

**RESOLUTION NO. 2020-44**

**RESOLUTION SUPPORTING CITY REQUEST FOR GRANT FUNDING RELATED TO HB 2001 (2019) TO RESOLVE INFRASTRUCTURE FUNDING DEFICIENCIES IN THE WESTSIDE PLANNING AREA AND TO SUPPORT NEEDED HOUSING**

**WHEREAS**, The Oregon Legislature appropriated funds to the Oregon Department of Land Conservation and Development (DLCDC) to provide technical assistance to local governments to implement provisions of Oregon House Bill 2001 (2019); and

**WHEREAS**, House Bill 2001 (2019) requires that local jurisdictions address infrastructure deficiencies, where present, to allow construction of needed housing including middle housing types; and

**WHEREAS**, The City of Forest Grove desires to partner with DLCDC to address infrastructure deficiencies in the City's Westside planning urban growth areas by engaging area stakeholders to develop a consensus-based strategy for funding infrastructure needs; and

**WHEREAS**, this request for funding assistance supports City Council objectives for FY 2020-2021 including Objective 2.1: "Evaluate scalable system development charges (SDCs), Objective 2.5: "Evaluate recommendations from the City's Housing Needs Analysis and develop an implementation plan, and Objective 5.5: "Refine West Side Plan Financial Plan"; and

**WHEREAS**, grant funds, if awarded, will pay for consultant assistance, to confirm infrastructure needs in the Westside planning area, update project costs, engage stakeholders, and prepare a consensus based strategy including policies for system development charges, Capital Improvement Program (CIP) projects, and possible amendments to facility master plans; and

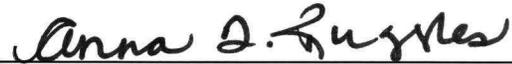
**WHEREAS**, this framework will also support an application for an Infrastructure Based Time Extension Request (IBTER) under HB 2001 (2019) providing time for adoption of funding strategy recommendations.

**NOW THEREFORE, BE IT RESOLVED BY THE CITY OF FOREST GROVE AS FOLLOWS:**

**Section 1.** The City of Forest Grove City Council hereby supports the request for funding assistance (Exhibit A).

**Section 2.** The resolution is effective immediately upon its enactment by the City Council.

**PRESENTED AND PASSED** this 11<sup>th</sup> day of May, 2020.

  
\_\_\_\_\_  
Anna D. Ruggles, City Recorder

**APPROVED** by the Mayor this 11<sup>th</sup> day of May, 2020.

  
\_\_\_\_\_  
Peter B. Truax, Mayor



**Department of Land Conservation and Development**  
**2019-21 PLANNING ASSISTANCE DIRECT GRANT APPLICATION**

Please complete each section in the form below. Type or write requested information in the spaces provided.  
**Submit completed applications by April 30, 2020.**

**Date of Application:** April 28, 2020

**Applicant:** City of Forest Grove

**Street Address:** 1924 Council Street

**City:** Forest Grove

**Zip:** 97116

**Contact name and title:** Daniel Riordan, Senior Planner

**Contact e-mail address:** [driordan@forestgrove-or.gov](mailto:driordan@forestgrove-or.gov)

**Contact phone number:** (503) 992-3226

Requested Service:

	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<u>Grant request amount (in whole dollars)</u>
HB 2001 Code Assistance	<input type="checkbox"/>				\$
HB 2001 IBTERS		<b>X</b>			\$56,000
Housing Needs Analysis			<input type="checkbox"/>		\$
Prototype Housing Production Strategy				<input type="checkbox"/>	\$

**Total grant request amount** (in whole dollars): \$56,000

**Local Contribution** (recommended but not required): \$13,990

**Project Title:** Forest Grove Infrastructure for Needed Housing Implementation Project

**Project summary:** (Summarize the project and products in 50 words or fewer): Forest Grove requests assistance to address infrastructure funding deficiencies severely curtailing housing production. Outcomes will support a future Infrastructure Based Time Extension Request. This project will include opportunities for meaningful stakeholder involvement to reach consensus on financing policies considering equity, timing, and impact on housing affordability.

**Project Description & Work Program**

**Problem:** The City's urban growth area, also known as the Westside planning area, lacks transportation, sewer, and water infrastructure hindering development of needed housing especially middle housing types. The estimated cost for infrastructure needs exceeds \$50 million. The cost, timing of revenue collection and large up-front expenses to extend utilities is severely constraining development potential. The City desires to resolve the infrastructure barriers to open-up additional land for housing development. The need is critical due to the

current shortage of approved lots in subdivisions that are quickly being absorbed. The City has about 130 lots in approved subdivisions available for development. This represents about a one-year supply of approved lots based on past building permit trends. At least two development proposals have not moved forward, in part, due to the significant infrastructure deficiencies and the up-front costs required to extend utilities. The City desires to adopt policies and implementing ordinances to put in place a funding strategy to remedy the infrastructure deficiencies in order to accommodate needed housing as documented in the City's 2019 Housing Needs Analysis.

**Opportunity:** The City's urban growth area includes approximately 370 net acres with a potential dwelling unit yield of approximately 1,900 units. This includes about 50 acres identified as medium density residential that could accommodate middle housing types. The medium density residential areas could accommodate as many as 400 housing units. Dwelling unit yield could be higher by increasing opportunities for accessory dwelling units, duplexes, triplexes, cottage clusters throughout the urban growth area as allowed under HB 2001 (2019). In order to reach these housing targets equitable financing of infrastructure needs is paramount.

## **A. Goals and Objectives:**

The primary goal of this project is to develop a consensus-based approach for funding needed infrastructure in the City's urban growth area to support needed housing including middle housing types. This project will assist Forest Grove with preparation of an Infrastructure Based Time Extension Request (IBTER) as allowed under HB 2001 (2019), Section 4(6).

Another project goal is providing meaningful opportunities for stakeholder involvement consistent with Statewide Planning Goal 1 (Citizen Involvement). Consensus for an approach to resolving infrastructure needs is critical. As such, stakeholders include property owners, builders active in the community, homebuilder association, City departments, other public agencies including Washington County Land Use and Transportation and Clean Water Services, DLCD, and Metro. The broader Forest Grove community will also be engaged through the City's Committee for Community Involvement (CCI).

This project also supports Goal 10 (Housing) by addressing housing needs in the state including the development of middle housing types. This project also supports the Metropolitan Housing Rule (OAR 660-007-0035, Section 2) which requires that Forest Grove achieve a minimum average density of eight dwelling units per net buildable acre for new construction.

This project is consistent with Statewide Planning Goal 11 (Public Facilities) since it supports implementing an approach for a timely, orderly, and efficient arrangement of public facilities. This project also supports the City's planned update to the Storm and Stormwater Sewer Master Plan expected to begin in 2021.

The City's Westside planning area is largely devoid of a backbone collector street network needed to serve development. The collector street system is the largest cost element in the City's Westside urban growth area requiring approximately \$30 million in funding. The collector street network is necessary to meet Metro Regional Transportation Functional Plan requirements. The Washington County Transportation Development Tax is expected to provide insufficient revenue to fully fund construction of the collector street system. The City is interested in exploring options to reduce the cost for the collector street system including reevaluating the standard street cross-section.

In addition, this project supports Goal 14 (Urbanization) by supporting the timely, orderly, and efficient arrangement of public facilities to serve urban development in the City's urban growth area. In addition, this project will likely result in recommendations for amendments to the City's Capital Improvement Program (CIP) to ensure funding for identified infrastructure needs. Furthermore, consistent with Goal 14, this project supports provision of needed infrastructure to support sufficient amounts of development ready land in order to maintain an adequate housing market for needed housing types including middle housing in areas undergoing development.

## **B. Products and Outcomes**

Describe any anticipated significant effect the project would have on development, livability, regulatory streamlining, and compliance with federal requirements, socioeconomic gains, and other relevant factors.

Development: This project supports development of needed housing, including middle housing types, by solving infrastructure funding issues. This will open-up approximately 370 net buildable acres of land for development leading to the production of approximately 1,900 housing units.

Livability: It is expected that this project will expand housing choice within the City consistent with the City's Comprehensive Plan by increasing housing supply by approximately 1,900 housing units. Livability will be improved in the city by promoting housing development meeting the needs of both current and future residents of Forest Grove. The City is interested in expanding the supply of affordable housing options by aligning system development charges with expected system impacts given dwelling type and size.

Regulatory Streamlining: This project doesn't directly support regulatory streamlining. However, this project will remove uncertainty in the development process by preparing a roadmap, based on consensus, for funding infrastructure needs intended to support housing development in the City's urban growth area. Public and private responsibilities and timing of infrastructure improvements will be clearly defined as an outcome of this project.

Compliance with federal requirements: By expanding housing choice and opportunities for construction middle housing types this project supports federal affirmatively furthering fair housing requirements.

Reasonably achievable products and outcomes within the allowed project timeframe include:

Outcomes:

- Confirmation of infrastructure deficiencies and planning level cost estimates,
- Community involvement to develop consensus funding implementation approach, and
- Framework for policies and implementing ordinances for SDC methodology, CIP amendments, amendments to facility master plans including TSP to be completed as part of an IBTER

Products:

The City has identified several potential strategies for resolving infrastructure deficiencies included in the City's Westside Refinement Plan that need refinement and further discussion with stakeholders. Strategies include establishing a scalable SDC methodology to incentivize middle housing types, evaluation of possible revisions to City street standards to reduce development costs associated with the collector street system to minimize necessary supplemental transportation system development charges; capital improvement program

amendment(s) to program funding water system improvements; possible amendment to intergovernmental agreement with Clean Water Services for sewer system development charges to allow for increased funding within the Westside urban growth area.

Primary products resulting from this project include:

- Updated infrastructure project list and cost estimates for the Westside planning area,
- Consensus-based infrastructure funding approach summarized in a memo identifying public and private responsibilities and timing of expected revenue collections and construction of improvements,
- Scalable system development charge approach supporting amendments to the Forest Grove Code of Ordinances to better reflect system impacts and reduce the cost of smaller housing types,
- Assessment of whether the infrastructure funding approach will realistically incentivize middle housing types,
- GIS map showing area to include in an IBTER, and
- Final plan of action with timeline to support an IBTER application for approval by DLCD.

## **C. Work Program, Timeline & Payment**

### **C1. Tasks and Products**

#### **Task 1: Project Management and Administration**

**Description:** Ongoing management of project delivery to ensure completion on time and within budget.

#### **Steps to Complete Task:**

- A. Request for Proposals, proposal review, and consultant selection
- B. Project kick-off meeting
- C. Finalize project Schedule and milestones
- D. PMT Teleconferences

#### **Deliverables:**

- 1.1 Request for proposals
- 1.2 Notice to Proceed
- 1.3 Project kick-off meeting agenda
- 1.4 Final project schedule
- 1.5 PMT teleconferences
- 1.6 Interim Task 1 progress payments
- 1.7 Final Task 1 progress payment

#### **Task 2: TAC and Stakeholder Involvement**

**Description:** Provide opportunities for meaningful involvement in plan preparation and implementation consistent with Statewide Land Use Planning Goal 1 (Citizen Involvement).

#### **Steps to Complete Task:**

- A. Identify TAC members

- B. Invite TAC member participation
- C. Identify Stakeholder Advisory Group members
- D. Invite stakeholder members
- E. Conduct TAC meeting as needed
- F. Conduct stakeholder meeting as needed
- G. Prepare focus group interview questions
- H. Conduct focus group interviews
- I. Prepare online survey
- J. Compile online survey results
- K. Prepare summary of online survey results

**Deliverables:**

- 2.1 TAC and Stakeholder Advisory Group invitations
- 2.2 TAC Roster
- 2.3 Stakeholder Advisory Group Roster
- 2.4 TAC meetings
- 2.5 Stakeholder Advisory Group meetings
- 2.6 Focus group interview questions
- 2.7 Focus group interviews
- 2.8 Online survey
- 2.9 Online survey results summary
- 2.10 Interim progress payments
- 2.11 Final Task 2 payment

**Task 3: Confirmation of Infrastructure Needs and Estimated Costs**

**Description:** Identify infrastructure deficiencies to support a strategy for resolution consistent with HB 2001 (2019), Infrastructure Based Time Extension Request (IBTER) applications.

**Steps to Complete Task:**

- A. Review baseline documents including Comprehensive Plan, Westside Refinement Plan, City SDC methodology, Washington County Transportation Development Tax Methodology, Sewer SDC Intergovernmental Agreement between Clean Water Services and Forest Grove
- B. Update infrastructure needs list and planning cost estimates

**Deliverables:**

- 3.1 Interim updated infrastructure needs list and planning cost estimates memo
- 3.2 Updated infrastructure needs list and planning cost estimates review summary comments
- 3.3 Final updated infrastructure needs list and planning cost estimates memo
- 3.4 Interim Task 3 progress payments
- 3.5 Final Task 3 progress payment

**Task 4: Infrastructure Preferred Funding Alternatives**

**Description:** Prepare strategy to resolve infrastructure deficiencies in the City’s urban growth area including preferred consensus-based approach for funding infrastructure considering equity, timing, and potential impact on housing affordability.

**Steps to Complete Task:**

- A. Identify potential infrastructure funding alternatives for evaluation including scalable and supplemental system development charges,
- B. Evaluate potential SDCS charges based on application area wide throughout Westside planning and for up to three specific subareas.
- C. Funding alternative evaluation criteria including equity, timing of revenue collection and potential impact on housing cost/affordability
- D. Evaluate funding alternatives to determine likelihood of incentivizing middle housing types

**Deliverables:**

- 4.1 Interim Infrastructure Funding Alternatives Technical Memo
- 4.2 Funding Alternative Technical Memo review comments summary
- 4.3 Final Infrastructure Memo
- 4.4 Interim Evaluation Criteria Memo
- 4.5 Evaluation Criteria Memo comments summary
- 4.6 Final Evaluation Criteria Memo
- 4.7 Interim SDC Fee Assessment Memo
- 4.8 SDC Fee Assessment Memo review comments
- 4.9 SDC Fee Assessment Memo
- 4.10 Middle Housing Incentive Memo
- 4.11 Interim Consensus alternative Recommendation Memo
- 4.12 Consensus Alternative Recommendation Memo review comments Summary
- 4.13 Final Consensus Alternative Recommendation Memo
- 4.14 Interim Task 4 progress payments
- 4.15 Task 4 final payment

**Task 5: IBTER Application**

**Description:** Prepare materials supporting IBTER application consistent with HB 2001 (2019) and adopted administrative rules.

**Steps to Complete Task:**

- A. Definition of area to include in HB 2001 (2019) IBTER
- B. Plan of Action to Remedy Deficiencies based on Task 4 recommendations
- C. Timeline to correct deficiencies based on Task 4 recommendations

**Deliverables:**

- 5.1 GIS map showing area to include in IBTER request
- 5.2 Interim Plan of Action with timeline for review
- 5.3 Review comments summary
- 5.4 Final Plan of Action with timeline for review
- 5.5 Interim Task 5 progress payments
- 5.6 Final Task 5 progress payment

### **C3. Payment Schedule**

Based on deliverables to be negotiated with consultant please see Product Request Summary below. The payment schedule is based on completion of specific products. The schedule will be negotiated with the consultant as part of contract development.

### **D. Evaluation Criteria**

This project supports HB 2001 (2019) Project Evaluation Criterion 2:

*“To identify significantly deficient infrastructure systems (water, wastewater, storm drainage, and/or transportation) and formulate a plan to remedy such deficiency in order to accommodate middle housing in those areas.”*

This project is intended to confirm infrastructure deficiencies in the City’s Westside planning area and update costs estimates. This information will be used to formulate a preferred, consensus-based plan/approach to remedy such deficiencies in order to accommodate middle housing in the Westside area.

This project also addresses a DLCD program priority for funding:

*“Local governments with limited planning staff shall receive funding prioritization.”*

Forest Grove is located within the Portland regional urban growth boundary. As such, Forest Grove is a “large city” for purposes of complying with HB 2001 (2019) HB 2003 (2019). However, Forest Grove has limited staff resources with one policy/long range planner and one current planner serving a community of 25,000 persons. The lack of resources makes it challenging to implement the City’s Westside Refinement to resolve infrastructure deficiencies in the City’s growth area. The Westside Refinement Plan was adopted in 2017. Almost three years have passed since adoption of the plan and development pressures are increasing in the Westside planning area. The City strongly desires to implement the Westside Refinement Plan and resolve infrastructure funding issues to expand housing production and comply with HB 2001 (2019) as soon as possible.

### **E. Project Partners**

The following public and private entities will be invited to participate in this project. The role of each organization is noted below.

Organization	Expected Role
DLCD	Serve on Technical Advisory Committee
Metro	Serve on Technical Advisory Committee
Washington County Land Use and Transportation	Serve on Technical Advisory Committee
Clean Water Services	Serve on Technical Advisory Committee
Washington County Community Planning Organization 12 F	Provide opportunity for meaningful public input in policy development
Portland Homebuilders Association	Advise on policy development. Represent needs of development community members

## F. Advisory Committees

Advisory committees that will participate in the project to satisfy the local citizen involvement program include the City's Committee for Community Involvement (CCI), City's Parks and Recreation Board for comment on possible changes to the Parks SDC, and Washington County Community Participation Organization (CPO) 12F to involve property owners in the unincorporated section of the City's planning area.

## G. Cost-sharing and Local Contribution

**Will a consultant be retained to assist in completing grant products? Yes**

**Will you be utilizing this funding to dedicate your own staff resources in completing grant products? No**

**Grantee Capacity:** The City of Forest Grove has consistently demonstrated an ability to successfully complete DLCD grant funded projects including most recently the 2019 update to the City's Housing Needs Analysis. In addition, Forest Grove successfully completed a periodic review DLCD grant funded project leading to the adoption of the 2014 Transportation System Plan update. The City has also completed several Transportation and Growth Management projects including the Forest Grove Comprehensive Plan implementation project leading to Development Code amendments. Based on these examples the City of Forest Grove has the capacity and to successfully manage this project to successful completion.

**Leverage:** This project builds on Metro planning grant resulting in adoption of the Westside Refinement Plan. The City is committed to implementing the Westside Refinement Plan and legislation aimed at promoting middle housing types. As such, the City is prepared to seek matching contributions through the City's annual budgeting process and in-kind match for staff resources and materials necessary to support this project.

**Local Official Support:** The Forest Grove City Council adopted Resolution 2020-36 establishing goals and objectives for Fiscal Year 2020-2021. The Council's goals and objectives related to this project include:

- Goal 2: Enable Housing Supply and Affordability
  - Objective 2.1: Evaluate scalable system development charges
  - Objective 2.5: Evaluate recommendations from the City's Housing Needs Analysis and develop an implementing plan
- Goal 5: Maintain Financial and Organizational Sustainability Through Long-Term Planning and Support for Economic and Workforce Development.
  - Objective 5.5: Refine Westside Financial Plan
- Promote Sustainable Transportation Alternatives and Enhance Mobility
  - Objective 6.5: Prioritize Transportation Development Tax (TDT) projects

This application supports and is consistent with the City's Council's adopted goals and objectives above.

A resolution of support demonstrating support for this project will be submitted to DLCD before determination of grant award.

**Product Request Summary**

Cost estimates based on fully loaded billing rate of \$116.50 per hour plus direct costs.

<b>Product</b>	<b>Grant Request</b>	<b>Local Contribution</b>	<b>Total Budget</b>
1.4	\$250	\$100	\$350
1.5	\$2,500	\$625	\$3,125
2.4	\$3,500	\$875	\$4,375
2.5	\$2,500	\$625	\$3,125
2.6	\$2,750	\$690	\$3,440
2.7	\$4,000	\$1,000	\$5,000
2.8	\$3,500	\$875	\$4,375
2.9	\$2,000	\$500	\$2,500
3.3	\$5,000	\$1,250	\$6,250
4.3	\$4,500	\$1,125	\$5,625
4.6	\$3,250	\$800	\$4,050
4.9	\$6,000	\$1,500	\$7,500
4.10	\$3,000	\$750	\$3,750
4.13	\$5,750	\$1,400	\$7,150
5.1	\$2,000	\$500	\$2,500
5.4	\$5,500	\$1,375	\$6,875
<b>TOTAL</b>	<b>\$56,000</b>	<b>\$13,990</b>	<b>\$69,990</b>

Submit your application with all supplemental information to:

Gordon Howard, Community Services Division Manager

E-mail (preferred): [DLCD.GFGrant@state.or.us](mailto:DLCD.GFGrant@state.or.us)

Mail: Department of Land Conservation and Development  
635 Capitol Street N.E., Suite 150  
Salem, OR 97301

Phone 503-934-0034

**APPLICATION DEADLINE: April 30, 2020**

# Department of Land Conservation and Development



## Application for Planning Assistance Grants

### 2019-2021

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## PLANNING ASSISTANCE

### PROGRAM DESCRIPTION

The Department of Land Conservation and Development (DLCD) provides resources to help Oregon communities prepare and update local land use plans and implementing ordinances to respond to growth management and resource protection issues and changes in state agency programs and requirements.

During the 2019 legislative session, the Legislature appropriated funds to DLCD for the purpose of providing planning assistance to local governments for the purpose of: 1) assisting local governments with the development of regulations to allow middle housing, as specified in HB 2001; 2) assisting local governments with the development of plans to improve water, sewer, storm drainage and transportation services in areas where middle housing types may not be feasible due to service constraints, as specified in HB 2001; and 3) provide planning assistance to local governments to implement the provisions specified in HB 2003, including housing needs analyses and housing production strategies.

The deadline for all applications for assistance from HB 2001 and HB 2003 is **April 30, 2020**.

### WHO CAN APPLY

Planning Assistance applications will be accepted from the following **Cities and Counties Subject to HB 2001:**

- Non-Metro cities with a population greater than 10,000
- Cities and counties over 1,000 residents in the Portland Metropolitan service district

**Cities Subject to HB 2003:**

- Cities with a population greater than 10,000

### GRANT PROGRAM CONTACTS

DLCD staff are available to answer your questions regarding application requirements and status. **The first point of contact is the regional representative for your jurisdiction.** You can find the regional representative assigned to your jurisdiction or region at <https://www.oregon.gov/lcd/CPU/Pages/Regional-Representatives.aspx>.

If you cannot contact your regional representative, please contact:

Gordon Howard, Grant Program Manager, at 503-934-0034 or [gordon.howard@state.or.us](mailto:gordon.howard@state.or.us).

## **ELIGIBLE PROJECTS AND EVALUATION CRITERIA**

Planning Assistance is used to help complete projects necessary for jurisdictions to comply with House Bill 2001 and House Bill 2003. Each bill outlines priorities for use of Planning Assistance funding as follows (additional detail in “Program Priorities,” below):

### **HB 2001 (2019 Legislative Session) Project Evaluation Criteria**

1. To prepare a hearings-ready development code or, for cities required to comply with House Bill 2001 (2019 Legislative Session) by June 30, 2022, recommendations for comprehensive plan and development code amendments to comply with the provisions of House Bill 2001 (2019 Legislative Session) regarding middle housing.
2. To identify significantly deficient infrastructure systems (water, wastewater, storm drainage, and/or transportation) and to formulate a plan to remedy such deficiency in order to accommodate middle housing in those areas.

### **HB 2003 (2019 Legislative Session) Project Evaluation Criteria**

1. To create a housing needs analysis in accordance with ORS 197.296 and OAR chapter 660, divisions 7 and 8.
2. To create a prototype housing production strategy that can help the department and Commission in its formulation of administrative rules.

The Planning Assistance evaluation review criteria, explained in sections 1 through 5 below, address program priorities, considerations to ensure appropriate use of funds, and other program objectives. Please address these, as applicable, in your application attachment.

Projects are not expected to satisfy the non-mandatory criteria, but those that rate well under one or more of them will have an improved likelihood of success.

### 1. Project Objectives

The *project objectives* are clearly stated; address the problem, need, opportunity, and issues; are defined in a manner consistent with the statewide planning goals; and directly relate to a clear statement of expected outcomes. The project objectives need to be reasonably achievable.

### 2. Program Priorities

The project addresses the program priorities as follows:

#### **HB 2001 Project Evaluation Criteria**

1. To prepare a hearings-ready development code or, for cities required to comply with House Bill 2001 (2019 Legislative Session) by June 30, 2022, recommendations for comprehensive plan and development code amendments to comply with the provisions of House Bill 2001 (2019 Legislative Session) regarding middle housing. Section 15 of House Bill 2001 states, in part, “The

department shall prioritize technical assistance to cities or counties with limited planning staff or that commit to implementation earlier than the date required under section 3 (1) of this 2019 Act.”

- Cities with a population between 10,000 and 25,000 shall receive funding prioritization, because they must comply with the law by June 30, 2021.
- Non-Metro Cities with more than 10,000 residents and cities and counties over 1,000 residents in the Portland Metropolitan service district are required to update their development codes to comply with the provisions of HB 2001 regarding middle housing. Larger cities and cities and counties within the Portland Metro service district (compliance required by June 30, 2022) are eligible and encouraged to apply as well. Despite the June 30, 2022, deadline for these local governments, all funded work must be completed by June 30, 2021, due to the end of the biennial budget period.

2. To identify significantly deficient infrastructure systems (water, wastewater, storm drainage, and/or transportation) and to formulate a plan to remedy such deficiency in order to accommodate middle housing in those areas.

Administrative Rules for an Infrastructure-Based Time Extension Request (IBTER) are expected to be adopted by the early August, 2020. As established in House Bill 2001, the IBTER application deadline for cities with a population between 10,000 and 25,000 is December 31, 2020. Because those rules are expected to be complete with only five months before cities outside of the Portland Metro area with population between 10,000 and 25,000 must identify any infrastructure constraints and develop a plan to address the infrastructure constraints, the department encourages cities to begin discussions with public works or preferred consulting staff now so that a city is prepared to begin work as soon as the Land Conservation and Development Commission adopts rules. Cities with more than 25,000 have until June 30, 2021 to submit the request for an extension. Funding prioritization is as follows:

- Local governments with limited planning staff shall receive funding prioritization.
- Local governments that commit to implementation earlier than the date required under section 3 (1) of HB 2001 shall receive funding prioritization.
- Cities with a population between 10,000 and 25,000 shall receive funding prioritization, because their IBTER applications are due December 31, 2020.
- Larger cities and cities and counties within the Portland Metro Area (compliance by June 30, 2022) are eligible and encouraged to apply as well. Due to the end of the

biennial budget period, all funded work must be completed by June 30, 2021, which coincides with the IBTER application deadline for the larger cities and counties within the Portland Metro Area.

### **HB 2003 Project Evaluation Criteria**

1. To create a housing needs analysis in accordance with ORS 197.296 and OAR chapter 660, divisions 7 and 8.

A Housing Needs Analysis includes a housing needs projection addressing housing types and price levels, residential land needs analysis, buildable lands inventory, and identification of measures for accommodating needed housing as described in OAR chapter 660, divisions 7 and 8. The purpose of a Housing Needs Analysis is to ensure that cities have an available land supply to accommodate their housing needs over the next 20 years. Funding prioritization is as follows:

- First priority will be given to cities with “outdated” Housing Needs Analyses. In this context, “outdated” means Analyses that were adopted and acknowledged more than eight years ago for cities outside Portland Metro, and more than six years ago for cities inside the Portland Metro boundary.
- Additional prioritization will be given to fast-growing cities and to severely-rent burdened cities (cities in which more than 25% of renter households spend more than 50% of median household income on gross rent).

2. To create a prototype housing production strategy that can help the Department and Commission in the formulation of administrative rules.

A housing production strategy will outline how a city intends to ensure or incentivize the production of needed housing identified in the adopted HNA, especially subsidized housing. The plan must contain a list of action items and a schedule for the listed actions to be taken by the local government and any identified partners. Although rulemaking has begun, the Land Conservation and Development Commission has not yet adopted rules regarding what exactly constitutes a housing production strategy. Funding prioritization is as follows:

- Priority will be given to housing production strategy proposals that most closely align with the goals of HB 2003 and which most thoroughly consider the full gamut of strategies that may be employed to facilitate housing production and which best engage the community in an inclusive decision-making process to prioritize community actions.

- Additional prioritization will be given to cities who have adopted a Housing Production Strategy as part of the provisions of HB 4006 (2018).

### 3. Project Description

The *approach, budget, products, and timing* are defined for every task and are reasonable considering the benefits of the project and the work proposed is reasonably likely to achieve the project objectives.

### 4. Grantee Capacity

The application and past performance on grant-funded projects (where applicable) demonstrate that there is *adequate local capability* to successfully manage the project.

### 5. Leverage

The applicant demonstrates commitment to the project through contribution of *matching contributions*. Matching funds are *not mandatory* for an application to be successful, but a demonstration of local commitment can tip the balance in favor of some proposals. Matching funds do not need to be from the applicant's budget – they could come from another state agency, a federal agency, or a foundation. In-kind and other non-cash match are also considered.

## **REVIEW PROCESS**

Applications will be reviewed considering the evaluation criteria explained above. The department will award those applications that best satisfy these criteria.

The department will notify applicants of award decisions at the earliest time possible, usually within 60 days. Unsuccessful applications may be reconsidered if additional assistance become available.

Once awards are determined, the DLCD grant manager will work closely with the grantee to complete the scope of work and execute a grant agreement. Again, this will be completed at the earliest time possible; it usually takes 60 to 90 days after the award, but can take longer depending on the complexity of the scope of work.

## **ELIGIBLE COSTS**

Grant funds may be expended only for direct project-related costs associated with the funded project. Eligible costs include salary of staff assigned to the project, consultant fees, postage, supplies, and printing. Equipment purchases and indirect costs, including general administrative overhead and software costs, are not eligible.

Costs incurred prior to signing a grant agreement are not eligible project costs. This includes costs of preparing the grant application and preparing a statement of work for the grant agreement.

Grant funds are provided on a reimbursement basis for products in accordance with the reimbursement schedule specified in the grant agreement.

## APPLICATION INSTRUCTIONS

1. **Complete the grant application.** Be specific and thorough in describing all proposed grant products as described in the application form. Submit application materials **by April 30, 2020** to:

By e-mail to: [DLCD.GFgrant@state.or.us](mailto:DLCD.GFgrant@state.or.us)

*Please note that due to public health concerns, we will not be accepting applications by mail. If your jurisdiction requires special accommodations, please reach out to a Grant Program Contact as soon as possible to make arrangements.*

2. **Include a resolution or letter from the governing body of the city or county demonstrating support for the project.** If the applicant is a council of governments on behalf of a city, a letter or resolution from the city council supporting the application must be included. The letter of support may be received by DLCD after the application submittal deadline, but it must be received before a grant is awarded.

3. DLCD will confirm receipt of applications by e-mail, review applications promptly, contact applicants if additional information is needed to complete review, and notify applicants of our decision.



*A place where families and businesses thrive.*

CITY RECORDER USE ONLY:

AGENDA ITEM #: 8.

MEETING DATE: 05/11/2020

FINAL ACTION: RESO 2020-44

**CITY COUNCIL STAFF REPORT**

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**TO:** *City Council*

**FROM:** *Jesse VanderZanden, City Manager*

**MEETING DATE:** *May 11, 2020*

**PROJECT TEAM:** *Daniel Riordan, Senior Planner  
Bryan Pohl, CFM, Community Development Director*

**SUBJECT TITLE:** *Resolution in Support of Oregon Department of Land Conservation and Development Planning Assistance Grant Application Related to HB 2001 (2019) and Resolving Infrastructure Funding Deficiencies in the Westside Planning Area to Support Needed Housing*

**ACTION REQUESTED:**

Ordinance	Order	<b>X</b>	Resolution	Motion	Informational
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*X all that apply*

**ISSUE STATEMENT:** The Oregon legislature allocated funding, through the Department of Land Conservation and Development (DLCD), for implementation of HB 2001 (2019) and HB 2003 (2019). Both bills address middle housing types (duplex, triplex, fourplex and cottage clusters) and housing production strategies. The application requires a resolution or letter in support. The resolution or letter in support must be provided to DLCDC prior to a grant award.

Requested services must fall under one of four categories: Assistance leading to amendments to a jurisdiction's development code to permit middle housing types; Infrastructure Based Time Extension Requests (IBTERs); updates to Housing Needs Analysis; or preparing a prototype housing production strategy. Staff is proposing a project that will address infrastructure needs and funding deficiencies in the Westside planning area needed to support needed housing including middle housing types. After consultation with the City's DLCDC field representative this request is best classified as an IBTER.

An IBTER provides an opportunity. The opportunity is to formulate and adopt a detailed approach to remedy infrastructure deficiencies in order to accommodate middle housing types in a specific geographic area such as the Westside planning area. As envisioned the IBTER would include the David Hill area inside the urban growth boundary west of Thatcher Road and north of Watercrest Road and the area north of David Hill road west of Highway 47 and east of Thatcher Road (also known as the "Purdin Road" area).

The project as proposed supports the following City Council objectives for FY 2020-2021:

- Objective 2.1: Evaluate scalable system development charges (SDCs);
- Objective 2.5: Evaluate recommendations from the City's Housing Needs Analysis; and
- Objective 5.5: Refine West Side Plan Financial Plan.

**BACKGROUND:** The Oregon Department of Land Conservation has funding available to implement HB 2001 (2019) and HB 2003 (2019). Both bills are related to expanding opportunities for middle housing types affordable to a range of households. An obstacle to housing production in the City's Westside planning area, including middle housing types, is the lack of infrastructure, and a way to fund identified infrastructure needs in an equitable manner with consideration to housing affordability. If a grant is awarded funds would be used for consulting assistance to:

- Confirm infrastructure needs and update project costs in the Westside Planning area;
- Engage stakeholders and prepare a consensus-based strategy to fund infrastructure needs considering equity, revenue stream timing, and impact on housing affordability; and
- Prepare an Infrastructure Based Time Extension Request (IBTER) application for DLCD approval identifying the area to include, plan of action to remedy infrastructure deficiencies and timeline to correct deficiencies.

The funding request is attached for City Council's information (Attachment A). The final project scope of work will be negotiated with DCLD and the consultant prior to grant award and consultant selection. This provides an opportunity for Council to suggest modifications to the project scope of work, consistent with DLCD's funding priorities outlined in the application, if desired. The application packet is also attached as additional information for Council (Attachment B).

The application must include a resolution or letter of support from the governing body of the City seeking funds demonstrating support of the project (Attachment C). A resolution is preferable over a letter of support since it provides a record file with the City Recorder. The application will not be deemed complete until a resolution or letter of support is provided. The resolution or letter of support may be provided to DLCD after the application submittal deadline but must be received before a grant is awarded.

**FISCAL IMPACT:** The estimated project cost based on the initial project scope of work is \$69,990. This includes \$56,000 in requested grant funds and \$13,990 in City match. The application must demonstrate a local commitment to the project through matching contributions. Although matching funds are not mandatory for an application to be successful, a demonstration of local commitment can tip the balance in favor of some proposal. Matching funds could include a direct allocation from the City's budget or in-kind/non-cash match for project support. Local staff support to the project qualifies as in-kind match.

**STAFF RECOMMENDATION:** Staff recommends City Council approve a resolution demonstrating support for the City's application to the Oregon Department of Land Conservation and Development for funding assistance to resolve infrastructure funding deficiencies in the Westside planning area and to support needed housing including middle housing types.

**ATTACHMENT(s):**

- A. City Funding Request
- B. Application Packet
- C. Resolution in Support