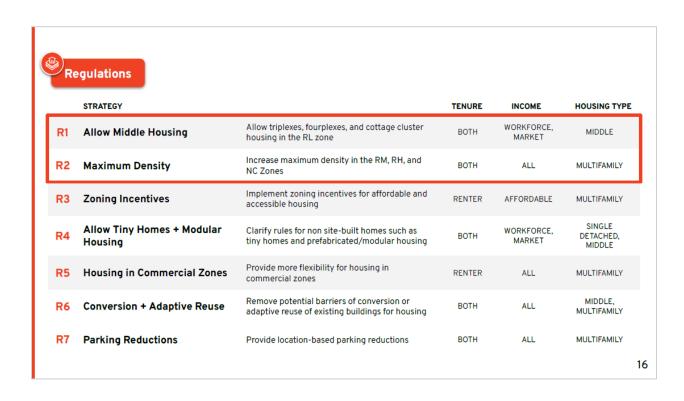
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Discussion Questions for Partnership Strategies

- What roles would ideally be present on a housing working group that tracks and advises HPS implementation? Do you know of examples of successful working groups advising other jurisdictions on housing?
- What types of **pre-approved dwelling plans** should the City explore?
- What other partnership strategies should the City explore?

Regulatory Strategies



Attachment 1

R1

Allow triplexes, fourplexes, and cottage cluster housing in the RL zone

Expand permitted housing types in the RL Zone to include triplexes, fourplexes, and cottage clusters in order to provide more affordable housing options in this zone

Implementation Steps

- Update city zoning code to permit triplexes, fourplexes, and cottage clusters in the RL zone
- Define triplexes and fourplexes in the code
- Define development and design standards to be compatible with existing conditions in the RL zone.

Opportunities

- Smaller and more affordable units
- Cost of development spread over more units to reduce rent + sale price
- Expand development opportunity on the 200 acres of land available in the RL Zone

Constraints

- May be perceived as incompatible
- Infrastructure extensions or upgrades may be needed to service new housing

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R2

Increase maximum density in the RM, RH, and NC Zones

Increase the maximum density and reduce minimum lot area in the RM, RH, and NC zones to improve economic feasibility, ensure efficient use of land, and encourage smaller unit sizes.

Implementation Steps

- Further study of desired housing/building types is recommended to best calibrate the max density and min lot area.
- It is common for:
 - Middle housing projects on smaller sites to exceed the 21 units per acre that is allowed in the RM and NC zone
 - 3-story apartment projects to exceed the 29 units per acre allowed in the RH zone.

Opportunities

- Enable development of apartment buildings on more sites
- Reduce land costs per unit and overall cost of development
- Encourage smaller units

Constraints

- Higher density housing may be perceived as incompatible
- Some areas may require infrastructure extensions or upgrades



Discussion Questions for Regulatory Strategies

- Does it feel like these strategies will achieve the needed housing outcomes?
- What community concerns or questions will these strategies raise?
- What feedback do you have on the administration of the strategies?

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Incentive Strategies

	STRATEGY		TENURE	INCOME	HOUSING TYPE
l1	Property Tax Abatement for Multi-Unit Housing	Adopt Multi Unit Property Tax Exemption (MUPTE) to incentivize needed housing	RENTER	AFFORDABLE, WORKFORCE	MULTIFAMILY
12	State Revolving Loan Fund	Proactively pursue the State's new State Revolving Loan and Find Candidate Projects	RENTER	AFFORDABLE, WORKFORCE	ALL
13	Scaled SDCs	Evaluate the feasibility of scaling SDCs	вотн	ALL	ALL
14	Deferred SDCs	Allow System Development Charges to be deferred until occupancy	вотн	ALL	ALL

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Adopt Multi Unit Property Tax Exemption (MUPTE) to incentivize needed housing

Design and adopt a Multi Unit Property Tax Exemption to replace Vertical Housing Tax Zone, specifically considering tax exemptions to offset creation of workforce and multi-family units.

Implementation Steps

- Design and adopt MUPTE to replace City's Vertical Housing Tax Zone (VHTZ)
- Can customize to incentivize city's specific housing needs
- Make use of policy customization to approve projects, geography, exemption amount, and public benefits.

Opportunities

- City stipulates project eligibility and can cap the annual tax abatement
- Net positive impact on the tax base over time
- Support projects not feasible without the tax exemption

Constraints

- Requires additional staff administration
- Must be approved by the over 50% of taxing districts.



Discussion Questions for Incentive Strategies

- Do you have questions around the administrative costs or fiscal impact on these tools?
- What is the **staffing impact** of the proposed strategies?
- Do you see **anything missing** from the list of potential incentives?

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Investment Strategies

Investments					
	STRATEGY		TENURE	INCOME	HOUSING TYPE
V1	Construction Excise Tax	Explore implementing a Construction Excise Tax for an additional affordable housing revenue source	RENTER	AFFORDABLE	MIDDLE, MULTIFAMILY
V2	Urban Renewal Areas	Explore creating/extending urban renewal areas (URAs) that allocate a significant portion of tax increment financing dollars and supportable debt to housing projects	вотн	ALL	ALL
V3	Strategic Plan for Housing Downtown	Create downtown strategic plan that includes a focus on housing development and investments	RENTER	ALL	ALL
V4	Historic Building Conversion	Prioritize the rehabilitation and conversion of historic buildings in the City for housing	вотн	ALL	ALL
V5	Prioritize Infrastructure	Continue to target and prioritize infrastructure to support housing	вотн	WORKFORCE, MARKET	ALL

V1

Explore a Construction Excise Tax (CET) for additional affordable housing revenue

Explore establishing a CET applied to both residential and commercial construction to generate an additional revenue source for affordable housing.

Implementation Steps

- Impose a tax on improvements to real property that result in a new structure or additional square footage in an existing structure
- For residential construction permits, CET can tax up to 1% of the permit valuation
- For commercial and industrial permits, there is no cap on tax rate

Opportunities

- Create a dedicated source of revenue for housing programs
- Create a linkage between new commercial or industrial development and investment in housing

Constraints

 CET can reduce the financial feasibility of new projects, or pass on higher costs to consumers

Attachment 1

V2

Explore creating new urban renewal areas (URAs) that allocate tax increment financing dollars and supportable debt to housing projects

Urban Renewal districts are an effective tool for funding investments that support housing development in specific locations.

Implementation Steps

- Consider extending the Columbia-Gateway URA sunset to invest in and encourage housing development
- Consider targeting other key areas of the City that need investment to spur housing development

Opportunities

- URAs can be organized with a specific aim to promote housing development
- Extending the Columbia-Gateway URA could facilitate housing and mixed use development in a walkable, high amenity area

Constraints

- State law may limit URA size if created before existing URA sunsets
- URA must be approved by other taxing jurisdictions

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V3

Create downtown strategic plan that includes a focus on housing development and investments

The City needs a current, focused and actionable plan for downtown that identifies key opportunity sites, and details strategies and investments to increase market demand and accelerate investment.

Implementation Steps

A downtown plan would include:

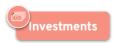
- Placemaking to create market demand for housing
- Specific identifying key sites for acquisition or unlocking for housing development
- Ensuring regulatory environment supports all desired housing types, including multi-family
- Calibration of the tools

Opportunities

- Highest density zoning
- Most development capacity in the City
- Most conducive location to multifamily due to proximity to businesses
- Urban renewal in place

Constraints

 Funding for the plan and potential additional funding for placemaking and infrastructure upgrades

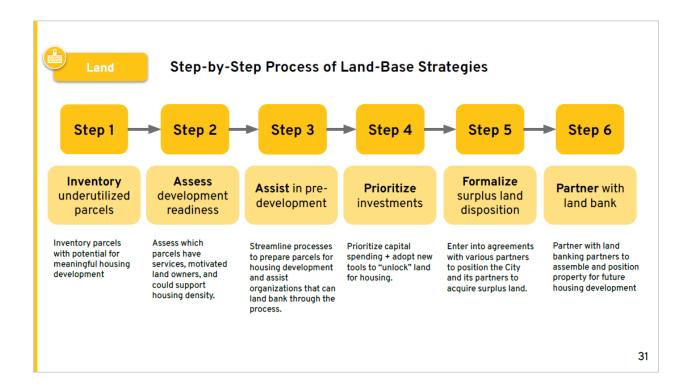


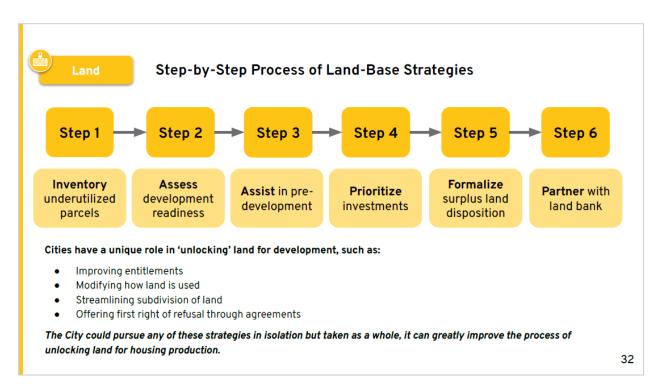
Discussion Questions for Investment & Incentives Strategies

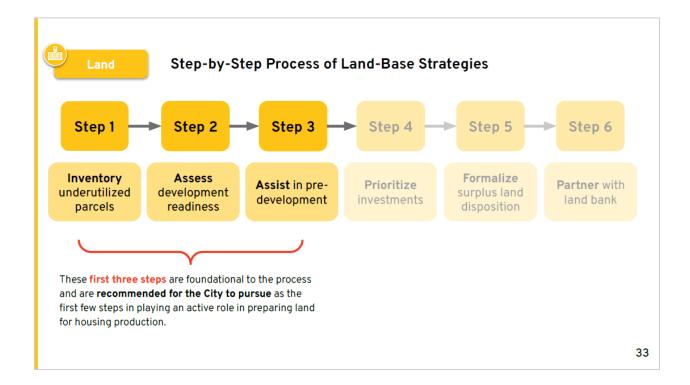
- Do you have questions around the administrative costs or fiscal impact on these tools?
- What is the **staffing impact** of the proposed strategies?
- Do you see **anything missing** from the list of potential incentives?

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Land Strategies









Discussion Questions for Land Strategies

- Is the City ready to take a more **proactive role in identifying, assembling, and preparing land** for housing production?
- Which agencies or organizations should the City prioritize for partnership that may have land and willingness to partner?
- Are there any other land-related strategies should the City explore?

Public Engagement & Outreach

Public Engagement & Outreach

Engagement with community members (in red) will be held in August.

Engagement Activity	Audience for Outreach	
Advisory Committee Meetings (3)	Housing producers and users	
Joint PC & CC Meetings (3)	Decisionmakers	
Meetings with Housing Producers (up to 4 interviews)	 Local and regional developers of infill, mixed-use, and subdivision housing Lenders 	
Engagement with Equity Priority Populations (up to 4 interviews)	 Residents of affordable housing and manufactured home parks Hispanic/Latinx community members Young families 	
Community Virtual Open House and Survey	Community members	

Next Steps

Next Steps

Project Next Steps

- Community engagement will be held in August
- Develop the **draft Housing Production Strategy** document that responds the feedback from the Planning Commission, City Council, City staff, and Advisory Committee
- The next PC/CC work session will be held on October 3rd to discuss the draft Housing Production Strategy

