

MINUTES

PLANNING COMMISSION and CITY COUNCIL
JOINT WORK SESSION

October 3, 2024
5:30 p.m.

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

PRESIDING: Cody Cornett, Chair

COMMISSIONERS PRESENT: Addie Case, John Grant, Maria Peña, Carrie Pipinich, Mark Poppoff, Nik Portela

COMMISSIONERS ABSENT:

COUNCIL PRESENT: Darcy Long, Tim McGlothlin, Scott Randall

COUNCIL ABSENT: Dan Richardson, Rod Runyon, Rich Mays

STAFF PRESENT: Director Joshua Chandler, City Manager Matthew Klebes,
City Attorney Jonathan Kara, City Engineer Dale McCabe,
Secretary Paula Webb

CALL TO ORDER

The meeting was called to order by Chair Cornett at 5:34 p.m.

PLEDGE OF ALLEGIANCE

Chair Cornett led the Pledge of Allegiance.

APPROVAL OF AGENDA

It was moved by Grant and seconded by McGlothlin to approve the agenda as submitted. The motion carried 10/0; Case, Cornett, Grant, Long, McGlothlin, Peña, Pipinich, Poppoff, Portela, and Randall voting in favor, none opposed.

APPROVAL OF MINUTES

It was moved by Portela and seconded by Case to approve the minutes of July 18, 2024 as submitted. The motion carried 7/0; Case, Grant, Long, McGlothlin, Poppoff, Portela, and Randall voting in favor, none opposed, Cornett, Peña, and Pipinich abstained.

PUBLIC COMMENT

None.

Chair Cornett introduced new Planning Commissioner, Carrie Pipinich.

DISCUSSION ITEM

Director Chandler presented the staff report.

Director Chandler introduced Alex Joyce and Lydia Ness of Cascadia Partners. Ms. Ness provided updates, input from the Advisory Committee meeting, and feedback from the community. She noted the bulk of the meeting would be discussion on the draft report. Slides are included in Attachment 1.

Commissioner Peña asked about “PCUN” [Pineros y Campesinos Unidos del Noroeste]. Director Chandler replied the organization was recommended by the Navigation Center, and is working with the Gloria Center. PCUN works with migrant workers, trying to touch on the agricultural side of housing, as well as providing services to the Latinx community.

Commissioner Peña suggested meeting people that work with local migrants and orchard workers for local input. Ms. Ness suggested meeting with Commissioner Peña for additional contacts.

Councilor Long inquired about the survey methodology and data collection process, referencing her experience with Survey Monkey. She noted that 70% of respondents were homeowners and questioned the demographic representation. Long emphasized that younger individuals are less likely to pursue homeownership, even on smaller lots, and tend to seek alternative housing options. She highlighted the projected increase in the younger population alongside a decline in the older population, and asked whether the survey accounted for this shift or included data on renters, particularly younger renters.

Ms. Ness explained that the survey included a series of demographic questions, such as age, household income, and race or ethnicity, allowing for cross-referencing with respondents who identified as renters. She noted that the data could be analyzed to determine the age ranges or other characteristics of renters. While she had not reviewed this specific aspect recently, her previous review indicated that survey participation was fairly evenly distributed across age groups. Ness acknowledged that focusing solely on renters would result in a smaller sample size, possibly around 30 individuals, which could limit the analysis.

Director Chandler inquired about the flexibility of adjusting the timeline for implementing actions, such as pre-approved plans. He asked whether it would be acceptable to postpone an action to a later date, such as next year or the year after, while still meeting the requirement to

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provide progress reports to the state. Chandler sought clarification on whether the same flexibility applied to delaying actions, provided that justification was submitted to the state.

Ms. Ness responded that the City is required to provide a midpoint progress report to demonstrate its efforts in meeting the planned actions. This report allows the City to acknowledge if it is unable to implement a specific action and to propose an alternative. Additionally, the City can update the timeline, indicating, for example, that a strategy originally planned for implementation by year four may now be expected to occur by year seven. This adjustment is acceptable as long as the report provides an accurate update on the status of the various actions.

Director Chandler inquired whether initiating the process to establish an urban renewal area, even if it ultimately does not result in adoption at the hearing stage, could still be considered a fulfillment of the effort. He emphasized that such an undertaking could be contentious due to its impact on numerous taxing districts. Chandler asked if reaching the point of an adoption hearing, despite the proposal not being adopted, would demonstrate that the City had fully committed to the process.

Ms. Ness responded affirmatively, stating that the title of the action specifies "explore the city creating an urban renewal area" to reflect the understanding that final implementation is not solely within the City's control. She explained that demonstrating the exploration and effort to implement the strategy, even if it does not result in the creation of a district, fulfills the intent of the action. This approach acknowledges the steps taken and the effort made, even if the outcome differs from the initial goal.

Director Chandler encouraged further input, noting that even if it was not discussed during the current session, any ideas or initiatives that could facilitate implementation in the first or second years would be welcomed. He emphasized that adoption is anticipated in January, allowing time for additional feedback. Chandler invited participants to share any recommendations or suggestions via email.

Commissioner Grant inquired whether the document presented was a collection of various ideas still under exploration or a condensed draft plan intended to address each specific item listed.

Mr. Joyce clarified that several strategies and actions outlined in the draft involve specific steps mandated by state law or standard practice. These processes allow the City to calibrate and customize the details of each tool within the timeframe allotted. He emphasized that the Housing Production Strategy is not intended to memorialize those particulars but rather serves as a commitment to explore and implement these actions as part of the City's housing initiatives. The strategy acts as a menu of options the City agrees to address in some capacity, even if that capacity is limited to exploration and completing required steps.

Ms. Ness explained the Multi-Unit Property Tax Exemption (MUPTE) program, recommending it as a replacement for the city's existing Vertical Housing Tax Zone, which is set to sunset in 2026. MUPTE is a state-enabled program that offers a 10-year partial exemption on property taxes for qualifying projects. The City would have the flexibility to design and adopt the program, setting criteria such as the geography where the exemption applies, project requirements (e.g., affordable housing or accessible units), and the process for approval,

including fees for third-party reviews. The City could also cap the number of projects approved each year to ensure a more intentional rollout.

Commissioner Grant asked whether an additional section would need to be added to Title 10 of The Dalles Municipal Code in order to establish specific standards for approving the MUPTE program.

Director Chandler explained that the program would exist outside of the Code, though it could be referenced within it. He compared it to the City's current Vertical Housing Tax Zone, which is separate from the Code. He noted the Vertical Housing Tax program, which the City implemented in 2014, has very specific requirements and has only supported one project since then. The new goal with the MUPTE program is to offer more flexibility and encourage significantly more development. He also mentioned that the Vertical Housing Tax program is expected to phase out by 2026, and communities are being encouraged to adopt MUPTE as a replacement.

City Manager Klebes raised two points. First, he questioned whether the slides should present the MUPTE program as something the City will adopt, or if they should reflect a more tentative approach, such as exploring or attempting adoption. He noted one critical component of the program – requiring agreement from 50% of the taxing districts – was not mentioned in the summary slide. This, he suggested, is a crucial part of the process and should be included to provide a more accurate picture of the challenges and uncertainties involved in adoption.

Ms. Ness responded the language could be adjusted to reflect the City's level of commitment. She explained that while adopting the MUPTE program is a goal the City should pursue, it may be more appropriate to use the term "explore adopting" to reflect the uncertainty around gaining approval from the taxing jurisdictions, as their agreement is outside the City's control. She clarified that if the taxing districts reject the MUPTE program, the City can still demonstrate it made every effort to adopt it, even if the outcome was unsuccessful.

Mr. Joyce added the point raised was interesting and could be confusing for some. He explained that achieving the 51% approval for the MUPTE program typically requires just one additional larger taxing entity, such as the county or the school district, to participate alongside the City. While the threshold of 51% may seem high, in practice, it usually only involves convincing one other entity to join in, rather than multiple conversations with various smaller taxing districts.

Ms. Ness explained the City could explore implementing a construction excise tax (CET) on both residential and non-residential construction. This tax would be applied to the permit valuation of new construction or additions to existing structures, with a cap of 1% for residential construction. For non-residential construction, such as commercial or industrial projects, there is no cap, and the City could set a tax rate of up to 1.5%. The City could also consider taxing commercial and industrial construction to connect employment investment with housing development.

Ms. Ness mentioned that the City of Hood River and Hood River County have adopted a CET, taxing both residential and non-residential construction at 1%, with a reduced rate of 0.75% for manufactured housing in the county. Exemptions or partial exemptions could apply for

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affordable housing, accessory dwelling units, or nonprofit-operated facilities, allowing flexibility in how the program is implemented.

Director Chandler raised a concern about basing the construction excise tax (CET) on the total valuation of residential projects. He acknowledged that the tax is intended to support affordable housing development but expressed concern that adding an additional tax to residential construction could create another barrier. He noted that while the goal is to support housing development, the tax might inadvertently make building housing more expensive, thus becoming a "double-edged sword."

Ms. Ness acknowledged Director Chandler's concern, explaining that the construction excise tax program does indeed have that "double-edged sword" effect. She clarified that the City could choose not to tax residential permits or could selectively apply the tax to specific types of housing, such as single-family homes or multi-unit developments. She emphasized that the program allows for flexibility in determining which types of construction are taxed or exempted.

Director Chandler shared his perspective, noting that in Hood River, the construction excise tax is applied in an area where homes are being built in the \$800,000 to \$1.2 million range. He acknowledged that while this development meets a need, there may be an opportunity to apply the tax differently for higher-end projects compared to more affordable ones, such as those involving manufactured homes or units priced below \$300,000. He suggested considering not taxing at certain price points to avoid placing an additional burden on more affordable developments.

Ms. Ness explained that the City's exploration of a construction excise tax could include flexibility, allowing the City to assess if the program is the right fit. The City could also gather insights from other jurisdictions, like Hood River, to evaluate the impact on development. If implemented, the funds collected through the CET would be distributed as follows:

- **Residential Developments:** 15% of the funds would go to Oregon Housing and Community Services for down payment assistance programs. The remaining funds could be allocated for City or County affordable housing programs or incentives, with 50% directed toward developer incentives. The City could use these funds for fee waivers, system development charge (SDC) waivers, or pre-development assistance. Additionally, up to 4% could be reserved for administrative costs.
- **Non-Residential Developments:** 50% of the funds would go to local housing programs, with the remaining 50% being unrestricted, allowing for greater flexibility. These funds could be used for infrastructure improvements that prioritize housing development.

Ms. Ness provided an example from Hood River, where a 2000-square-foot house with a 440-square-foot garage would generate \$2,600 in CET revenue. Hood River has raised over \$400,000 through their CET program, which supports affordable housing programs and incentives.

Chair Cornett clarified that the CET applies to both commercial and residential developments. He also emphasized that the calculated valuation refers to the assessed value of the construction

project, not the market value or the sale price of the property. The tax would be based on the assessed value, which is the value used for taxation purposes, rather than the market value or potential sale price.

Ms. Ness replied, "That's my understanding."

Chair Cornett asked how many residential building permits were submitted in 2023.

Director Chandler replied that there have been 12 residential building permits submitted this year. Last year, in 2023, the number was somewhere around 30 to 35, with the exact figures available in the report. He also noted these numbers are much lower than those of the City of Hood River, as previously discussed in conversations.

Chair Cornett asked if the construction excise tax would actually work in the City, given the lower volume of new construction. He expressed concern that imposing such taxes could potentially hinder development and put the City at a disadvantage, particularly when trying to attract builders. He also questioned if formally exploring these ideas meant more than just the current discussion, implying that it would require formal sessions with the City Council, Planning Commission, or other work groups.

Ms. Ness replied that it would be a bit more than just the current discussion.

Director Chandler added that a lot of the current work is planning for the future. While the City may be at 35 housing units now, the hope is to double that. He noted that The Dalles is twice the size of Hood River, yet Hood River is producing twice as many houses. He expressed confusion over these statistics, pointing out that land and housing are typically cheaper in The Dalles, so it raises the question of what barriers exist here that don't in other areas. The goal, he emphasized, is to increase housing production over the next eight years.

Mr. Joyce added that while the numbers from individual tools may not be enough to solve all of The Dalles' housing issues, when combined as a package, they can make a significant difference. He emphasized that the pace of a housing market can be slow until it suddenly accelerates. While annual numbers might be lower than Hood River's, the long-term impact can be substantial, especially when compounded over 10 to 15 years.

He also mentioned that the City can be selective in applying the construction excise tax, focusing it only on commercial and industrial development if needed, or extending it to residential development as well. The key is to calibrate the tax to avoid discouraging development while still supporting affordable housing. The goal is to strike a balance that addresses the need for affordable housing without negatively impacting the market.

Commissioner Grant raised a concern based on earlier discussions comparing the housing availability in Wasco County, The Dalles, and Hood River. He noted that Wasco County and The Dalles were on par with the statewide average for housing availability, while Hood River faced more significant housing challenges. He questioned whether the implementation of a construction excise tax in Hood River in 2017 led to any growth being stunted, as they had to build housing regardless. He also expressed concerns about how introducing such a tax in The Dalles could be counterproductive, especially when the goal is to bring jobs to the area to support a growing population and new housing.

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Ms. Ness responded that she couldn't answer the first question regarding how the construction excise tax in Hood River might have impacted development or stunted growth, but suggested that the City and County could provide insights on how the tax affected housing production.

Commissioner Grant asked what years were captured in the graph with the availability of homes.

Ms. Ness clarified that the graph she referred to analyzed a 10-year period, likely between 2014 and 2024, and focused on housing vacancy rates in The Dalles, Hood River, the state, and the county. She explained that the data looked at trends and shifts in housing vacancy over that period.

In response to Commissioner Grant's second question about the potential disincentive for new commercial or industrial development due to the construction excise tax, Ms. Ness acknowledged that it could indeed have an impact. She emphasized the flexibility of the tax, pointing out that the City could choose a lower rate (e.g., 0.5% instead of 1%) to minimize any potential negative effects on development. Additionally, she suggested that the City could connect with other jurisdictions that have implemented the tax to better understand its impact on employment and development.

Mr. Joyce added that one key aspect of the process is the ability to calibrate the tax to ensure it remains market feasible. He emphasized the importance of not setting the tax rate too high, as it could discourage other investments in the local economy. By fine-tuning the tax, communities can generate modest local funds that are crucial in leveraging much larger state or federal funds for affordable housing projects. Local matching funds, often required for state and federal affordable housing funding, are usually relatively small but play a critical role in securing the larger sums needed for such projects. Having a mechanism like the construction excise tax allows communities to build up these "gap funds" over time, which can be pivotal in unlocking significant external funding.

Ms. Ness mentioned that the City of Newport conducted an analysis to explore the potential impact of implementing a construction excise tax. She suggested that this could be a valuable approach for The Dalles as well, if the tax is included in the report. The analysis would involve conducting a market assessment to better understand how the tax would impact development and to determine what tax rate would be market feasible, ensuring that it doesn't discourage new development, such as commercial buildings. This type of study could help guide the decision-making process for implementing such a program.

Commissioner Pipinich asked if the 15% of funds collected through the construction excise tax, which is allocated to the Oregon Housing and Community Services (OHCS) program, is prioritized for return to the communities that implemented the tax, or if the funds are distributed more broadly across the state.

Ms. Ness replied that it was a great question, but she was not certain of the answer. She offered to follow up on it.

Ms. Ness asked the group for feedback on how the City can best implement the actions in the draft report. She posed several questions for consideration:

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1. How can the City best implement these actions? She encouraged the group to consider how different housing types or populations might be impacted and how the actions could meet various needs.
2. What questions or comments do the group members have to feel comfortable including these actions in the final version of the report?
3. Are there any insights on how these actions can be most effectively used, or are there any other questions or comments about the action list?

She emphasized that the group did not need to answer all of the questions and could also ask questions themselves. She invited any concerns about the actions or questions regarding their inclusion in the final draft.

Chair Cornett raised a question about Action 2.2, which relates to maximum density. He mentioned that three years ago, the City changed its zoning ordinances, significantly reducing the minimum lot size and modifying how density and units are calculated on specific lots. He asked if there is a need to revisit those changes or if further adjustments are necessary, noting that they had spent considerable time on this issue in the past.

Ms. Ness explained that, as the team evaluated the maximum densities in The Dalles' zoning areas, particularly for smaller, infill sites, it was found that reaching the maximum density can still be challenging. Even with the adjustments made to reduce the minimum lot size, the density maximums may still present barriers to developing certain types of housing, particularly on infill sites. She clarified that the City's previous density work aimed to resolve inconsistencies within the zoning ordinances, but maximum density limits could still act as a hindrance to development.

Director Chandler elaborated that in 2022, the City made significant changes to its zoning ordinances regarding density. The previous code had two different standards for density that did not align, which led to confusion. The update aimed to resolve this by making the density calculations based on the minimum lot size in each zone, resulting in clearer regulations. For example, the previous density range was 10 to 25 units per acre in high-density zones, but after the change, the number rose to approximately 29 units per acre. While this increase helped clarify the density regulations, Director Chandler emphasized that it would still be worth exploring further, especially regarding the feasibility of even higher density, though 29 units per acre is already considered a strong standard for a City of this size.

Ms. Ness emphasized that if any of the actions in the strategy feel uncomfortable or inappropriate for inclusion in the final report, they do not have to be included. She explained that one of the reasons for considering increased density, especially near downtown areas, is to allow for more units in smaller spaces. While there are still other standards in place (like setbacks and height limitations), increasing density could help accommodate smaller, more affordable units within the same physical space. She encouraged the group to reach out with any further questions or feedback after reflecting on the information discussed, and assured them that they could revisit the inclusion of any specific actions.

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Commissioner Grant expressed that while he liked many of the ideas presented, he was not in favor of including Action 4.1, which involves the construction excise tax. He suggested this might be something the City Council could explore later, but questioned whether it should be something the group felt obligated to include in the current strategy.

Commissioner Pipinich expressed that including the construction excise tax in the strategy, with a timeline of seven to eight years, would provide flexibility. This would allow the City to assess how the market looks at that time and decide if it's worth exploring further. She emphasized that while the language could remain flexible, keeping it on the agenda as a potential consideration would serve as a reminder of a possible tool for the future.

Chair Cornett agreed with the idea of exploring the construction excise tax, emphasizing that the exploration process would allow the City to assess whether it works or not. He noted that any exploration should be accompanied by quantitative studies to help make an informed decision about its viability.

Ms. Ness clarified that one of the steps in implementing the action could involve hiring a third-party consultant to assess the feasibility of the construction excise tax. This would provide valuable information to help the City determine whether it's the right time to adopt the tax or if it is not feasible for the community. She emphasized that exploring the idea doesn't commit the City to adopting it, and if others felt uncomfortable, the action could be reevaluated for inclusion in the final list.

Commissioner Portela asked if, along with exploring the feasibility of the construction excise tax, the City could also explore other opportunities to fund low-income housing. He questioned whether there might be alternative ways to support low-income housing programs without relying on taxing new construction.

Mr. Joyce replied that it makes sense, and while there are limited ways for local jurisdictions to generate additional revenue for affordable housing, there are a few options. One alternative to the construction excise tax is urban renewal areas, where taxes are captured in a specific district, like a downtown area, and recycled within that area for purposes such as affordable housing. He noted that while the CET is an additional tax, urban renewal serves as a tool to capture and direct funding toward affordable housing within a specific area.

Commissioner Portela suggested that, when including the information on the construction excise tax, it would be helpful to include a comparison of projected new construction. This comparison would show how much could potentially be dedicated toward low-income housing with the tax versus what the City could miss out on if the tax is not implemented.

Mr. Joyce replied that the kind of analysis Commissioner Portela suggested – comparing the potential funding for low-income housing with and without the construction excise tax – would be included in the recommended next steps for that action.

City Manager Klebes commented on the work plan, emphasizing that every action requires staff time and resources. He noted that while the City may have multiple plans in progress, including the housing production strategies report, there are many action items across various departments, which can accumulate to a significant workload. He reminded the Planning Commission and City Council that these efforts require volunteer time and staff work. Klebes suggested that the

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City Council's facilitated goal-setting session on November 15 would help prioritize these actions, ensuring they are aligned with available resources.

Ms. Ness clarified the final draft of the report is projected to be ready by December 15. However, she noted that the Planning Commission and City Council can still evaluate and refine the list during the work session on November 15. There will be an additional month after that meeting to finalize the draft report.

Director Chandler asked about the acceptable number of actions that should remain on the list, noting that there are 19 actions in total, which represents a lot of work. He inquired about what would be considered acceptable to drop from the list while still meeting state requirements.

Ms. Ness explained there is not a set number of actions required for the housing production strategy to be in compliance. While there's no "sweet spot," the key is ensuring the strategies meet various housing needs, such as type, tenure, and specific populations. If too many actions are removed, it could risk not addressing those needs, but it is up to each local jurisdiction to balance capacity and interest. She also noted it is possible to include actions in the report that were considered but not finalized, such as the construction excise tax, and reference them for future consideration.

Commissioner Pipinich emphasized the importance of aligning the housing strategy with the City's realistic capacity, especially as the Planning Department ramps back up. She suggested prioritizing items that the City can make tangible progress on, considering both capacity and the ability to engage with populations that face challenges accessing housing. She highlighted the need for inclusion of these populations in the housing working group. Additionally, she recommended that the pre-approved plans action be considered for earlier implementation as a relatively straightforward tool that could have a meaningful impact. She also advocated for advancing the land banking action, stressing the importance of securing land for affordable housing before prices increase further, citing the example of Hood River's rising land costs.

Commissioner Pipinich clarified that she does not expect an immediate response, but would appreciate it if City staff could review and refine the implementation timeline and priorities based on realistic capacity.

City Manager Klebes commented that years one and two of the proposed plan are heavy in terms of workload, while years five through eight are lighter. He suggested that, if pressed, he might consider moving one or two actions from years one and two into years three and four, and similarly shifting some actions from years three and four to years five and six. However, he noted that this would be a complicated task to do at this moment.

Ms. Ness replied the proposed timeline is a draft and additional feedback is welcome. She emphasized the importance of refining the timeline to reflect the City's realistic capacity. While adjusting timelines might shift some actions, it does not mean that other strategies, such as infrastructure prioritization, would not be worked on in the interim. The timeline serves as a guideline, and flexibility is possible.

Director Chandler shared that the team will work over the next few weeks and months to refine the details, acknowledging that many of the items may already be in progress or have complex components. He expressed support for the pre-approved plans, which he has been interested in

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for years. He mentioned having previously discussed this with DLCD [Department of Land Conservation and Development] but the conversation had not gained traction at the time. Director Chandler noted that other communities in Oregon have pre-built plans, such as for garages or ADUs, and that there is interest in expanding this to include duplex and triplex plans. He expressed personal support for advancing the pre-approved plans, while being mindful of available bandwidth.

Chair Cornett suggested moving the maximum density action to years five or six of the implementation timeline. He noted the community has recently gone through the process of addressing density, and it would be more appropriate to revisit it after observing how the current changes play out in the community. He felt that the work done on it was thorough and that an organic timeline to revisit it in five or six years would be ideal.

Commissioner Pipinich raised a question about the accuracy of the rental cost information in the plan, noting that the median rent of less than \$1,000 seemed surprising. She asked if the data source for this information was prescribed for this type of plan, as she recalled that the housing authority had conducted a deep dive study a few years ago, which might have provided different results.

Ms. Ness replied the data was pulled from the American Community Survey data that produces different data points, that includes median rent.

Commissioner Pipinich added that the Housing Authority conducted a HUD-approved process a few years ago due to the poor quality of data for the area. She suggested that using this more accurate data could better reflect the reality on the ground and highlight the housing cost burdens within the community, providing a clearer picture of the actual needs.

Ms. Ness responded that they could definitely reference the data compiled by the Housing Authority as well.

Ms. Ness concluded by noting the final draft of the housing production strategy will be completed by December 15, with the City Council set to adopt it in early January 2025. She emphasized the report will still be refined based on feedback from the Planning Commission and other City staff. She encouraged the group to email Director Chandler or herself with any further questions or comments to ensure the report is something everyone feels good about and is willing to support.

STAFF COMMENTS / PROJECT UPDATES

Director Chandler shared two key topics coming up in November for the Planning Commission. The first is related to new FEMA requirements, called "Pick Ems," which require the City to choose a strategy by December 1. These include options such as implementing a model ordinance or requiring individual permit studies for properties. FEMA's updates to floodplain maps, which have been delayed, complicate the situation further. The City is working to digest the information and will present it to the Planning Commission in November and City Council shortly thereafter. The second topic is an Urban Renewal matter, which involves increasing the Urban Renewal Agency's maximum indebtedness. This will require Planning Commission input to ensure the change aligns with the Comprehensive Plan.

COMMISSIONER COMMENTS / QUESTIONS

None.

ADJOURNMENT

Chair Cornett adjourned the meeting at 7:16 p.m.


Submitted by/
Paula Webb, Secretary
Community Development Department

SIGNED:




Cody Cornett, Chair

ATTEST:




Paula Webb, Secretary
Community Development Department




City of The Dalles Housing Production Strategy

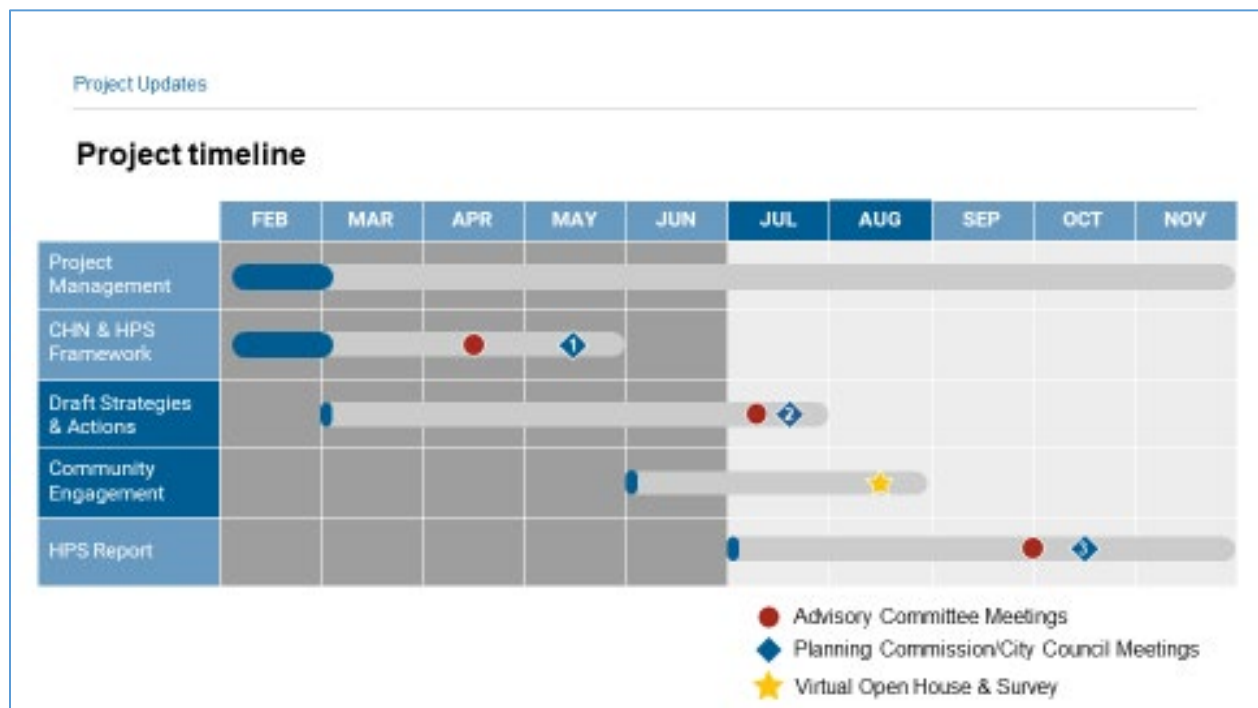
Planning Commission and City Council Work Session #3

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AGENDA				
1	Project Updates	What feedback have we heard from community engagement?	15 min	
2	Draft Housing Production Strategy + Discussion	Review the draft report + specific actions	70 min	
4	Next Steps	Project next steps	5 min	

Project Updates



Project Updates

This is the third 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

July 18:

- 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

Today:

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

Project Updates

Planning Commission and City Council Feedback from Work Session #2

- PC/CC generally **supportive of the actions presented**
- Several PC/CC members are interested in **including plexes and cottage clusters** in pre-approved building plans
- Concerns around **administrative burden** of MUPTE program
- Interested in actions that support **affordable home ownership** opportunities
- Supportive of **inventorying land** beyond the current list held by the City

Project Updates

Key Takeaways from the Advisory Committee meeting #3

- AC is supportive of the draft report and strategies
- The **Housing Authority** highlighted they have a community land trust, which could be a great opportunity for The Dalles to partner for strategies like Land Banking
- The **Mid-Columbia Economic Development District** organization attended the AC meeting and offered ways they can support and partner with the City on various strategies
- The AC recommended looking to **other jurisdictions** and how they've implemented various programs and incentives that the City is considering for lessons learned and guidance

Community Engagement Feedback

Community Engagement Feedback

Multiple Engagement Activities have and continue to be held

- Interviews with priority populations and organizations that serve priority populations
 - MCAOC and MCAOC's Lived Experience Working Group
 - Mid-Columbia Health Council
 - Nch'i Wana Housing
 - Bridges to Change
 - Pineros y Campesinos Unidos del Noroeste (PCUN)
- Virtual Open House and Survey
- Community Open House held on September 18

Community Engagement Feedback


Key Takeaways from Community Open House

- Need **affordable rental and ownership housing**
- Need higher density housing near **transit options and grocery stores**, other goods and services
- Housing that is **accessible** - elevators, entries without stairs, and single-story homes
- Especially supportive of **cottage cluster housing** for multi-generational housing, affordable home ownership opportunity, and accessible housing
- Priority for housing development in **West The Dalles**
- Emphasis on housing development with **supportive services** is important for people coming out of homelessness

Community Engagement Feedback

Virtual Open House and Survey

- Survey closes on **October 4**
- **107 responses** to the survey as of today



City of The Dalles Housing Production Strategy

VIRTUAL OPEN HOUSE

Project Background | Background Housing Needs | Housing Policy & Action | Take the Survey

Welcome to the Virtual Open House and Survey

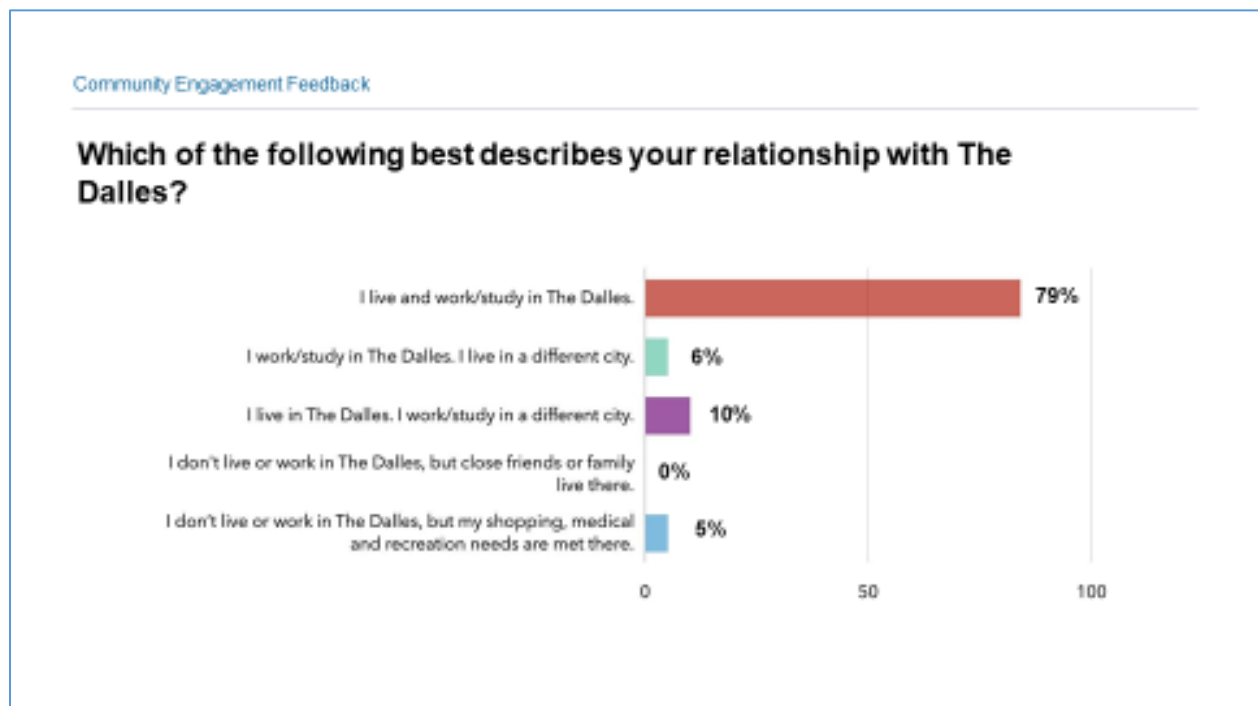
Page 01: Welcome to the Virtual Open House and Survey

Thank you for visiting the Virtual Open House for the City of The Dalles Housing Production Strategy (HPS). The City would benefit from your input to help prepare the HPS. This document will establish a virtual open house for the City of The Dalles in preparation for the Housing Production Strategy. The HPS is a mandatory requirement.

This website provides information about what is included in the HPS, the Housing Needs of the Dalles, and how the City is considering to address those needs. Below you will find instructions for navigating the site.

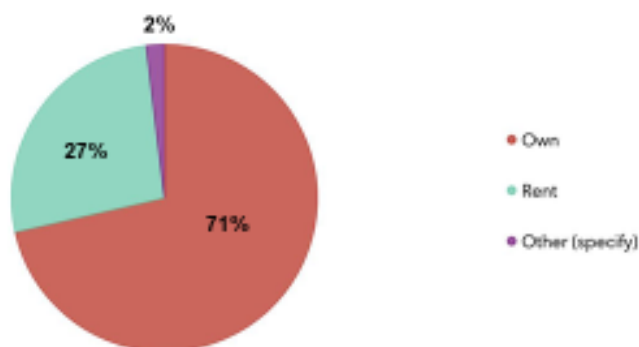
The Virtual Open House and survey will remain open and hosted until November 4th at midnight.

[TAKE THE SURVEY](#)



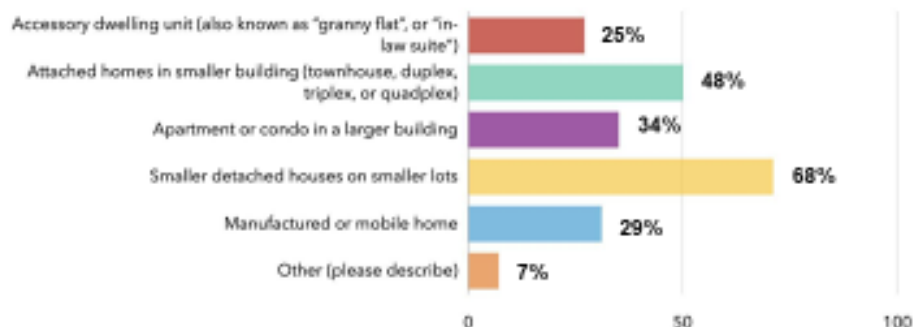
Community Engagement Feedback

Do you rent or own your home?



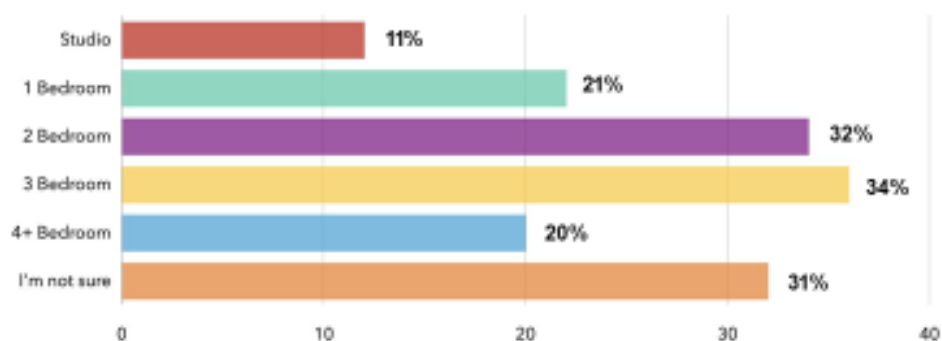
Community Engagement Feedback

Considering the need for smaller homes, which type of housing do you think would best meet the needs of people you know in The Dalles (family, friends, etc.)?



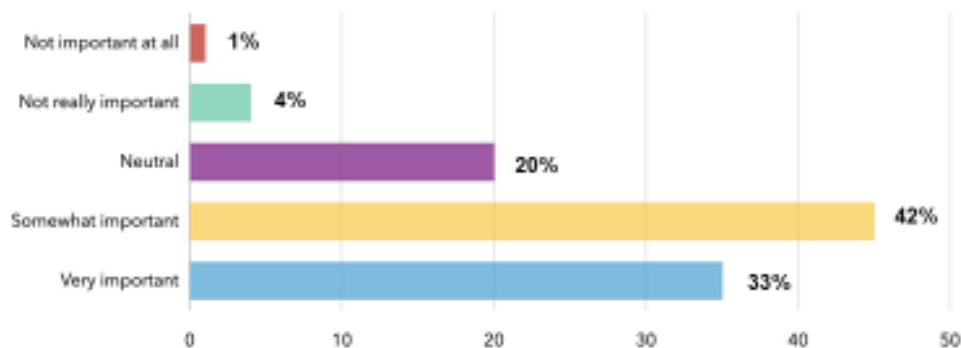
Community Engagement Feedback

In your experience, which types of homes do you are the most challenging to find in The Dalles?



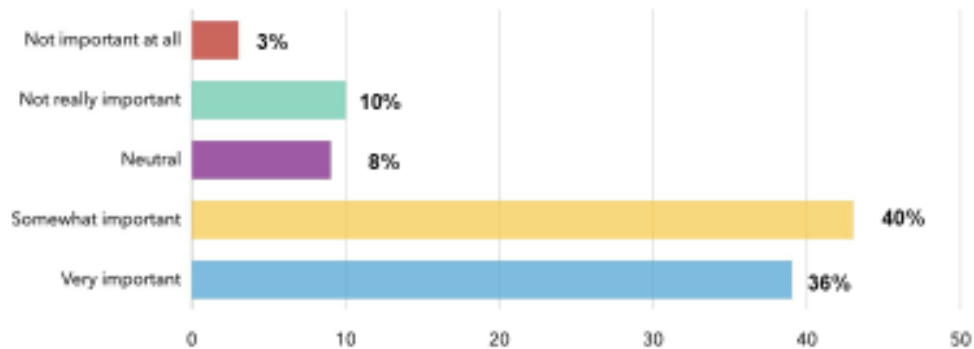
Community Engagement Feedback

Do you think the City should prioritize creating more opportunities to build for-sale homes?



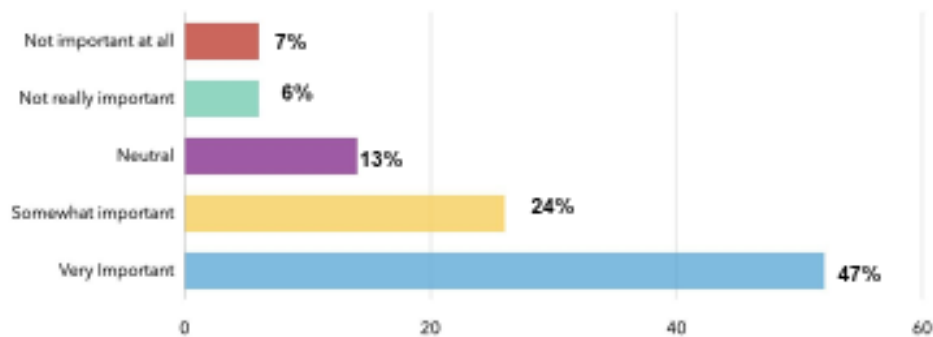
Community Engagement Feedback

Do you think the City should prioritize creating more opportunities to build for-rent homes?



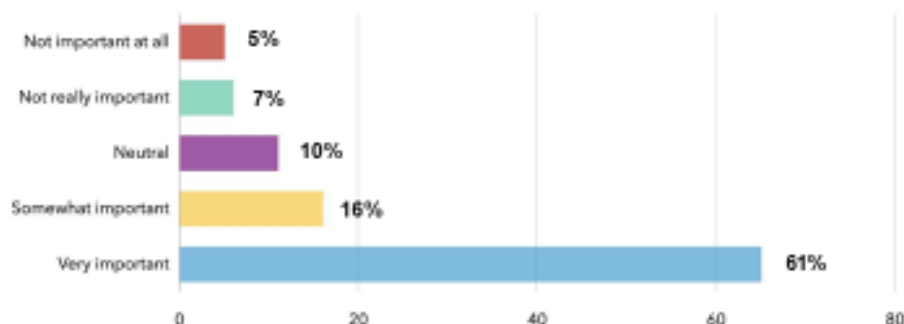
Community Engagement Feedback

Do you think the City should prioritize reducing barriers to building unconventional housing types like tiny homes or modular homes?



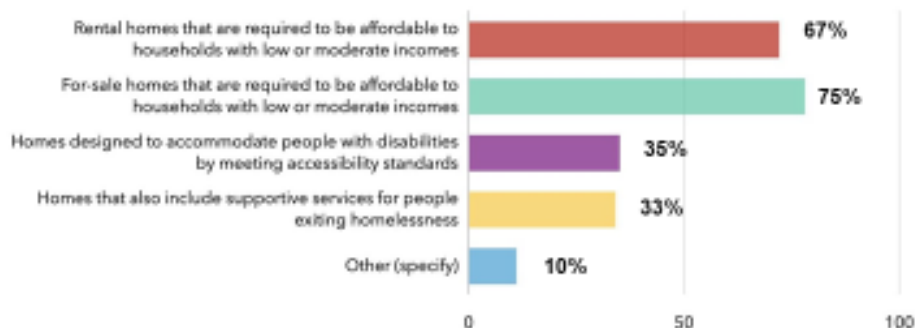
Community Engagement Feedback

Do you think the City should prioritize using zoning rules to encourage builders to provide units that are required to be affordable to households with low or moderate incomes?



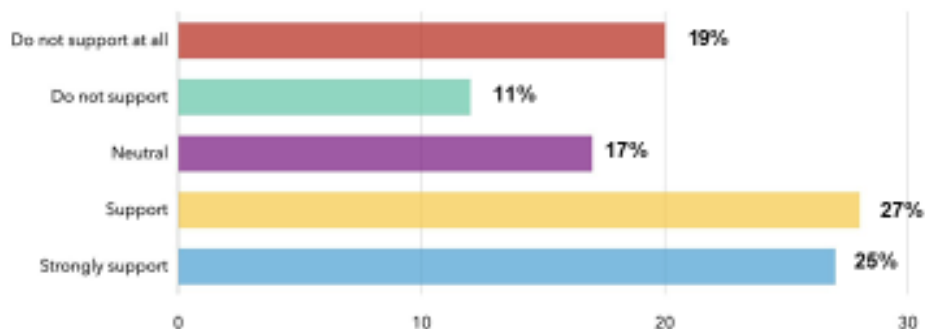
Community Engagement Feedback

If the City were to offer a reduction in fees or taxes for builders that provide certain types of housing, what type of housing should receive this benefit?



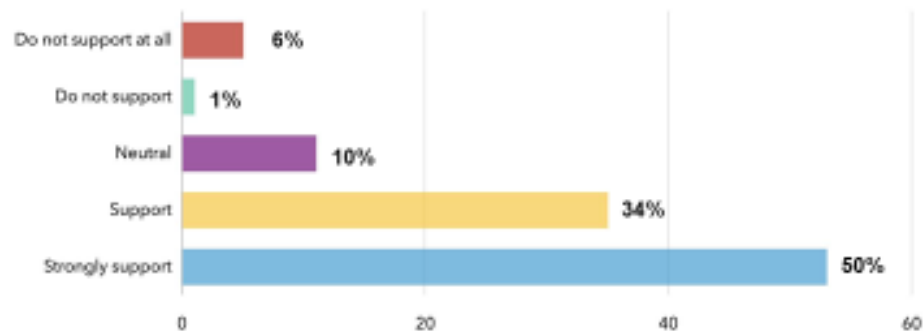
Community Engagement Feedback

The City is looking for ways to raise revenue to fund affordable programs. Would you support a tax on new commercial and industrial development (limited to 1% of construction value) in order to fund affordable housing programs?



Community Engagement Feedback

Would you support the City working with other government agencies and institutions to repurpose land that is no longer needed for public uses to build affordable housing?



Draft Housing Production Strategy + Discussion

Five Categories of Housing Strategies: The City's toolbox and the tools inside



HPS Actions by Implementation Timeline and Action Impact

Action Group	Action Title	Implementation Years				Action Impact
		1-2	3-4	5-6	7-8	
Partnership Actions	Action 1.1: Housing Working Group					High
	Action 1.2: Pre-Approved Plans					High
	Action 1.3: Technical Assistance					Low
Regulatory Actions	Action 2.1: Middle Housing					High
	Action 2.2: Maximum Density					High
	Action 2.3: Zoning Incentives					Medium
	Action 2.4: Alternative Housing Types					Medium
	Action 2.5: Mixed-Use Development					Medium
	Action 2.6: Adaptive Reuse					Medium
Incentive Actions	Action 3.1: Tax Exemption Incentive					High
	Action 3.2: Scaling SDCs					Medium
	Action 3.3: SDC Deferral					Low
Investment Actions	Action 4.1: Tax on New Construction					High
	Action 4.2: Urban Renewal Areas					High
	Action 4.3: Downtown Plan					Medium
	Action 4.4: Infrastructure Prioritization					Medium
Land Based Actions	Action 5.1: Inventory and Assess Land					Medium
	Action 5.2: Land Agreements					Medium
	Action 5.3: Land Banking					High

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Key Actions for Discussion

3.1

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.

Action Overview

- 10-year **partial exemption** on property taxes
- Each project must be **approved by City Council**
- Though the state enables the programs, the city can shape the program to achieve its goals by:
 - Setting the **geography** of where the exemption is available
 - Defining application **process and fees**
 - **Defining** program requirements and **criteria** used to approve projects
 - Setting **program caps**

Examples of Oregon cities that offer MUPTE:

- Bend
- Coos Bay
- Cottage Grove
- Fairview
- Florence
- Medford
- Newport
- Springfield
- Tualatin

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4.1

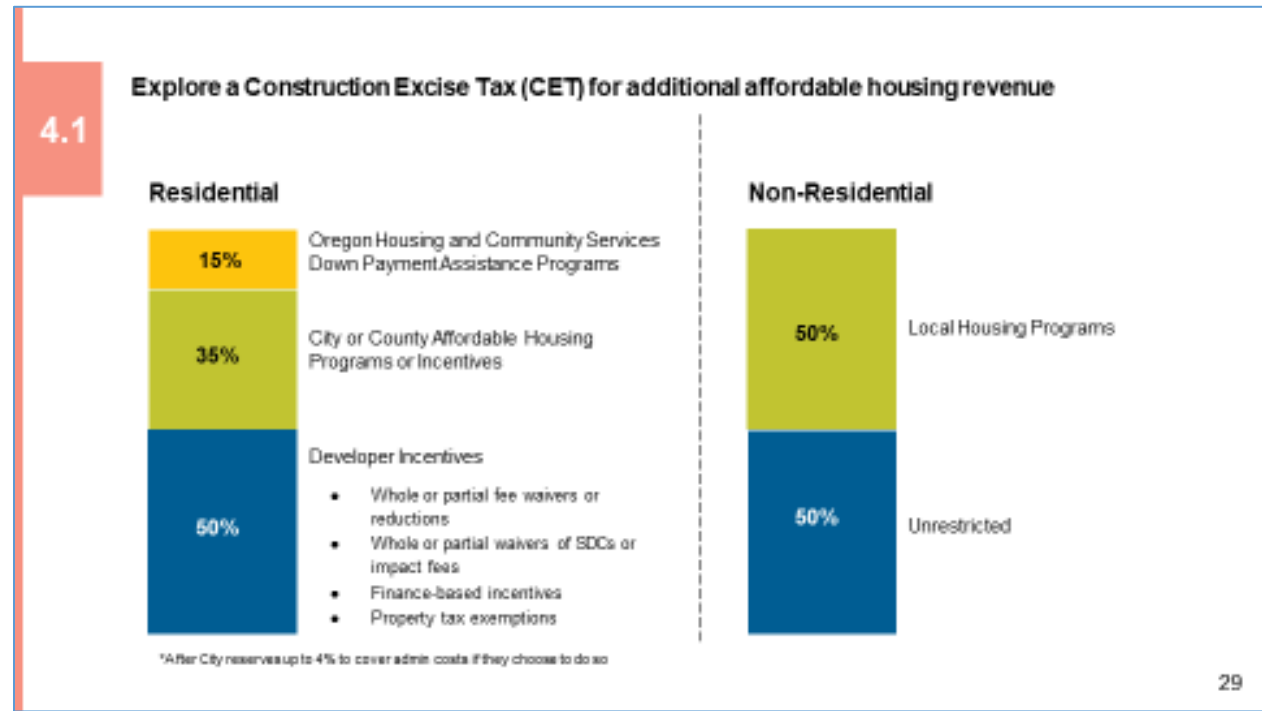
Explore a Construction Excise Tax (CET) for additional affordable housing revenue

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

Action Overview

- CET can **only tax up to 1% of the permit valuation** for residential construction permits. This includes developing a new structure or addition that results in additional square footage
- The City may also tax the permit value of commercial and industrial taxes, and there is **no cap on the rate** for commercial and industrial tax.
- The **City of Hood River and Hood River County** have adopted a CET in 2017 on residential and non-residential construction. They both have a **tax rate of 1%** on residential and non-residential construction, except Hood River County only applies a 0.75% tax on manufactured housing.
 - There are **exemptions or partial exemptions** to this tax, such as affordable housing developments, accessory dwelling units, or some non-profit operated facilities.

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4.1

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

HOOD RIVER COUNTY ESTIMATED FEE SUMMARY Effective 1/1/2020

Estimate for new dwelling on vacant ground in Hood River County (includes City of Hood River)

BASED ON LIVING AREA OF 2,000 S.F. & GARAGE OF 440 S.F. - fees vary w/ building size

Calculated valuation = \$286,172.00

PERMITS		Plan Review	Permit/Inspection	State Surcharge	Amount Due
HRC Planning Dept.	HRC Land Use Review	\$ * 280.00	N/A	N/A	\$ 280.00
	Cascade Locks Land Use Review	\$ * 100.00	N/A	N/A	\$ 100.00
<small>* Stated fee is for land use review for a building permit only. Does not include any prior administrative action that may be required such as in farm or forest zones.</small>					
HRC Building Dept.	Structural Permit - (For bldg size/type)	\$ 1,928.95	\$ 1,253.82	\$ 231.43	\$ 3,414.24
	Mechanical Permit ¹ <small>*Varies based on equip. installed</small>	\$ 0.00	\$ 52.50	\$ 6.30	\$ 58.80
	New Address Fee				\$ 30.00
	Electrical Permit				\$ 220.00
	Plumbing Permit ² <small>*Varies based on number of bathrooms installed</small>				\$ 383.00
SYSTEM DEVELOPMENT CHARGES					Amount Due
Construction Excise Tax (Schools)					\$ 2,600.00
Construction Excise Tax (Affordable Housing)					\$ 2,661.72
Transportation System Development Charge					\$ 1,606.00
Parks Department System Development Charge					\$ 5094.00
Cascade Locks Public Works / Parks System Development Charges ³ <small>**Water, sewer and Parks SDC included</small>					\$ 5,193.00

For context, Hood River generated just over \$400,000

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5.3

Engage in land banking with partner organizations

Acquire and hold key sites for future use for housing development, known as land banking.

Action Overview

- **Land banking can be executed by** the City, an Urban Renewal agency, a newly created land bank authority, or in partnership with a non-profit community land trust.
- It is recommended as the **third step in the land-based actions** to utilize land identified in the site inventory that is either owned by the City or a partner.
- It will require **funding and administrative capacity** for transferring ownership, maintenance and site preparation.
- The City will need to **partner with other organizations** to execute land banking and to ensure the land is developed in a manner that meets key housing needs.

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Discussion Questions for HPS Actions

- What additional **guidance** do you have for the City about how to **best implement** these actions?
- What **questions or comments** do you have to feel comfortable including these actions in the HPS?
- Are there other **insights** on how these actions and tools can be used **most effectively**?
- Any other **questions or comments** to the actions list?

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HPS Actions by Implementation Timeline and Action Impact

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Draft Housing Production Strategy

Achieving Fair and Equitable Housing

This section is required as part of state statute and will be finalized in the final HPS. It aims to identify how the actions proposed in the HPS will address specific populations and housing types.

This section will include:

- Location of Housing - How the city is striving to meet statewide greenhouse gas emission reduction goals
- Fair Housing - How the city is affirmatively furthering fair housing for all state and federal protected classes
- Housing Choice - How the city is facilitating access to housing choice for communities of color, low-income communities, people with disabilities, and other state and federal protected classes.
- Affordable Homeownership and Affordable Rental Housing - How the city is supporting and creating opportunities to encourage the production of affordable rental housing and the opportunity for wealth creation via homeownership.
- Gentrification, Displacement, and Housing Stability - How the city is increasing housing stability for residents and mitigating the impacts of gentrification, as well as the economic and physical displacement of existing residents resulting from investment or redevelopment.

Draft Housing Production Strategy

Achieving Fair and Equitable Housing

This section is required as part of state statute and will be finalized in the final HPS. It aims to identify how the actions proposed in the HPS will address specific populations and housing types.

This section will include:

- Assessment of benefits and burdens for each action on for populations that have been negatively impacted historically by housing policies and actions ("marginalized populations"), including:
 - low-income communities
 - communities of color
 - people with disabilities
 - other state and federal protected classes

Next Steps

Next Steps

Project Next Steps

- **Final draft** of the HPS will be completed by **December 15**
- **City Council adoption hearing** will be held in **January 2025**

