

**AGENDA**

**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

Via Zoom

<https://us06web.zoom.us/j/82327794645?pwd=c1d2UGhUb1BoVithR0tFUzcmcWtXQT09>

Meeting ID: **823 2779 4645** Passcode: **001537**

Dial: 1-669-900-6833 or 1-253-215-8782

1. CALL TO ORDER
2. ROLL CALL
3. PLEDGE OF ALLEGIANCE
4. APPROVAL OF AGENDA
5. APPROVAL OF MINUTES – July 18, 2024
6. PUBLIC COMMENT – During this portion of the meeting, anyone may speak on any subject that does not later appear on the agenda. Five minutes per person will be allowed.
7. DISCUSSION ITEM
  - A. 2024 Housing Production Strategy
8. STAFF COMMENTS / PROJECT UPDATES
9. COMMISSIONER COMMENTS / QUESTIONS
10. ADJOURNMENT

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Meeting conducted in a room in compliance with ADA standards.

Prepared by/  
Paula Webb, Secretary  
Community Development Department

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**CITY OF THE DALLES**

"By working together, we will provide services that enhance the vitality of The Dalles."

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**MINUTES**

**PLANNING COMMISSION MEETING**

July 18, 2024  
5:30 p.m.

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

**PRESIDING:** Councilor Timothy McGlothlin

**COMMISSIONERS PRESENT:** Addie Case, John Grant, Philip Mascher, and Mark Poppoff

**COMMISSIONERS ABSENT:** Cody Cornett, Maria Peña, and Nik Portela

**COUNCIL PRESENT:** Darcy Long, Scott Randall, Dan Richardson, and Rod Runyon (arrived at 5:35 p.m.)

**COUNCIL ABSENT:** Mayor Rich Mays

**STAFF PRESENT:** Director Joshua Chandler, City Manager Matthew Klebes, City Attorney Jonathan Kara, Economic Development Officer Dan Spatz, Secretary Paula Webb

**CALL TO ORDER**

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

**PLEDGE OF ALLEGIANCE**

City Manager Klebes led the Pledge of Allegiance.

**APPROVAL OF AGENDA**

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

**APPROVAL OF MINUTES**

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

**PUBLIC COMMENT**

None.

**DISCUSSION ITEM**

2024 Housing Production Strategy

Councilor Runyon arrived at 5:35 p.m.

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

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

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

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

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

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

Commissioner Poppoff asked if copies of the plans were available.

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

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

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

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

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

Commissioner Mascher encouraged multi-family housing.

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

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

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

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

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

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

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

Commissioner Mascher requested examples of zoning incentives.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Commissioner Poppoff stated an inventory is a good idea.

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

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

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

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

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

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

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

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

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

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

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



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

**STAFF COMMENTS / PROJECT UPDATES**

None.

**COMMISSIONER COMMENTS / QUESTIONS**

None.

**ADJOURNMENT**

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

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Submitted by/  
Paula Webb, Secretary  
Community Development Department

SIGNED:

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Timothy McGlothlin, Chair

ATTEST:

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Paula Webb, Secretary  
Community Development Department



## City of The Dalles Housing Production Strategy

PC/CC Work Session #2

July 18, 2024

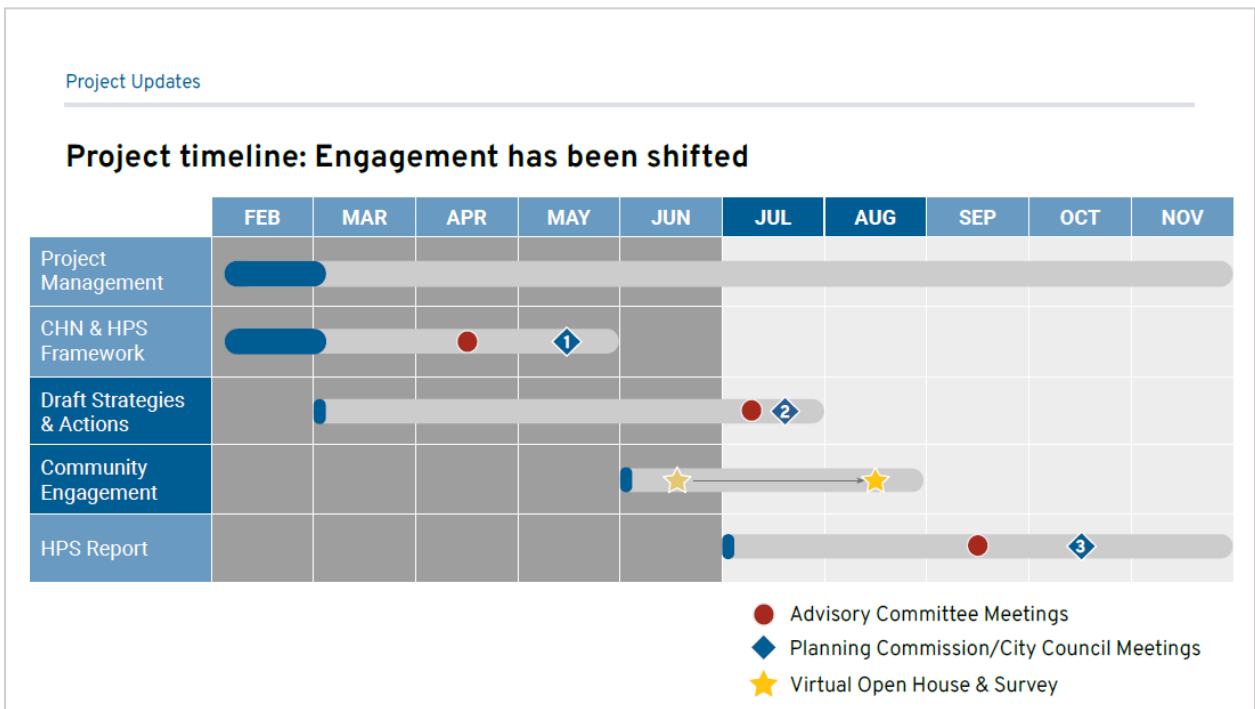


### AGENDA



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

# Project Updates



Project Updates

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### **This is the second opportunity to provide input on housing strategies**

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

**May 2:**

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

**Today:**

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

**October 3:**

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

Project Updates

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### **Key Takeaways from the Contextualized Housing Need**

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

Project Updates

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### Planning Commission and City Council Feedback from Work Session

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

Project Updates

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### Key Takeaways from the second Advisory Committee meeting


- AC generally **supportive of the strategies presented**
- There are many organizations that are working on housing and the City has opportunity to **coordinate and leverage those partnerships** to build needed housing
- AC was especially enthusiastic about:
  - I1: Adopt **Multi Unit Property Tax Exemption (MUPTE)** to incentivize needed housing
  - I3: Evaluate the feasibility of **scaling SDCs**
  - P4: Partner with North Wasco County Parks & Recreation on **scaling Parks SDC fee**
  - V2: **Creating/Extending URAs**, particularly in areas with high density housing
- Additional strategy recommendations
  - **Manufactured housing preservation**

## Draft Housing Strategies and Actions Overview + Discussion

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





 **Partnerships**

STRATEGY		TENURE	INCOME	HOUSING TYPE
<b>P1 Housing Working Group</b>	Convene a housing working group to pursue state funding and implement housing strategies	BOTH	ALL	ALL
<b>P2 Pre-Approved Dwelling Plans</b>	Create pre-approved dwelling plans	BOTH	WORKFORCE, MARKET	MIDDLE
<b>P3 Land Banking Partnerships</b>	Form partnerships with organizations that are capable of land banking	BOTH	AFFORDABLE WORKFORCE	ALL
<b>P4 Scale Park SDCs</b>	Partner with North Wasco County Parks & Recreation on scaling Parks SDC fee	BOTH	ALL	ALL
<b>P5 Support Small Developers</b>	Provide information and technical assistance to small developers	BOTH	WORKFORCE, MARKET	ALL

P2

## Create pre-approved dwelling plans

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

### Implementation Steps

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

### Opportunities

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

### Constraints

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

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## Partnerships

### Discussion Questions for Partnership Strategies

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



# Regulatory Strategies

**Regulations**

	STRATEGY		TENURE	INCOME	HOUSING TYPE
<b>R1</b>	<b>Allow Middle Housing</b>	Allow triplexes, fourplexes, and cottage cluster housing in the RL zone	BOTH	WORKFORCE, MARKET	MIDDLE
<b>R2</b>	<b>Maximum Density</b>	Increase maximum density in the RM, RH, and NC Zones	BOTH	ALL	MULTIFAMILY
<b>R3</b>	<b>Zoning Incentives</b>	Implement zoning incentives for affordable and accessible housing	RENTER	AFFORDABLE	MULTIFAMILY
<b>R4</b>	<b>Allow Tiny Homes + Modular Housing</b>	Clarify rules for non site-built homes such as tiny homes and prefabricated/modular housing	BOTH	WORKFORCE, MARKET	SINGLE DETACHED, MIDDLE
<b>R5</b>	<b>Housing in Commercial Zones</b>	Provide more flexibility for housing in commercial zones	RENTER	ALL	MULTIFAMILY
<b>R6</b>	<b>Conversion + Adaptive Reuse</b>	Remove potential barriers of conversion or adaptive reuse of existing buildings for housing	BOTH	ALL	MIDDLE, MULTIFAMILY
<b>R7</b>	<b>Parking Reductions</b>	Provide location-based parking reductions	BOTH	ALL	MULTIFAMILY

R1

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

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

#### Implementation Steps

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

#### Opportunities

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

#### Constraints

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

R2

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

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

#### Implementation Steps

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

#### Opportunities

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

#### Constraints

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



## Regulations

### Discussion Questions for Regulatory Strategies

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

## Incentive Strategies

Incentives

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

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

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

#### Implementation Steps

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

#### Opportunities

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

#### Constraints

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



Incentives

### Discussion Questions for Incentive Strategies

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

## Investment Strategies

Investments

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

V1

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

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

#### Implementation Steps

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

#### Opportunities

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

#### Constraints

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

V2

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

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

**Implementation Steps**

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

**Opportunities**

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

**Constraints**

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

V3

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

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

**Implementation Steps**

A downtown plan would include:

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

**Opportunities**

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

**Constraints**

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



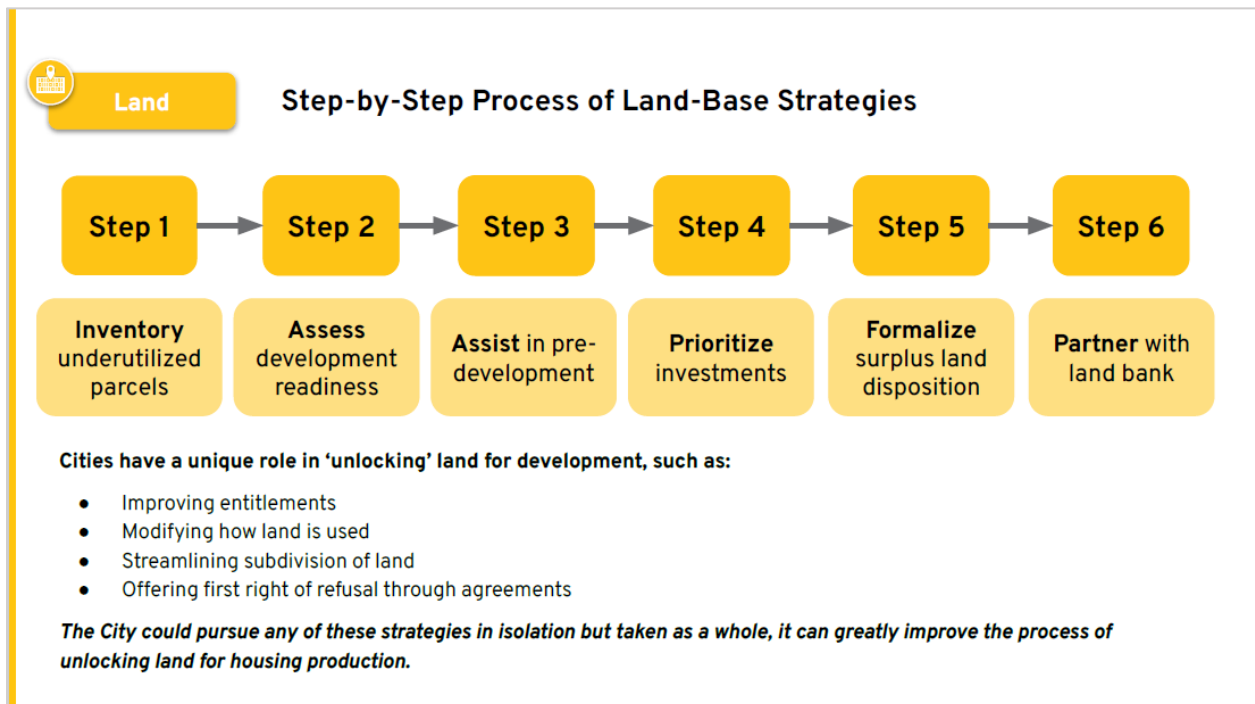
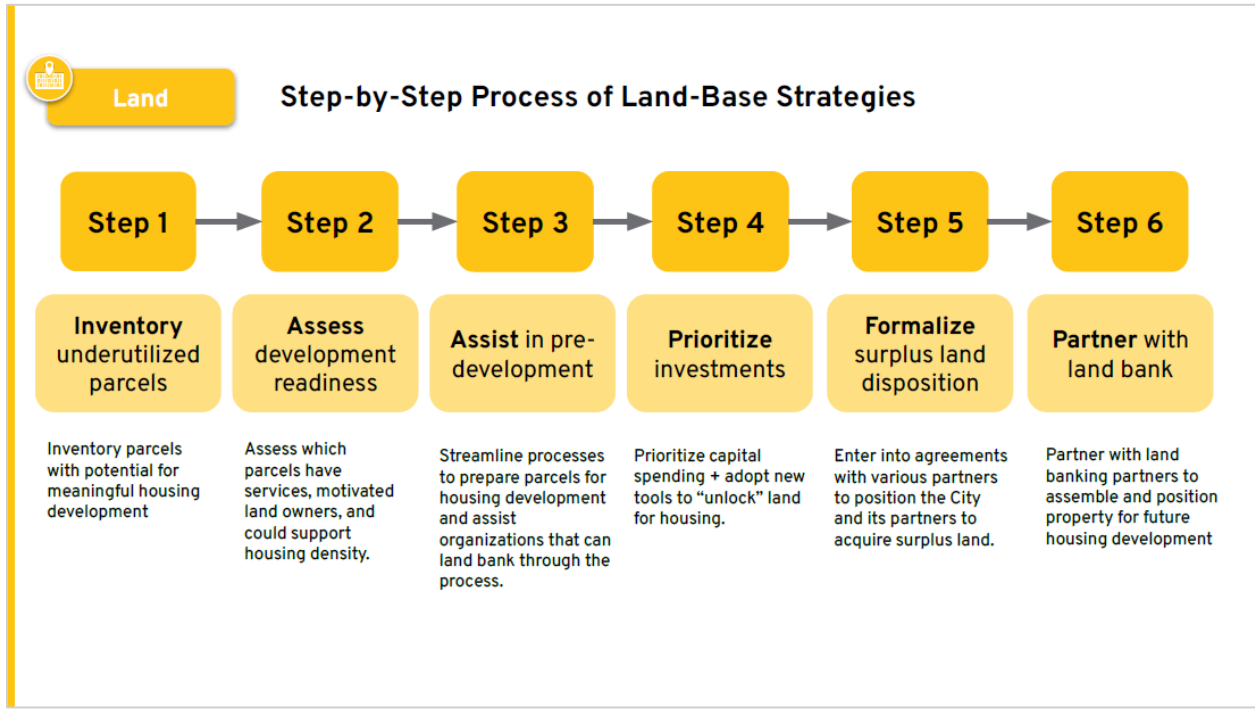
## Investments

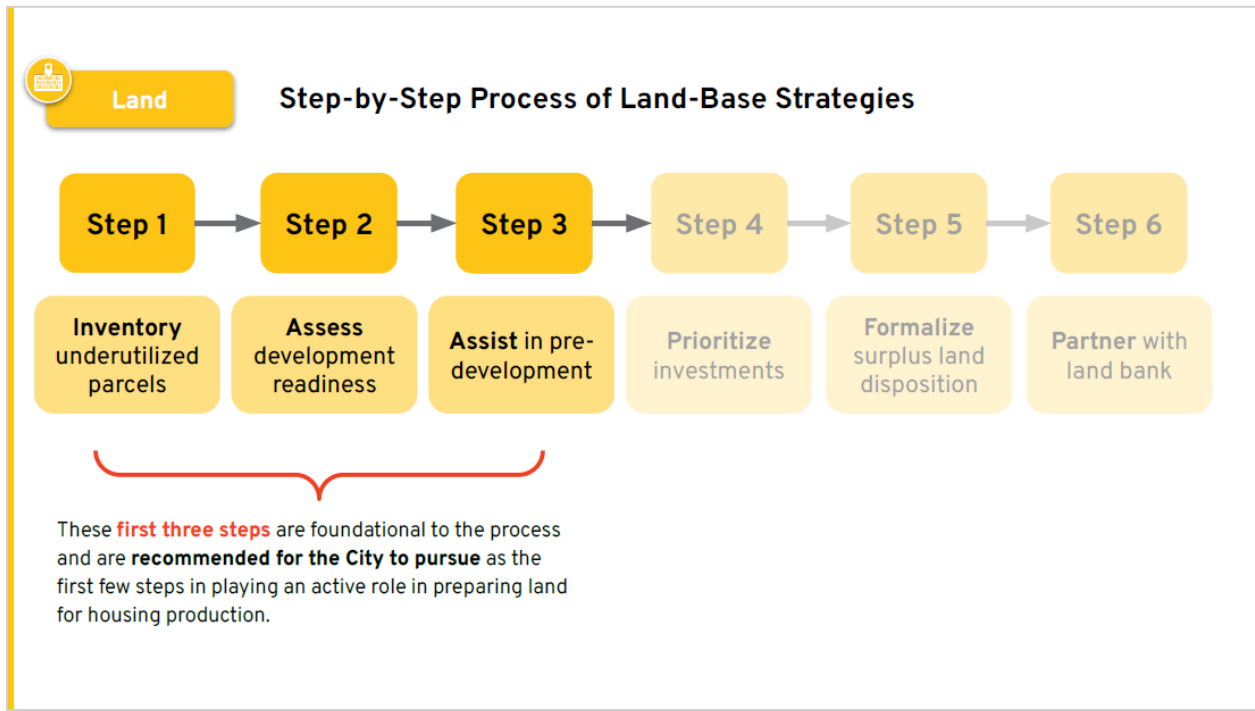
### Discussion Questions for Investment & Incentives Strategies

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

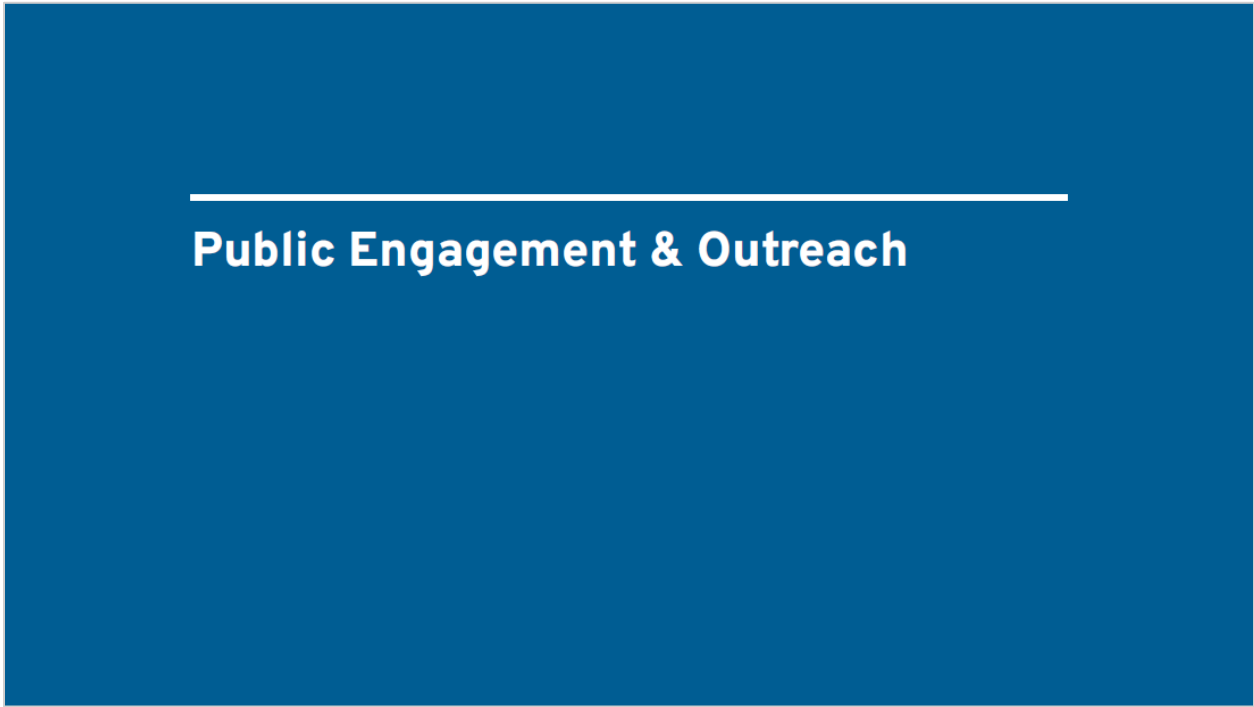
## Land Strategies







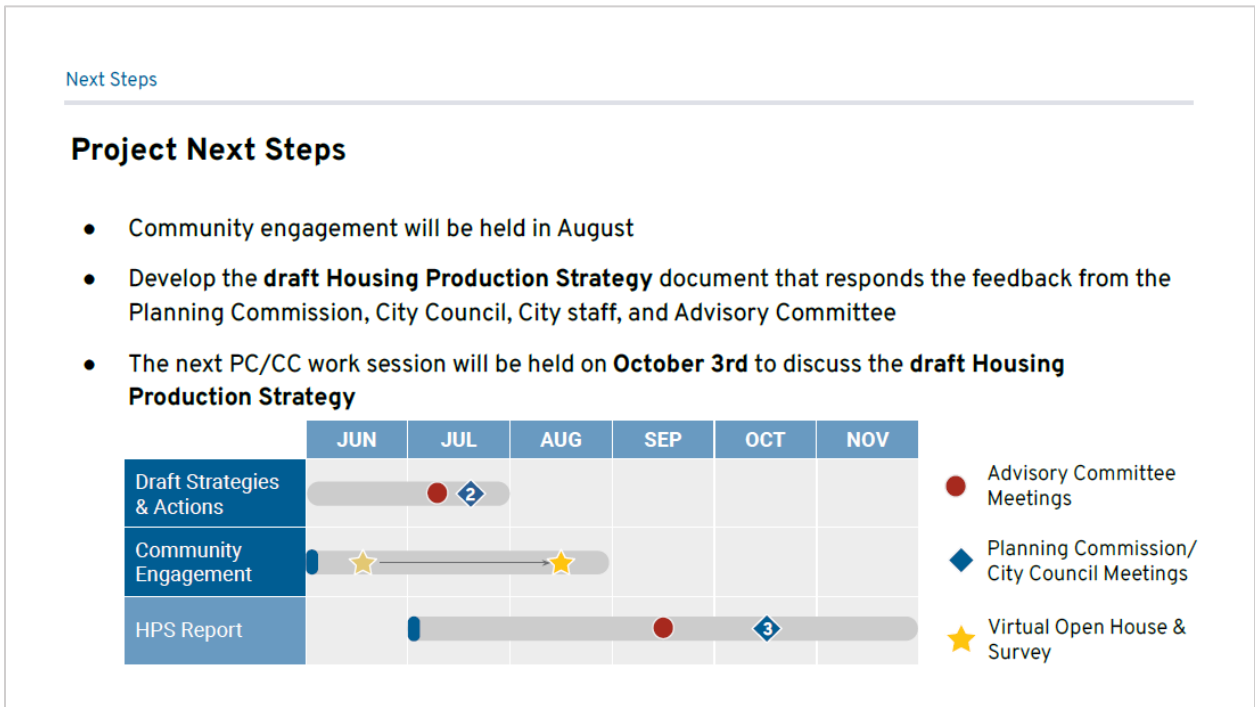
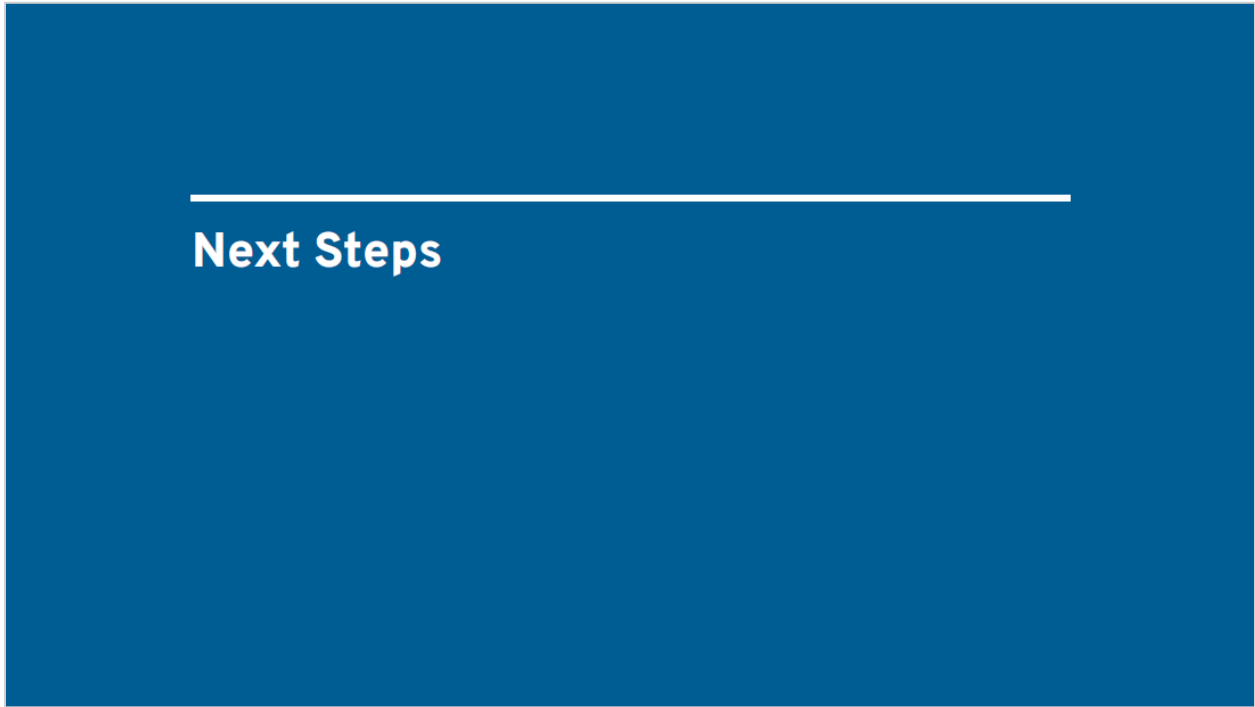
- 
- Land**
- ### Discussion Questions for Land Strategies
- Is the City ready to take a more **proactive role in identifying, assembling, and preparing land** for housing production?
  - Which **agencies or organizations** should the City prioritize for partnership that may have land and willingness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



Public Engagement & Outreach

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

Engagement Activity	Audience for Outreach
Advisory Committee Meetings (3)	Housing producers and users
Joint PC & CC Meetings (3)	Decisionmakers
Meetings with Housing Producers (up to 4 interviews)	<ul style="list-style-type: none"> <li>Local and regional developers of infill, mixed-use, and subdivision housing</li> <li>Lenders</li> </ul>
Engagement with Equity Priority Populations (up to 4 interviews)	<ul style="list-style-type: none"> <li>Residents of affordable housing and manufactured home parks</li> <li>Hispanic/Latinx community members</li> <li>Young families</li> </ul>
Community Virtual Open House and Survey	Community members





## MEMORANDUM

**To:** Honorable Mayor, City Council, and Planning Commission  
**Meeting Date:** October 3, 2024  
**Re:** City of the Dalles Housing Production Strategy  
Planning Commission/City Council Work Session #3  
**Prepared by:** Joshua Chandler, Community Development Director

### DISCUSSION:

Since the spring of 2024, the City of The Dalles has engaged in a series of discussions to develop a Housing Production Strategy (HPS) to address local housing needs and affordability. This effort, led by Cascadia Partners with the support of the City Council, Planning Commission, and the Advisory Committee, builds upon the 2023 Housing Needs Analysis (HNA) and Residential Building Lands Inventory. It also fulfills requirements under Oregon House Bill 2003 for cities with populations over 10,000. The HPS will outline specific tools, actions, and policies to meet the community's housing challenges, and is scheduled for adoption this winter.

### Progress to Date:

- On April 22, July 8, and October 1, three separate work sessions were held with the project Advisory Committee comprised of various housing stakeholders working within the community. This committee included local realtors, developers, advocates, service providers and employers, as well as representatives from Mid-Columbia Community Action Council, Mid-Columbia Housing Authority/Columbia Cascade Housing Corporation, N'chi Wana Housing, and Columbia Gorge Community College.
- On May 2, July 18, and October 3, three separate joint Planning Commission/City Council (PC/CC) work sessions were held to allow the opportunity to ask questions and provide input to ensure alignment with community needs. The initial PC/CC work session detailed an overview of the HPS process and expectations for the upcoming process. The second PC/CC work session included discussion on a draft set of Housing Strategies and Actions developed from previous discussions with the collective group. The third and final work session will include a comprehensive review and discussion of the draft HPS report compiling information from all previous discussions.
- Additionally, the HPS process included various forms of public outreach and coordination, including interviews with local housing producers/developers and equity priority populations representing underserved or underrepresented communities, a public forum on September 18 held both virtually and at City Hall, and a Virtual Open House and survey available from August 19 to October 4, 2024. Notifications for this work have

been advertised on the City’s website and Facebook page as well as provided to local media outlets. A complete list of the HPS process to date may also be found on a project specific webpage on the City’s website under the Community Development Department page.

We appreciate the ongoing dedication and valuable input provided by the Advisory Committee, Planning Commission, and City Council throughout this process. Your expertise and participation have been instrumental in shaping a comprehensive strategy that addresses the housing needs of The Dalles.

The following meeting materials are included with this packet:

- Attachment 1 – Housing Production Strategy: DRAFT Report



# Housing Production Strategy

Draft Report

September 16, 2024



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e. Land Based Actions .....	X
5. Appendix A: Draft HPS Actions	
6. Appendix B: HPS Survey	



# 1. Executive Summary

## 2. The Dalles' Housing Needs

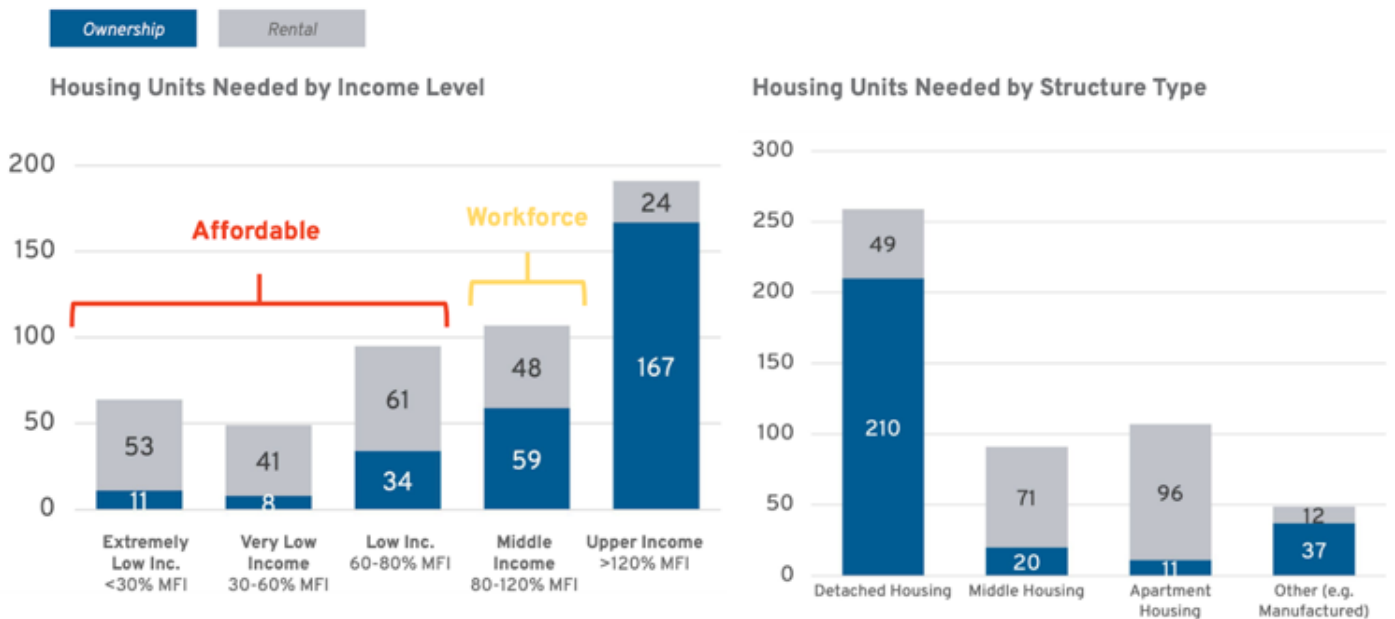
### Understanding the Relationship Between Income & Attainability

**Income determines the housing price point each household can afford. The Dalles needs a wide variety of housing types to serve households of different incomes.**

Per the most recent 2022-vintage of the American Community Survey, The Dalles' median household income is \$59,714, below the statewide and county medians of \$76,632 and \$61,316, respectively.

**The Dalles' Housing Needs Analysis (HNA) found that the city will need 505 new housing units over 20 years, including 384 units affordable to households earning less than 80% of the Median Family Income.**

The Dalles' HNA found that the City will need new housing units serving its full income spectrum and taking a variety of forms, from single detached houses to multi-unit dwellings. The HNA projects that half of the need will be for various forms of attached housing, like townhomes, multi-plexes, and apartments.



City of The Dalles Housing and Residential Land Needs Assessment 2023-2043, Tables 4.3 and 4.4

### Community Demographic Profile

The City of the Dalles is a demographically distinct community. Per the 2022 American Community Survey:

**The Dalles' racial diversity is comparable to the state at large.** Roughly 27% of The Dalles residents are people of color, the same as the statewide rate of 27%. Latino (21%) residents are the largest of The Dalles' communities of color, with Black (<1%), Asian (<1%), Indigenous (<1%), and multiracial (5%) populations comprising much smaller proportions.

**The Dalles has a smaller working-age population.** About 23% of The Dalles' residents are children – just above the statewide rate of 20% – and 20% are seniors – just above the statewide rate of 18%. While Oregon has seen its children and working age population decrease on percent terms between 2010 and 2022, The Dalles has held steady in its age distribution.

**The Dalles has relatively more renters.** Renters comprise 40% of The Dalles’ households. Renters are just over a third of households in Wasco County and statewide. This difference may stem from a combination of factors, including the housing and job types in The Dalles, its racial and ethnic makeup, and its age profile.

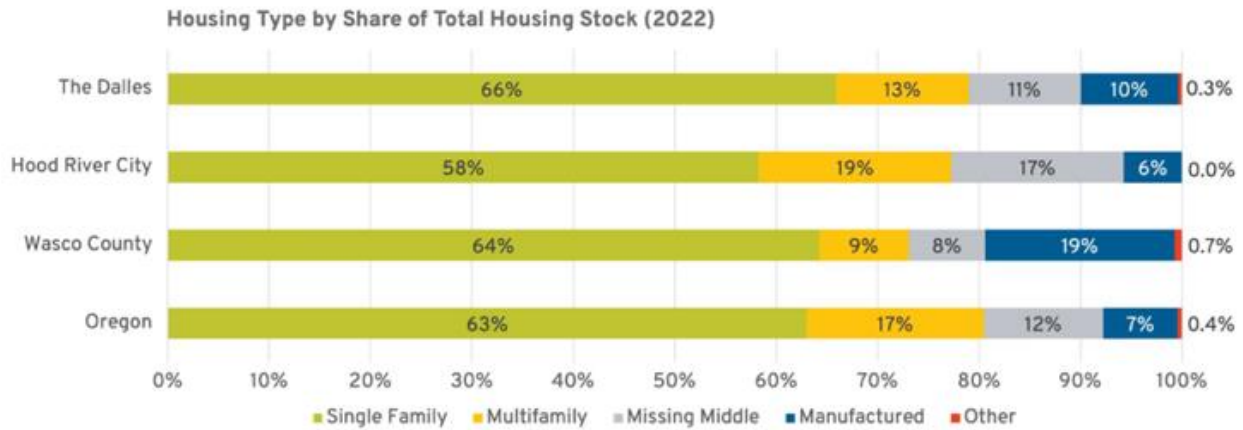
**The Dalles is relatively low income.** The median household income in The Dalles is about \$12,000 below the regional median, and \$17,000 below the statewide median. This suggests the city’s residents have a smaller budget for housing.

	The Dalles	Wasco County	Oregon
<b>Race and Ethnicity</b>			
American Indian or Alaska Native	0.3%	2.4%	0.7%
Asian	0.5%	0.7%	4.4%
Black	0.3%	0.3%	1.8%
Hispanic or Latino	20.8%	19.9%	13.8%
Native Hawaiian or Pacific Islander	0.2%	0.1%	0.4%
Other Race	0.1%	0.1%	0.4%
Two or More Races	4.8%	4.4%	5.2%
White	73.0%	72.1%	73.3%
<b>Age</b>			
Under 18	23.1%	21.8%	18.3%
18 - 64 years	57.1%	20.7%	61.5%
Over 65	19.8%	57.6%	20.2%
<b>Tenure</b>			
Renters	40.0%	34.9%	36.8%
Homeowners	60.0%	65.1%	63.2%
<b>Median Household Income</b>			
	\$59,714	\$61,316	\$76,632

*American Community Survey 2022 5-Year Estimates, Tables B03002, B01001, B19013, and B25003*

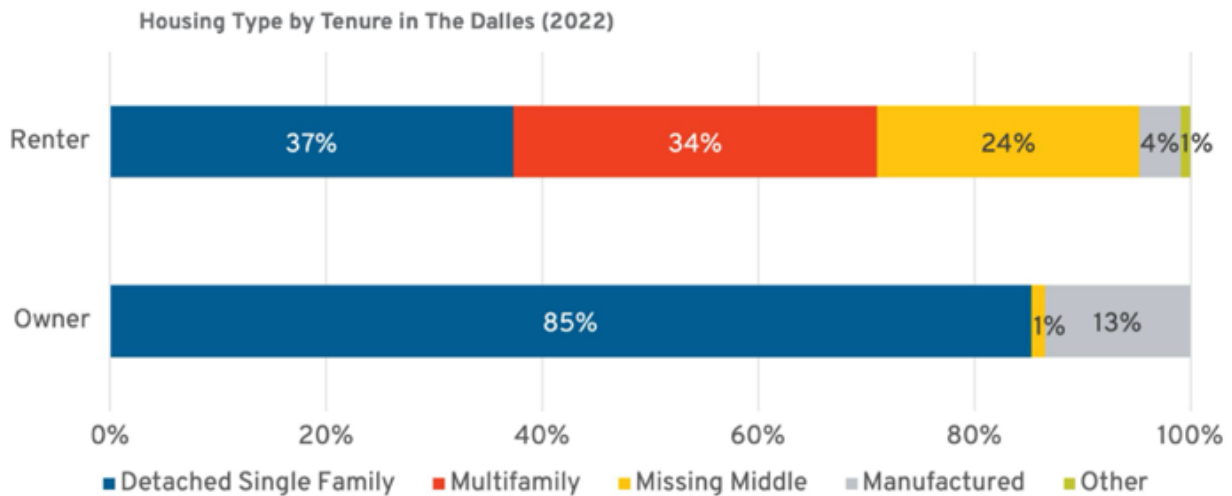
## Existing Housing & Who Lives in Different Kinds of Housing

Per the 2022 American Community Survey, 66% of The Dalles’ housing stock is detached single family and 13% is multifamily. This is consistent with state and county-wide trends where 63% and 64% of housing is detached single family and 17% and 9% are multifamily, respectively.



American Community Survey 5 Year Estimates, Table B25024

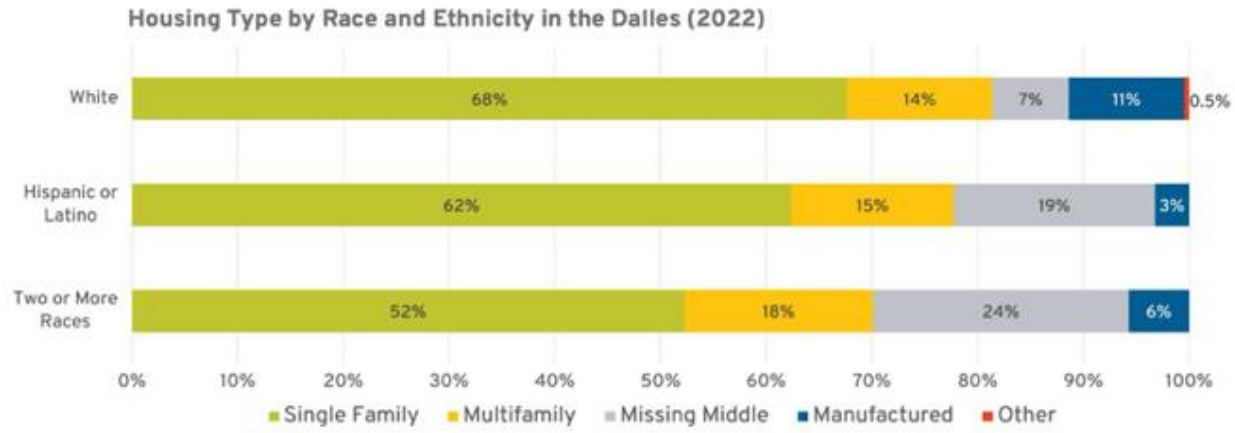
The Dalles’ renter households disproportionately live in multifamily housing (34%) compared to owner households (<1%). Initiatives that support further growth of multifamily housing in The Dalles will help meet the needs of renters and support a competitive rental market in which rents are less likely to rise quickly.



American Community Survey 5 Year Estimates, Table B25125

Like renters, The Dalles’ households of color are also less likely to live in a detached single-family home. Whereas 68% of White households live in 68% of The Dalles’ housing stock that is detached single family housing, only 62% of Latino households and only 52% of multiracial households do. That means White households disproportionately have access to that form of housing and wealth building.

Missing middle housing types house 19% of Latino households and 24% of multiracial households despite that housing type representing only 11% of the housing stock. Missing middle housing types include duplexes, triplexes, quadplexes, townhouses, and cottage clusters. This housing type is also almost exclusively rental housing in The Dalles. In fact, the path to property ownership and wealth building in The Dalles is overwhelmingly through single-family homes. Creating more ownership opportunities in missing middle housing stock may serve as a key tool in building homeownership among communities of color. This data also reveals the importance of multifamily as a housing type that tends to serve various communities of color, suggesting the importance of supporting multifamily housing via policy to achieve Fair Housing outcomes.



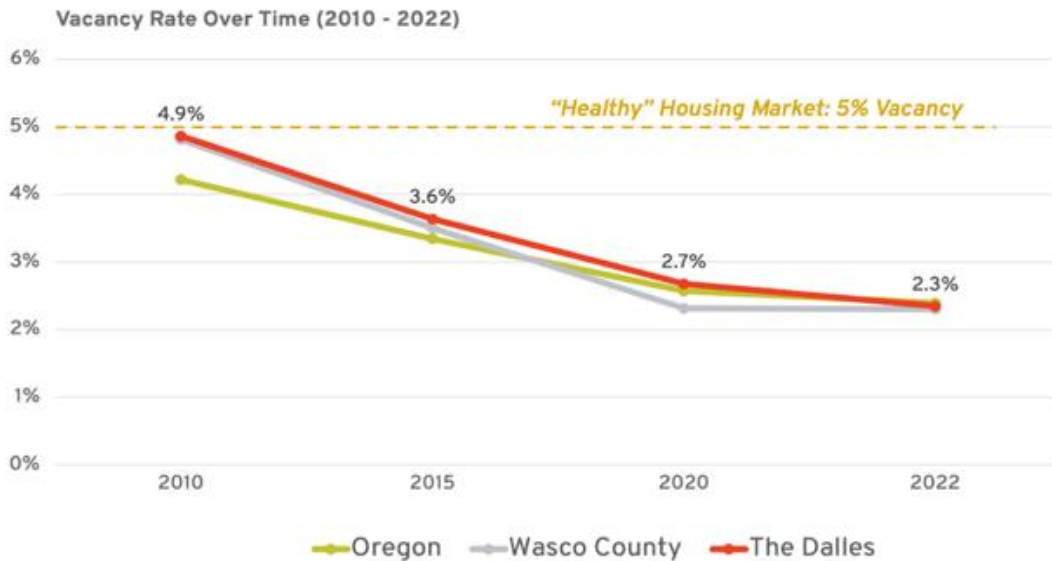
Data for certain racial and ethnic categories, specifically for American Indian or Alaska Native, Asian, Black, Native Hawaiian or Pacific Islander, and Other Race groups, are left out from this visualization due to exceptionally high margins of error. This limitation arises from smaller sample sizes or population counts, which results in unreliable estimates.

American Community Survey 5 Year Estimates, Table B25032

## Housing Market Dynamics

### Vacancy and Cost

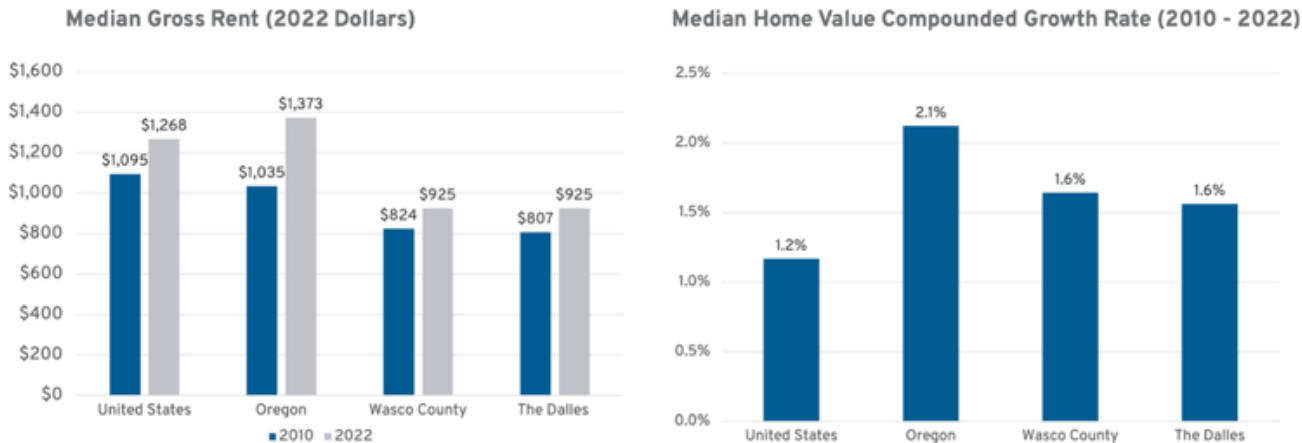
Much of The Dalles’ 20-year housing need comes from expected growth; however, underproduction in the city and region is also a contributing factor. Mirroring an underproduction trend seen across Oregon and Wasco County, The Dalles’ residential vacancy rate has fallen from a very healthy 4.9% in 2010 to 2.3% in 2022.



American Community Survey 5-Year Estimates, Table B25004. Includes typical market vacancy (e.g. for sale, for rent), excludes recreational and seasonal housing and "other" vacancy (e.g. abandonment, foreclosure)

When vacancy is low, competition among renters and buyers for the limited available stock of housing often fuels price increases. Still, The Dalles did not see the same housing cost increases that the state did over the last decade. Between 2010 and 2022, The Dalles’ median gross rents grew by 15% per month after adjusting for inflation,

compared with 34% per month statewide. Likewise, The Dalles' home values grew at a slower annual rate than the state. Increasing housing supply and alleviating low vacancy is crucial to preserving The Dalles' relative affordability and protecting against future price increases.



American Community Survey 5 Year Estimates, Table B25077

### Existing and Expected Barriers to Production

Since 2020, development costs have risen sharply. Mortenson's Construction Cost Index for Portland indicates the Portland region experienced a 29% increase in construction costs between 2020 and 2024. Interest rates have also increased, dramatically raising the cost of borrowing for both buyers and builders. These macroeconomic headwinds cause rents and sales prices to fall out of sync with development costs, reducing the financial feasibility of development and ultimately posing a significant barrier to near-term housing production.



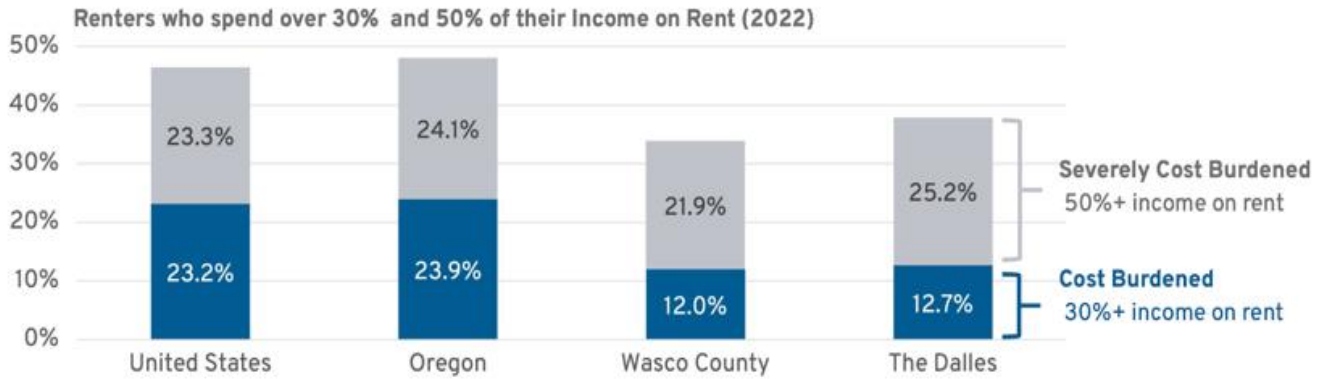
Mortenson Construction Cost Inflation; Ed Zarenski Construction Inflation

A statewide survey of government staff and developers by the University of Oregon's Institute for Policy and Research and Engagement reinforces this perspective that these are major barriers to production. Six of the 12 barriers perceived by respondents as "extreme" had to do with construction costs (both materials and labor) and labor availability. The report also finds the land cost and relatedly, the availability of development-ready, adequately zoned land were also considered major barriers. Infrastructure, systems development charges, and various regulatory details were deemed more moderate barriers to production.

Real estate is cyclical, and eventually cost, price, and rent conditions will reach a new equilibrium in which development is more feasible. In the meantime, adopting policies that support lower development costs, broaden the labor pool, open up land to development, and prepare that land for development will be crucial to counteracting these difficult conditions.

## Cost Burden

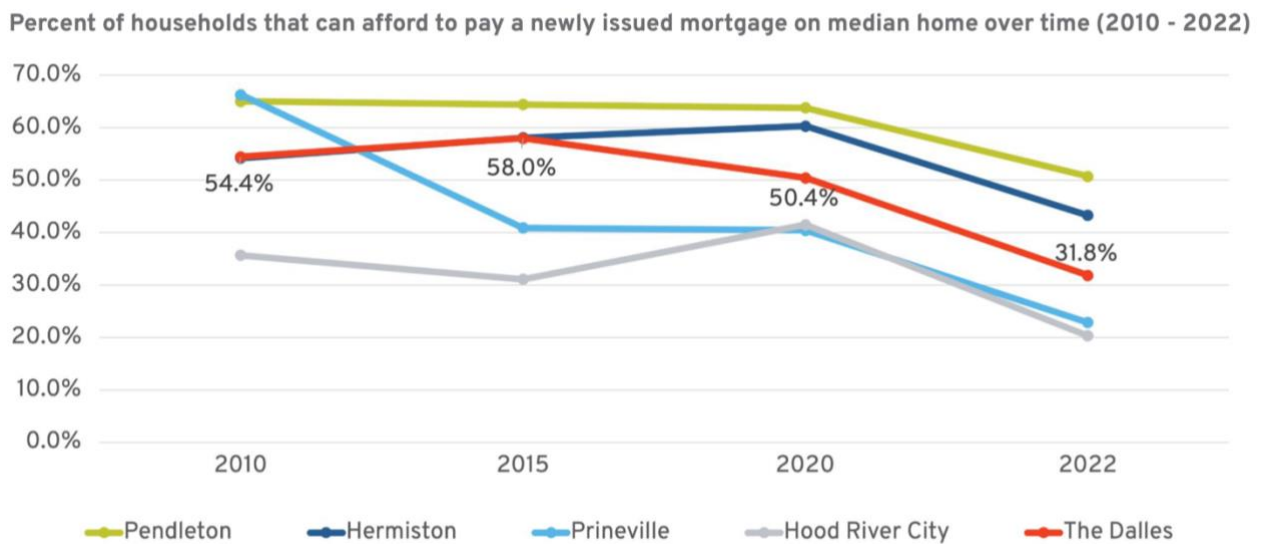
### 38% of The Dalles' 2,500 renter households are cost burdened



American Community Survey 5 Year Estimates, Table B25070

Per the 2022 American Community Survey, The Dalles' overall prevalence of renter cost burden and severe cost burden is slightly lower (38%) than national (46%), statewide (48%), and county (34%) averages. However, renters are more likely to be paying over half of their income on rent compared to regional, state and national rates. Though The Dalles' median rent is lower per month than state and national averages (\$925 vs. \$1,373 and \$1,268), the city's median income is also comparatively lower (\$59,714 vs. \$76,632 vs. \$75,149).

### After price & interest rate spikes, fewer than half of households in The Dalles can afford a typical mortgage.



Zillow Home Value Index (seasonally adjusted, all for sale homes); Federal Reserve Bank of St. Louis (FRED) average 30-year mortgage rates; SmartAsset & Nerdwallet tax and insurance estimates for Oregon

While the American Community Survey tracks cost burden due to owner costs, it falls short of accurately capturing an up-to-date picture of the ownership housing market in 2024. This is because a large share of owners in that data



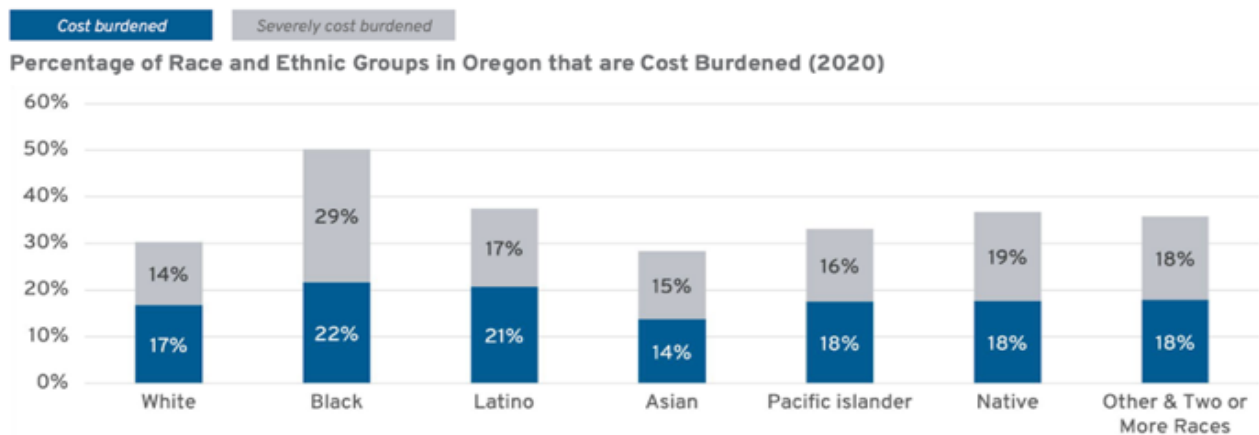
locked in low mortgage rates and housing prices decades ago, resulting in low-cost burden today. The percentage of households that can afford to pay a newly issued mortgage on a median home is a better reflection of the affordability of the ownership market over time. In 2010, The Dalles, given its modest home prices, enjoyed relative success in having the majority of its households being able to afford to buy the median home in the City. However, when rates climbed, The Dalles, like other peer areas, suffered a significant decrease to ownership affordability. Now, fewer than one third of households can afford a newly issued mortgage on the City’s median-priced home.

## Needs of Communities of Color

**Statewide, Black & Latino households – whether owners or renters – are cost burdened most often. The Dalles has a high percentage of Latino residents in particular.**

As stated above, roughly 27% of The Dalles’ residents are people of color, the same share as the state as a whole. The Dalles is 20% Latino, a higher rate than Oregon (14% Latino). The typical data source for cost burdened analysis by race categories is CHAS data but given the size of the population in The Dalles, statewide data is used due to large margins of error.

Statewide trends suggest that communities of color - especially Black, Latino, and Native populations - tend to be cost burdened at the highest rates. For example, 51% of Black households and 38% of Latino households in Oregon are cost burdened compared to 31% of White households. These estimates are more reliable because they are based on a much larger sample of the population given the state’s population of 4 million compared to the population in The Dalles. This data implies the importance of planning for the housing needs of communities of color across the state, including in The Dalles.



HUD Comprehensive Housing Affordability Strategy (CHAS) data, Table 9, 2016-2020 estimates

For further information on the housing needs of communities of color, see the “Needs of People Experiencing Homelessness” and “Existing Housing & Who Lives in Different Kinds of Housing” sections, which contain housing-need data disaggregated by race and ethnicity.

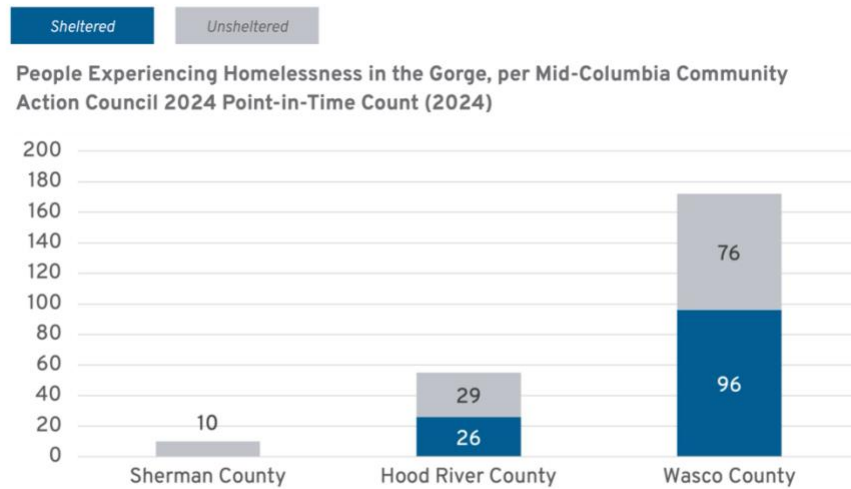
## Needs of People Experiencing Homelessness

### Homelessness Trends

According to the Mid-Columbia Community Action Council report, 172 people in Wasco County were experiencing homelessness as of January 2024, up 7.5% from 2023. People experiencing homelessness in Wasco County are disproportionately American Indian, Alaska Native or Indigenous (22% vs. 2% county-wide), and Multiracial (9%

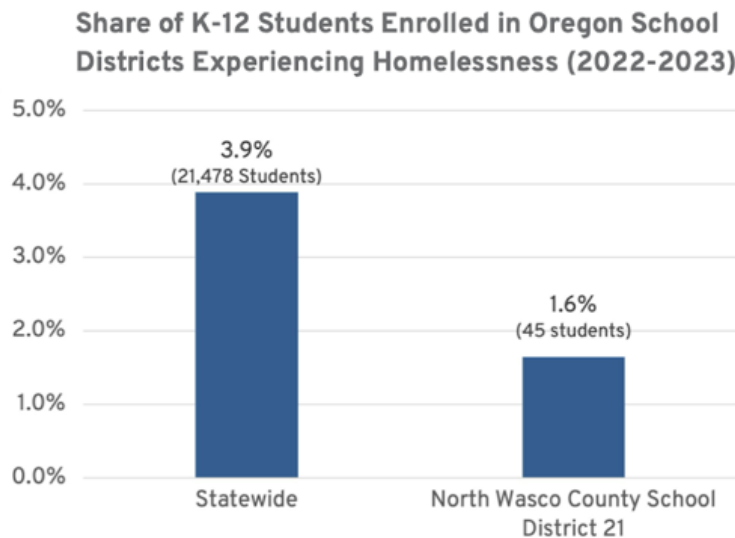


vs. 4% county-wide). White and Hispanic populations are more proportionately represented or are even underrepresented among people experiencing homelessness.



Mid-Columbia Community Action Council 2023 Point-in-Time Count. See <https://www.mccac.com/data-reports#block-48ed6d86a593cc0ab0d9>

McKinney Vento data on student homelessness from 2024 shows that many students in the North Wasco County School District (1.6% of students) experience severe housing insecurity and homelessness. This is below the statewide rate of 4%. Student homelessness is likely missed by the January Point in Time counts. That data found that 36 (80%) of these students were living doubled-up with another family. Six were living in a shelter.



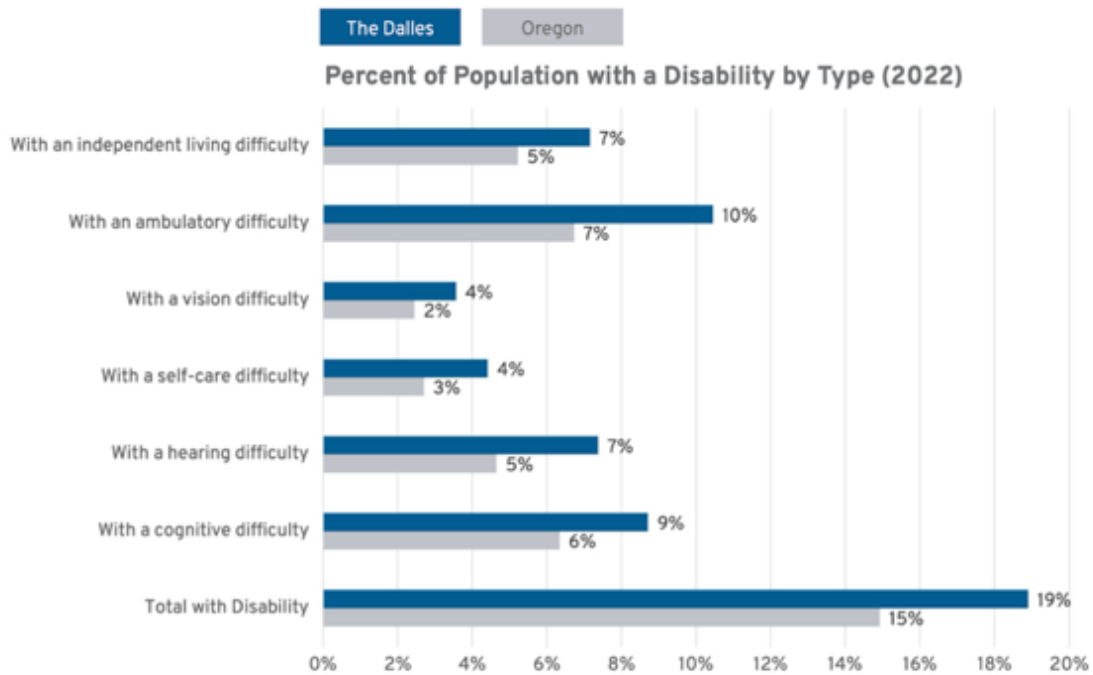
McKinney Vento Act, 2022-2023 Houseless Student Data. See <https://www.oregon.gov/ode/schools-and-districts/grants/esea/mckinney-vento/pages/default.aspx>

## Needs of Seniors & People with Disabilities

Per the 2022 American Community Survey, The Dalles had a slightly higher percentage of seniors than the state as a whole (20% vs. 18%). However, despite state and national trends of a steady increase over time, The Dalles' percentage of seniors among its population has remained steady over the last decade. Per the Department of Housing and Urban Development, about 32% of The Dalles' residents ages 62 and above face at least one of the following housing problems: cost burden, overcrowding, or inadequate kitchen or plumbing facilities. This figure is

33% statewide, meaning seniors in The Dalles tend to have housing problems at roughly the same rate. Given the senior population is holding steady in The Dalles and that the population faces known housing challenges, senior needs are key to plan for.

Likely in part due to The Dalles’ age distribution and the presence of Adventist Health Columbia Gorge, the City also has more individuals with disabilities than the state as a whole (19% vs. 15%). This is true overall, but also within the various types of disabilities as shown in the chart below.



American Community Survey 5 Year Estimates, Table S1810

People with disabilities are more likely than people without them to live in poverty, with 21% of Oregon’s population with a disability below the poverty line compared with 10% for the no-disability population. This data is not available at the City level, but the statewide trend implies that the City can expect to serve the needs of more households with disabilities if it successfully adds more housing affordable to lower-income households. The Dalles’ comparatively low housing costs may be one reason a larger share of the population is living with a disability. In order to preserve affordability and prevent displacement, affordable and accessible housing is a key to meeting the community’s needs.

### 3. Community Engagement

The implementation of the Housing Production Strategy (HPS) will impact many existing and future residents of The Dalles. The HPS was developed with input from a variety of community members and stakeholders in the housing development process. This engagement process included the formation of an Advisory Committee (AC) that met three times over the course of the project, as well as three joint work sessions with the Planning Commission and City Council. Stakeholder interviews were held with housing producers and equity priority populations with historically marginalized communities to solicit input on their housing needs.

A summary of feedback received from these groups will be included below in the final HPS report once all community engagement has been completed.

- Advisory Committee (AC)
- Planning Commission and City Council Work Sessions
- Stakeholder Meetings
- Community Workshop, Open House, and Survey
- Implementing Community Feedback into HPS

## 4. Draft Actions to Meet Future Housing Needs

The actions included in this document were identified by the project consulting team based on experience with policies in similar jurisdictions, an audit of local zoning codes and policies, best practices research, and a list of potential strategies published by the Department of Land Conservation and Development (DLCD). Working collaboratively with staff, and based on input from stakeholders and the community, the consulting team refined the actions to best fit The Dalles’ housing needs and capacity for implementation over time.

### Format

The actions in this document to meet permanent housing need fall into four categories (see Figure 1):

1. Partnership Actions
2. Regulatory Actions
3. Incentive Actions
4. Investment Actions
5. Land Based Actions

Within each category there is a one-page summary devoted to each action, which includes a description of the action, implementation steps and considerations, an implementation timeline, a measure of the magnitude of impact, and impact targets. Once adopted, it is assumed that these actions will continue to impact the production of needed housing over time.

### Housing Need Targets

The HPS considers the impact of each action on targeted housing needs in three areas:

- **Affordability Targets:** This section evaluates the degree to which an action will help to produce housing affordable to various income levels. This evaluation is based on the housing types that are most likely to be produced as a result of the action and the extent to which the City can target the action to meet housing for certain income

levels. The following table summarizes the affordability targets used for this report.

Affordability Target	Percent of Median Family Income (MFI)	Monthly Housing Cost Range
Subsidized	Less than 30%	\$700 or less
Affordable	30% to 80%	\$700 to \$1,200
Workforce	80% to 120%	\$1,200 to \$1,900
Market Rate	Over 120%	\$1,900 or more

*Source: City of The Dalles Housing and Residential Land Needs Assessment 2023-2043, Table 4.4*

- **Housing Type Targets:** This section evaluates the degree to which an action will help to produce single-family, middle housing and multi-family housing. Middle housing includes Accessory Dwelling Units, duplexes, triplexes, quadplexes, townhouses, and cottage clusters.
- **Tenure Targets:** This section evaluates the degree to which an action will help to produce housing that is either for sale or for rent.

The impact of each action on a housing need has been assessed as follows:

- \*\*\* **Low or no impact:** This indicates that the action is likely to have a minimal or limited effect on housing production. It may support housing production, but on its own it is not likely to spur new housing development.
- \*\*\* **Moderate or potential impact:** This indicates that the action is likely to have a more substantial impact on housing production generally or on meeting a specific housing need. It may be impactful enough on its own to spur new housing development.
- \*\*\* **High impact:** This indicates that the action is likely to have a significant, wide-reaching impact on housing production or would directly spur housing development that meets a specific housing need.

# New 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	<u>Action 1.1</u> : Housing Working Group	■				High
	<u>Action 1.2</u> : Pre-Approved Plans			■		High
	<u>Action 1.3</u> : Technical Assistance		■			Low
Regulatory Actions	<u>Action 2.1</u> : Middle Housing	■				High
	<u>Action 2.2</u> : Maximum Density	■				High
	Action 2.3: Zoning Incentives	■				Medium
	<u>Action 2.4</u> : Alternative Housing Types		■			Medium
	<u>Action 2.5</u> : Mixed-Use Development		■			Medium
	<u>Action 2.6</u> : Adaptive Reuse		■			Medium
Incentive Actions	<u>Action 3.1</u> : Tax Exemption Incentive	■				High
	<u>Action 3.2</u> : Scaling SDCs		■			Medium
	<u>Action 3.3</u> : SDC Deferral		■			Low
Investment Actions	<u>Action 4.1</u> : Tax on New Construction				■	High
	<u>Action 4.2</u> : Urban Renewal Areas			■		High
	<u>Action 4.3</u> : Downtown Plan		■			Medium
	<u>Action 4.4</u> : Infrastructure Prioritization		■			Medium
Land Based Actions	<u>Action 5.1</u> : Inventory and Assess Land		■			Medium
	<u>Action 5.2</u> : Land Agreements	■				Medium
	<u>Action 5.3</u> : Land Banking				■	High

# 1. PARTNERSHIP ACTIONS

## Convene a housing working group to pursue state funding and implement housing actions

### IMPLEMENTATION TIMELINE

1-2 Years	3-4 Years
5-6 Years	7-8 Years

### ACTION IMPACT

High	Medium	Low
------	--------	-----

### IMPACT TARGETS

#### AFFORDABILITY

- \*\*\* Deeply Affordable
- \*\*\* Affordable
- \*\*\* Workforce
- \*\*\* Market Rate

#### HOUSING TYPE

- \*\*\* Single-Family
- \*\*\* Middle Housing
- \*\*\* Multi-family

#### TENURE

- \*\*\* For Sale
- \*\*\* For Rent

#### DEMOGRAPHIC

- \*\*\* BIPOC Populations
- \*\*\* People Experiencing Homelessness
- \*\*\* People with Disabilities
- \*\*\* Seniors

### Description

Convene a housing working group of staff and civic, institutional, faith based, employer, and builder (private, public, and nonprofit) stakeholders that meets regularly and leads the exploration of opportunities to facilitate both affordable and market rate housing development in the City. The working group’s activities include:

- Meeting with large employers to identify ways to partner to provide workforce housing
- Coordinating on the implementation of several housing strategies identified in the HPS
- Engaging with developers proactively to pursue the State’s New Housing Revolving Loan Fund and identify potential projects.
- Making policy recommendations and resource requests based on the above conversations for various priority populations, including affordable housing and projects benefiting homeless and very low-income populations.

A housing working group can help to develop a pro-housing culture in the City that can help implement housing strategies, as well as pursue state funding.

### Magnitude of Impact

This action is rated as a **High** impact because it is facilitating collaboration among partners that can lead to housing developments occurring which would otherwise not have happened.

### Implementation Steps and Considerations

- The City should develop a list of stakeholders and organizations, recruit participation, and convene a housing working group.
- A first task of the working group should be to identify an eligible project for the State Revolving Loan Fund. See more information on this program below.
- Offer technical support to help stakeholders understand housing-related zoning and infrastructure needs, as well as opportunities to collaborate on funding opportunities.

- Facilitate connections with local developers who may be interested in partnering to build on civic, institutional, faith-based, and employer-owned sites.
- The City should also understand stakeholder ability to help with implementation and understand who can help be leaders in the housing working group to assist with action implementation and funding pursuits.
- Staff time and funding may be necessary to engage with these organizations and assist with strategy implementation.

The purpose of the State Revolving Loan Fund is to fill housing financing gaps for local jurisdictions to develop needed housing in their communities. Local jurisdictions control project selection and borrow from the loan fund to make grants to local developments, with a 10-year payback target to be repaid through the growth in property taxes derived from the new development. The grants to housing developments can be \$15,000-\$35,000 per unit for single-family, middle housing, multi-family, and ADUs for sale or for rent below 120% Area Median Income. Eligible costs for the grant include System Development Charges (SDCs), predevelopment costs, construction costs, and land write-downs. Additionally, the housing developments must be taxable and not located in a Tax-Increment Financing District. The loan program will be operational by June 30, 2025, and is a first-come, first-serve grant, so it is recommended to prioritize pursuing this funding opportunity.

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## Create pre-approved dwelling plans

### IMPLEMENTATION TIMELINE

1-2 Years	3-4 Years
5-6 Years	7-8 Years

### ACTION IMPACT

High	Medium	Low
------	--------	-----

### IMPACT TARGETS

#### AFFORDABILITY

- \*\*\* Deeply Affordable
- \*\* Affordable
- \*\* Workforce
- \*\* Market Rate

#### HOUSING TYPE

- \*\*\* Single-Family
- \*\*\* Middle Housing
- \*\*\* Multi-family

#### TENURE

- \*\* For Sale
- \*\* For Rent

#### DEMOGRAPHIC

- \*\* BIPOC Populations
- \*\* People Experiencing Homelessness
- \*\* People with Disabilities
- \*\* Seniors

### Description

Create pre-approved dwelling plans to help incentivize and expedite the development of various housing types, such as ADUs, cottage clusters, and duplexes, by partnering with Wasco County Building Codes, architects, designers, engineers, builders, or an institution to develop plans for multiple dwelling unit options that can be quickly reviewed and permitted. The plans would be highly efficient, designed for constrained lots and low-cost solutions and accessible units, and allow for streamlined permitting. Partnering with an institution could include Columbia Gorge Community College or another college or university to create a competitive competition with compensation in the form of a scholarship for selected plans.

Pre-approved plan sets are building designs that have been reviewed for compliance with the building code and are approved to build. Pre-approved plans would streamline permitting procedures for these housing types, thereby reducing development timelines, uncertainty, architectural costs, and other barriers to entry. The City should consider including a plan for ADUs or other accessible housing type that are designed to meet the needs of people with disabilities and seniors.

### Magnitude of Impact

This action is rated as a **High** impact because providing this type of resource will lower the cost and broaden the opportunity for property owners to add additional units to their sites. In smaller markets with fewer developers, strategies that empower homeowners and other local property owners to add ADUs or other small-scale housing on existing lots within a city can result in meaningful additional housing.

### Implementation Steps and Considerations

- Consider combining with **Action 1.3**.
- Review plan sets developed by DLCD and determine if they can be adapted for the City.
- Engage with local developers that have developed middle housing or ADUs to understand barriers or opportunities to best position these pre-approved plans for success.
- Develop the pre-approved plans with Wasco County Building Codes, architects, designers, engineers, builders, or an institution of Higher Education.

## Provide information and technical assistance to small developers

### IMPLEMENTATION TIMELINE

1-2 Years	<b>3-4 Years</b>
5-6 Years	7-8 Years

### ACTION IMPACT

High	Medium	<b>Low</b>
------	--------	------------

### IMPACT TARGETS

#### AFFORDABILITY

- \*\*\* Deeply Affordable
- \*\*\* Affordable
- \*\*\* Workforce
- \*\*\* Market Rate

#### HOUSING TYPE

- \*\*\* Single-Family
- \*\*\* Middle Housing
- \*\*\* Multi-family

#### TENURE

- \*\*\* For Sale
- \*\*\* For Rent

#### DEMOGRAPHIC

- \*\*\* BIPOC Populations
- \*\*\* People Experiencing Homelessness
- \*\*\* People with Disabilities
- \*\*\* Seniors

### Description

Provide information and technical assistance to small developers to assist with housing development, including providing information to help them find suitable sites for housing development, understand land use permitting processes and incentive opportunities, and establish a sense of clarity and certainty about housing development requirements. An educational tool can include pre-approved dwelling plans developed for **Action 1.2**.

Small developers may need extra assistance to navigate complex permitting and review processes or may be unaware of resources available to them. However, they are a valuable part of the local developer pool because they often take on projects that larger developers will not, especially smaller infill projects.

### Magnitude of Impact

This action is rated as a **Low** impact because it will help to reduce uncertainty about City regulations and permitting processes which would remove barriers to development of certain housing types but may not have a direct impact on housing development.

### Implementation Steps and Considerations

- Produce clear, easy- to-use information that would be distributed on the City website or at City Hall, similar to *Starting a Business in the City of The Dalles: Business Development Guide*. Gather common housing developer questions, prepare answers, and post them to the Planning FAQs section of the City website. Compile these and provide them as a fact sheet on the website and print for distribution at City Hall.
- Poll local small developers about specific workshops or information that would be helpful to them and work within available resources to provide it.
- The City may also offer webinars or training sessions to help small builders become familiar with the permitting process and make them aware of City resources.

## 2. REGULATORY ACTIONS

## Allow triplexes, fourplexes, and cottage cluster housing in the RL Zone

### IMPLEMENTATION TIMELINE

1-2 Years	3-4 Years
5-6 Years	7-8 Years

### ACTION IMPACT

High	Medium	Low
------	--------	-----

### IMPACT TARGETS

#### AFFORDABILITY

- \*\*\* Deeply Affordable
- \*\*\* Affordable
- \*\*\* Workforce
- \*\*\* Market Rate

#### HOUSING TYPE

- \*\*\* Single-Family
- \*\*\* Middle Housing
- \*\*\* Multi-family

#### TENURE

- \*\*\* For Sale
- \*\*\* For Rent

#### DEMOGRAPHIC

- \*\*\* BIPOC Populations
- \*\*\* People Experiencing Homelessness
- \*\*\* People with Disabilities
- \*\*\* Seniors

### Description

The Low Density Residential (RL) Zone currently only allows single-family detached and attached houses, ADUs, and duplexes. Under this action, the City will expand permitted housing types in the RL zone to include additional middle housing types, including triplexes, fourplexes, and cottage clusters. The code would be updated to define triplexes and fourplexes separately from multi-family dwellings with five or more units. This code update may also include new or revised development and design standards for these housing types to ensure they are designed to be compatible with existing development patterns and intensities in the RL zone.

According to the Buildable Lands Inventory, the RL Zone has just under 200 acres of buildable land. This code change would create opportunities for smaller and more affordable units across a large area. Additionally, triplexes, fourplexes, and cottage clusters may be more feasible to develop than single-family houses or duplexes due to lower land costs per unit, which enables lower rents/prices that can appeal to a broader market.

### Magnitude of Impact

This action is rated as a **High** impact because it will result in new housing types being allowed on a significant portion of the City’s residential land. The action is expected to create opportunities for workforce or market-rate housing for rent and for-sale. The action may not directly result in the production of affordable or deeply affordable units, however.

### Implementation Steps and Considerations

- Consider establishing new design and site development standards to ensure projects meet the desired intent of the housing type. Ensure the standards allow for a clear and objective approval path in compliance with state law and to provide certainty for applicants.
- Design and development standards applying to these housing types should be balanced with the goal of ensuring economically feasible housing development. The DLCDC Model Code for Large Cities includes standards for these types that strike this balance effectively.

- Public engagement about these code updates will be necessary to explain the rationale for the updates, assess potential concerns about the impact of the change, and modify regulations appropriately.
- Substantial staff time and/or consultant support may be required to draft the code updates and facilitate the public engagement process.
- Consider allowing triplexes and fourplexes with a building permit, rather than a land use application (Site Plan Review).

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

### IMPLEMENTATION TIMELINE

1-2 Years	3-4 Years
5-6 Years	7-8 Years

### ACTION IMPACT

High	Medium	Low
------	--------	-----

### IMPACT TARGETS

#### AFFORDABILITY

- \*\*\* Deeply Affordable
- \*\*\* Affordable
- \*\*\* Workforce
- \*\*\* Market Rate

#### HOUSING TYPE

- \*\*\* Single-Family
- \*\*\* Middle Housing
- \*\*\* Multi-family

#### TENURE

- \*\*\* For Sale
- \*\*\* For Rent

#### DEMOGRAPHIC

- \*\*\* BIPOC Populations
- \*\*\* People Experiencing Homelessness
- \*\*\* People with Disabilities
- \*\*\* Seniors

### Description

This strategy involves revising minimum lot area and maximum density standards in Medium Density (RM), High Density (RH), and Neighborhood Center Overlay (NC) Zones to improve the economic feasibility middle housing and multi-family housing, ensure efficient use of land, and encourage smaller unit sizes. Specific density and lot area standards are not proposed at this stage. However, it is common for middle housing projects on smaller sites to exceed the 21 units per acre that are allowed in the RM and for 3-story apartment projects to exceed the 29 units per acre allowed in the RH Zone. Further study of desired housing/building types is recommended in order to best calibrate the maximum density and minimum lot area standard.

Allowing more units per site reduces land costs per unit and overall cost of development, enhances financial feasibility, and supports the creation of potentially affordable units. Increasing the maximum density standard also supports an efficient use of land, helps increase housing capacity, and encourage smaller units. If a developer has reached the maximum density and cannot add more units, but the zoning envelope would otherwise allow a larger building, then the developer is likely to build larger, more costly units.

### Magnitude of Impact

This action is rated as a **High** impact because it may both increase the number of units produced with each development, reduce the per unit cost of development, and encourage smaller and more affordable units.

### Implementation Steps and Considerations

- Study the density levels of housing developments approved in other jurisdictions that would otherwise be consistent with the intent of the RM, RH, and NC zones. Consult with developers and planning professionals to determine the amount of the density increase that would be ideal in order to encourage these housing types.
- Public engagement about these code updates will be necessary to explain the rationale for the updates, assess potential concerns about the impact of the change, and modify regulations appropriately.

## Implement zoning incentives for affordable and accessible housing

### IMPLEMENTATION TIMELINE

1-2 Years	3-4 Years
5-6 Years	7-8 Years

### ACTION IMPACT

High	<b>Medium</b>	Low
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### IMPACT TARGETS

#### AFFORDABILITY

- \*\*\* Deeply Affordable
- \*\*\* Affordable
- \*\*\* Workforce
- \*\*\* Market Rate

#### HOUSING TYPE

- \*\*\* Single-Family
- \*\*\* Middle Housing
- \*\*\* Multi-family

#### TENURE

- \*\*\* For Sale
- \*\*\* For Rent

#### DEMOGRAPHIC

- \*\*\* BIPOC Populations
- \*\*\* People Experiencing Homelessness
- \*\*\* People with Disabilities
- \*\*\* Seniors

### Description

The City will adopt zoning incentive(s) for housing developments that include income-restricted affordable units or units that are accessible to people with disabilities. The zoning incentives will grant increased density, reduced parking, or relief from other code standards in exchange for a certain share of units in a proposed development being affordable or accessible. This action will be completed in concert with any other code changes that impact relevant standards (see [Action 2.1](#) and [2.2](#)).

A little more than 40% of needed housing in The Dalles will need to be affordable to households at or below 80% of AMI. A substantial share of residents in The Dalles have disabilities that may create accessibility challenges with many existing housing units. These incentives can help to create additional units that serve the needs of these households, especially in projects developed by private, for-profit developers that would otherwise not provide these units.

### Magnitude of Impact

This action is rated a **Medium** impact because it directly addresses the need for income-restricted units and accessible units; however, the effectiveness of the incentive depends on whether using the incentive is economically beneficial for a private, for-profit developer.

### Implementation Steps and Considerations

- Parking reductions for affordable units are logical as households with lower incomes are likely to own fewer or no vehicles.
- The effectiveness of a regulatory incentive depends on the relative costs and benefits of using the incentive. The City should consult with developers and planning professionals when setting the incentive structure. Financial modeling may be useful in calibrating this incentive to local market conditions.
- Any incentive should clearly define the level of affordability required as a percentage of Area Median Income (AMI) and the overall percentage of units in a development. Similarly, if incentives are targeted to creating accessible units, use accepted certification programs to ensure the units meet minimum accessibility requirements, such as Universal Design or Lifelong Housing Certification.
- Implementing zoning incentives will require staff time to create and execute an enforcement process.

## Clarify rules for non-site-built homes such as tiny homes and prefabricated/modular housing

### IMPLEMENTATION TIMELINE

1-2 Years	<b>3-4 Years</b>
5-6 Years	7-8 Years

### ACTION IMPACT

High	<b>Medium</b>	Low
------	---------------	-----

### IMPACT TARGETS

#### AFFORDABILITY

- \*\*\* Deeply Affordable
- \*\*\* Affordable
- \*\*\* Workforce
- \*\*\* Market Rate

#### HOUSING TYPE

- \*\*\* Single-Family
- \*\*\* Middle Housing
- \*\*\* Multi-family

#### TENURE

- \*\*\* For Sale
- \*\*\* For Rent

#### DEMOGRAPHIC

- \*\*\* BIPOC Populations
- \*\*\* People Experiencing Homelessness
- \*\*\* People with Disabilities
- \*\*\* Seniors

### Description

Develop a regulatory framework that would allow tiny homes and other prefabricated or modular homes to be permanently occupied as dwellings under certain conditions. The regulatory framework should address siting, utilities, sanitation, exterior appearance, and fire and life safety. Demand for tiny homes and other forms of prefabricated or modular homes are increasing due to housing affordability challenges. As a result of the cost savings of off-site production, these types of homes are often more affordable to people with lower or moderate incomes. The units are often smaller than conventional, site-built homes.

However, the adoption of these types of units is often inhibited by unnecessary prohibitions in zoning and building code. Under this action, the City will identify the current regulatory challenges of installing units that are produced off-site, including but not limited to tiny homes on wheels (licensed under the recreational vehicle code), and other forms of modular or prefabricated construction that does not meet conventional local building code or federal Housing and Urban Development (HUD) standards.

### Magnitude of Impact

This action is rated **Medium** because it would reduce unnecessary local barriers to homes produced off-site. However, state and federal regulations will continue to impact the ability of these units to meet a wide variety of needs. Further, the density of these types of housing developments is relatively low, limiting the potential affordability of these units.

### Implementation Steps and Considerations

- The regulatory framework for tiny homes should consider allowing one tiny home to be sited on the same lot as a single-family dwelling, similar to an ADU, or sited in a Manufactured Home Park or a cottage cluster.
- Code standards can regulate the exterior appearance of tiny homes to have the appearance of a residential structure and not allow for conventional RVs to be used as dwellings. Such standards may regulate skirting or foundation attachment, exterior materials, roof materials, form of windows and doors, and other design features.
- The Department of Land Conservation and Development (DLCD) has developed a model code for prefabricated or modular housing.



## Provide more flexibility for housing in commercial zones

### IMPLEMENTATION TIMELINE

1-2 Years	<b>3-4 Years</b>
5-6 Years	7-8 Years

### ACTION IMPACT

High	<b>Medium</b>	Low
------	---------------	-----

### IMPACT TARGETS

#### AFFORDABILITY

- \*\*\* Deeply Affordable
- \*\*\* Affordable
- \*\*\* Workforce
- \*\*\* Market Rate

#### HOUSING TYPE

- \*\*\* Single-Family
- \*\*\* Middle Housing
- \*\*\* Multi-family

#### TENURE

- \*\*\* For Sale
- \*\*\* For Rent

#### DEMOGRAPHIC

- \*\*\* BIPOC Populations
- \*\*\* People Experiencing Homelessness
- \*\*\* People with Disabilities
- \*\*\* Seniors

### Description

Evaluate opportunities to encourage housing in the Neighborhood Center (NC), Central Business Commercial (CBC), and General Commercial (GC) Zones. Modifications to these zones could allow for greater flexibility in the location and type of residential units with commercial developments, such as horizontal mixed use, only requiring a portion of the ground floor to be commercial uses, or only requiring ground floor commercial in select locations within commercial zones that have higher commercial viability. Additionally, to further encourage residential development in these zones, minimum off-street parking standards could be reduced to incentivize multi-family dwellings in commercial areas and lessen barriers to higher density and infill development.

The code currently requires that residential uses are allowed in the CBC and CG Zones, so long as the ground floor is a permitted commercial use. Vertical mixed-use projects are unlikely to be developed except for in a few locations, such as the downtown district. Allowing for other forms of housing in commercial zones could allow the market to respond to demand and create opportunities for adaptive reuse of existing buildings. Parking demand in these zones may be less due to the proximity to amenities, shops, and restaurants.

### Magnitude of Impact

This action is rated a **Medium** because it may reduce regulatory barriers to housing development in commercial zones; however, other market issues may constrain housing development in these zones.

### Implementation Steps and Considerations

- Evaluate options for providing more flexibility for housing in the commercial zones. This may include allowing for horizontal mixed-use development (residential behind commercial) or only requiring a portion of the ground floor to be commercial uses.
- In some areas, particularly off main streets, commercial uses may not be economically viable but residential uses are in high demand. Another option is to define certain areas or street frontages where commercial uses are most desirable and feasible and only require ground floor commercial in those locations. This can be achieved with a map embedded in the code or through an overlay zone.
- This code change could be implemented only in some commercial zones where it is more appropriate to allow housing on the ground floor.

## Remove potential barriers to conversion or adaptive reuse of existing buildings for housing

### IMPLEMENTATION TIMELINE

1-2 Years	<b>3-4 Years</b>
5-6 Years	7-8 Years

### ACTION IMPACT

High	<b>Medium</b>	Low
------	---------------	-----

### IMPACT TARGETS

#### AFFORDABILITY

- \*\*\* Deeply Affordable
- \*\*\* Affordable
- \*\*\* Workforce
- \*\*\* Market Rate

#### HOUSING TYPE

- \*\*\* Single-Family
- \*\*\* Middle Housing
- \*\*\* Multi-family

#### TENURE

- \*\*\* For Sale
- \*\*\* For Rent

#### DEMOGRAPHIC

- \*\*\* BIPOC Populations
- \*\*\* People Experiencing Homelessness
- \*\*\* People with Disabilities
- \*\*\* Seniors

### Description

Update the City’s non-conforming uses code section and other provisions to remove barriers to conversion or adaptive reuse of existing buildings. Code updates could include:

- Provide exceptions to design, development, and parking requirements when a building is converted from commercial to residential
- Allow non-conforming single-family houses to be expanded and increase non-conformity if they are being converted to a duplex, triplex, or fourplex
- Provide an exception to parking requirements for conversion of single-family detached houses to a duplex, triplex, or fourplex in existing buildings
- Provide density bonuses to developments that add new units while also preserving the existing housing unit

Use and parking requirements can be barriers to adaptively reusing or converting historic buildings. These types of changes can help to retain existing buildings in the community and ensure preservation over demolition. The Dalles has a large stock of historic buildings in the community, and these changes can help to preserve and reuse those structures.

### Magnitude of Impact

This action is rated a **Medium** because it would reduce regulatory use barriers to adaptive reuse of existing structures, but the high costs of adapting these buildings for residential uses will limit the potential for these conversions.

### Implementation Steps and Considerations

- Evaluate options for providing more flexibility for housing in historic structures. This may include nonconforming uses and parking reductions.
- This code change could be focused on certain areas of the city with a higher concentration of historic buildings or be for buildings that are considered historic, generally over 50 years old.

# 3. INCENTIVE ACTIONS

## Adopt Multi-Unit Property Tax Exemption (MUPTEx) to incentivize needed housing

### IMPLEMENTATION TIMELINE

1-2 Years	3-4 Years
5-6 Years	7-8 Years

### ACTION IMPACT

High	Medium	Low
------	--------	-----

### IMPACT TARGETS

#### AFFORDABILITY

- \*\*\* Deeply Affordable
- \*\*\* Affordable
- \*\*\* Workforce
- \*\*\* Market Rate

#### HOUSING TYPE

- \*\*\* Single-Family
- \*\*\* Middle Housing
- \*\*\* Multi-family

#### TENURE

- \*\*\* For Sale
- \*\*\* For Rent

#### DEMOGRAPHIC

- \*\*\* BIPOC Populations
- \*\*\* People Experiencing Homelessness
- \*\*\* People with Disabilities
- \*\*\* Seniors

### Description

Design and adopt a Multi-Unit Property Tax Exemption (MUPTEx) program to replace and expand the City’s Vertical Housing Tax Zone (VHTZ). The state legislation that enables the VHTZ is expected to sunset in 2026, so a replacement program is necessary. Structure the MUPTEx program to incentivize development of specific needed housing types in specific locations, such as affordable housing, multi-unit housing, conversions/adaptive reuse of existing structures, and accessible housing.

MUPTEx is a state-enabled program that allows cities the opportunity to incentivize the production of needed housing in specific locations and/or with specific features that provide a public benefit. The statute allows jurisdictions the ability to grant multi-unit structures a property tax exemption for up to ten (10) years on the improvement value of the property. The property owner continues to pay taxes on the land value and any commercial portion of the property.

### Magnitude of Impact

This action is rated as a **High** impact because a 10-year property tax exemption can significantly improve development feasibility. This includes key housing types that are needed but currently undersupplied in the market today, including multi-family housing, townhouses, and affordable housing.

### Implementation Steps and Considerations

- Determine policy objectives and eligibility criteria for the program, such as targeted locations, minimum unit number, tenure target (for rent or for sale), required green building or design standards, minimum percentage of dedicated affordable or workforce housing units, allowable commercial property tax exemption, required public benefit, etc.
- Meet with overlapping taxing districts to garner support. The program must be approved by the majority (over 50%) of taxing districts.
- Consider including a third-party pro-forma review step into the application process and fee structure.

- This program allows cities to control which projects are eligible and to cap the total amount of tax abatement annually. The City can determine if a developer must show that the project would not otherwise be feasible, but for the tax abatement, at the time of application.
  - This program is designed to incentivize housing that would not be feasible without the tax incentive, so it can have a net positive impact on the tax base over time.
-

## Evaluate the feasibility of scaling SDCs

### IMPLEMENTATION TIMELINE

1-2 Years	<b>3-4 Years</b>
5-6 Years	7-8 Years

### ACTION IMPACT

High	<b>Medium</b>	Low
------	---------------	-----

### IMPACT TARGETS

#### AFFORDABILITY

- \*\*\* Deeply Affordable
- \*\*\* Affordable
- \*\*\* Workforce
- \*\*\* Market Rate

#### HOUSING TYPE

- \*\*\* Single-Family
- \*\*\* Middle Housing
- \*\*\* Multi-family

#### TENURE

- \*\*\* For Sale
- \*\*\* For Rent

#### DEMOGRAPHIC

- \*\*\* BIPOC Populations
- \*\*\* People Experiencing Homelessness
- \*\*\* People with Disabilities
- \*\*\* Seniors

### Description

Evaluate the fiscal impacts and feasibility of revising the System Development Charge (SDC) methodology to scale rates to unit size. Additionally, the City should pursue a partnership with the Northern Wasco County Parks & Recreation District on scaling Parks SDCs by unit size or number of units to incentivize smaller units.

SDCs are a substantial upfront cost of housing development. Data consistently show that the square footage of a dwelling unit is a reliable indicator for how much a housing unit will impact infrastructure systems. Scaling the SDCs by the size of the unit could more fairly and equitably distribute the cost of SDCs across housing developments. Furthermore, a sliding scale could provide an incentive to build smaller units, which tend to be more affordable.

### Magnitude of Impact

This action is rated a **Medium** because scaling fees would reduce the cost of developing smaller units of all kinds, but the amount of fees may still be a barrier to development.

### Implementation Steps and Considerations

- Conduct an SDC rate and feasibility study to evaluate the feasibility of scaling rates by unit size.
- The permitting system may need adjustments to collect information related to SDC tiers.
- SDC fees can be scaled that establishes a “Single Family Equivalent” standard that allows for smaller units, such as compact houses, cottage cluster units, and ADUs to pay a lower fee than larger homes. The City could also scale the connection fees by the square footage of the unit or the number of bedrooms.
- Reducing fees may result in lower overall fee revenue; however, this can be mitigated by increasing the base fee rate or scaling fees higher for larger units to offset reductions in fees for smaller units.
- While SDC fees represent only a fraction of overall project costs (often less than 6%), reducing costs by even a few percentage points can be the difference in a project being feasible or infeasible.

## Allow System Development Charges (SDCs) to be deferred until occupancy

### IMPLEMENTATION TIMELINE

1-2 Years	<b>3-4 Years</b>
5-6 Years	7-8 Years

### ACTION IMPACT

High	Medium	<b>Low</b>
------	--------	------------

### IMPACT TARGETS

#### AFFORDABILITY

- \*\*\* Deeply Affordable
- \*\*\* Affordable
- \*\*\* Workforce
- \*\*\* Market Rate

#### HOUSING TYPE

- \*\*\* Single-Family
- \*\*\* Middle Housing
- \*\*\* Multi-family

#### TENURE

- \*\*\* For Sale
- \*\*\* For Rent

#### DEMOGRAPHIC

- \*\*\* BIPOC Populations
- \*\*\* People Experiencing Homelessness
- \*\*\* People with Disabilities
- \*\*\* Seniors

### Description

Partner with Wasco County to modify permitting and development review procedures so that System Development Charges (SDCs) are not required to be paid until after a housing development is constructed and prior to issuing a final certificate of occupancy (CO).

SDCs are a significant upfront cost of development. Allowing the payment to be deferred until occupancy can reduce the cost of SDCs to developers (particularly small developers with limited access to capital). Developers rely on cash (equity) or higher interest rate construction loans to pay SDCs. By delaying payment, those developers can reduce the carrying costs (interest payments) and make SDC payments closer to the point where revenue is coming into a project through rent or sales.

### Magnitude of Impact

This action is rated a **Low** because is unlikely to directly stimulate development of new housing projects on its own but can help defer upfront costs of development.

### Implementation Steps and Considerations

- SDCs represent some of the largest upfront costs of development (prior to construction). Small cities like The Dalles rely on smaller, local builders and developers, and strategies designed to support these smaller builders can have a significant impact on their ability to deliver needed housing.
- Evaluate options for offering a deferral program. Consider if the program should be targeted to certain housing types or offered to all residential developments.
- Compared to SDC financing options, an SDC deferral does not require a property lien and may require less staff time for administration and compliance.
- Refer to the [Oregon SDC Study](#) prepared for Oregon Housing and Community Services (OHCS) (pg. 208-210) for more information on collecting deferred fees.

## 4. INVESTMENT ACTIONS



## Explore implementing a Construction Excise Tax for an additional affordable housing revenue source

### IMPLEMENTATION TIMELINE

1-2 Years	3-4 Years
5-6 Years	<b>7-8 Years</b>

### ACTION IMPACT

<b>High</b>	Medium	Low
-------------	--------	-----

### IMPACT TARGETS

#### AFFORDABILITY

- \*\*\* Deeply Affordable
- \*\*\* Affordable
- \*\*\* Workforce
- \*\*\* Market Rate

#### HOUSING TYPE

- \*\*\* Single-Family
- \*\*\* Middle Housing
- \*\*\* Multi-family

#### TENURE

- \*\*\* For Sale
- \*\*\* For Rent

#### DEMOGRAPHIC

- \*\*\* BIPOC Populations
- \*\*\* People Experiencing Homelessness
- \*\*\* People with Disabilities
- \*\*\* Seniors

### Description

Explore establishing a Construction Excise Tax (CET) applied to both residential and commercial construction to establish an additional revenue source for affordable housing.

A CET is a tax on construction projects that can be used to fund affordable housing. Local funding sources for affordable housing have emerged as a key ingredient in the feasibility of affordable projects. While the funds often fill a small portion (a “gap”) of overall costs, some level of local funding is often a required agreement for larger sources of affordable housing and communities without the ability to contribute some level of local funding can be locked out of the opportunity to secure larger state and federal funding sources for affordable housing.

According to state statutes, the tax may be imposed on improvements to real property that result in a new structure or additional square footage in an existing structure. CET can only tax up to 1% of the permit valuation for residential construction permits. 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. This can provide the option to create a linkage between new commercial or industrial development and investment in housing.

### Magnitude of Impact

This action is rated as a **High** impact because having a local source of funding can help The Dalles (and their regional affordable housing partners) tap into state and federal funding sources that require local matching funds. Without local funding, The Dalles may be locked out entirely of certain key funding sources that would result in needed affordable housing developments.

### Implementation Steps and Considerations

- Study the potential revenue that could be generated by the CET at different rates and approaches. Determine if grant funding or consultant support is needed to implement.
- Consider the costs that a CET would impose on new development and identify ways to offset these costs by taking other actions to improve financial feasibility, such as zoning changes. This can be assessed in part through stakeholder engagement with developers.

- Determine how CET funds would be used. Per state statute, of the revenue collected from residential CET, the City can reserve 4% for administrative costs. Of the remainder, 50% must be used on developer incentives, 35% on affordable housing programs, and 15% must go to Oregon Housing and Community Services to fund down payment assistance programs. For commercial or industrial CET, 50% of revenues must be dedicated to housing programs, and the other half is unrestricted in its allocation.
  - Consider allocating a percentage of CET funds towards the rehabilitation and conversion of historic buildings into housing.
-

## Explore creating new urban renewal areas that allocate a significant portion of tax increment and supportable debt to housing

### IMPLEMENTATION TIMELINE

1-2 Years	3-4 Years
<b>5-6 Years</b>	7-8 Years

### ACTION IMPACT

<b>High</b>	Medium	Low
-------------	--------	-----

### IMPACT TARGETS

#### AFFORDABILITY

- \*\*\* Deeply Affordable
- \*\*\* Affordable
- \*\*\* Workforce
- \*\*\* Market Rate

#### HOUSING TYPE

- \*\*\* Single-Family
- \*\*\* Middle Housing
- \*\*\* Multi-family

#### TENURE

- \*\*\* For Sale
- \*\*\* For Rent

#### DEMOGRAPHIC

- \*\*\* BIPOC Populations
- \*\*\* People Experiencing Homelessness
- \*\*\* People with Disabilities
- \*\*\* Seniors

### Description

The City should explore forming new urban renewal areas in other locations, such as the west side of the City. Under this action, a major emphasis of the extension or creation of a new Urban Renewal plan would be to support housing development. Urban Renewal funding could be applied to infrastructure projects, land acquisition or assembly, or direct financial incentives for specific development projects. Given that Urban Renewal is one of a very limited set of tools available to the City to fund housing-related investments and incentives, it is recommended that the Urban Renewal District prioritize the supporting of projects that are the most difficult to construct without financial support, primarily income-restricted affordable housing that is not tax-exempt. The Urban Renewal District could support both affordable rental housing, including income-restricted units in mixed-income housing developments, and homeownership housing.

### Magnitude of Impact

This action is rated as a **High** impact because Urban Renewal is one of the most significant and flexible sources of funding for housing production at the local level. When properly implemented, it can generate meaningful funds that can be used flexibly enough to address the many facets of a housing project that could be impacting feasibility, including infrastructure, soft costs, or direct financial support.

### Implementation Steps and Considerations

- The City has one current Urban Renewal District that provides grants and incentives for housing development and is slated to sunset in 2029. This provides an opportunity explore new areas that could provide incentives to housing development.
- The first step in creating a new District would be to conduct a feasibility study to evaluate whether the legal conditions for creating it could be met and estimate the potential revenue that could be collected in the district. If the new district was deemed feasible, a plan could be developed.

- Funds can be invested in housing development in the form of low-interest loans and/or grants for a variety of capital projects, including redevelopment projects, such as mixed-use or infill housing developments, streetscape improvements, land assembly, and transportation enhancements.
  - Urban Renewal funding could be allocated towards the rehabilitation or conversion of historic buildings for housing. This could include roof replacements, seismic upgrades, and fire suppression systems. Urban Renewal investment is critical since downtown is characterized by historic buildings with concomitant structural and code challenges.
  - Urban Renewal can be used to fund infrastructure investments, allowing for the efficient upgrade of infrastructure systems in tandem with new housing development.
-

## Create a downtown strategic plan for housing development and investment

### IMPLEMENTATION TIMELINE

1-2 Years	<b>3-4 Years</b>
5-6 Years	7-8 Years

### ACTION IMPACT

High	<b>Medium</b>	Low
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### IMPACT TARGETS

#### AFFORDABILITY

- \*\*\* Deeply Affordable
- \*\*\* Affordable
- \*\*\* Workforce
- \*\*\* Market Rate

#### HOUSING TYPE

- \*\*\* Single-Family
- \*\*\* Middle Housing
- \*\*\* Multi-family

#### TENURE

- \*\*\* For Sale
- \*\*\* For Rent

#### DEMOGRAPHIC

- \*\*\* BIPOC Populations
- \*\*\* People Experiencing Homelessness
- \*\*\* People with Disabilities
- \*\*\* Seniors

### Description

Create a downtown strategic plan that prioritizes housing development and investment. The plan would identify catalytic public investments to increase market demand through:

- Prioritization of key sites or areas through the City’s Capital Improvement Plan
- Identification of opportunity sites and partnerships with property owners to conduct preliminary redevelopment concepts and feasibility assessment to help prepare sites for development readiness
- Acquisition of key site(s) to partner with a land trust to facilitate the development of needed housing (see **Action 5.3**)
- Identification of specific areas of downtown to focus required ground floor commercial, while providing flexibility in other areas of downtown (see **Action 2.5**)

The downtown strategic plan would analyze expanding existing incentive tools or create new tools, such as Urban Renewal incentives, to provide grants and other funding opportunities to encourage new housing development and potentially meet other downtown goals.

### Magnitude of Impact

This action is rated as a **Medium** impact because the downtown area represents the single largest opportunity for new housing in the city, however, it may not directly result in housing production but could help to quickly implement many of the HPS strategies in an area of highest potential impact.

### Implementation Steps and Considerations

- This plan would not only identify opportunities to incentivize and remove barriers to housing development in downtown but could also provide strategic planning for other goals for the City’s downtown.
- Consider forming a stakeholder group of downtown businesses, property owners, and residents to inform the strategic plan

## Continue to target and prioritize infrastructure to support housing

### IMPLEMENTATION TIMELINE

1-2 Years	<b>3-4 Years</b>
5-6 Years	7-8 Years

### ACTION IMPACT

High	<b>Medium</b>	Low
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### IMPACT TARGETS

#### AFFORDABILITY

- \*\*\* Deeply Affordable
- \*\*\* Affordable
- \*\*\* Workforce
- \*\*\* Market Rate

#### HOUSING TYPE

- \*\*\* Single-Family
- \*\*\* Middle Housing
- \*\*\* Multi-family

#### TENURE

- \*\*\* For Sale
- \*\*\* For Rent

#### DEMOGRAPHIC

- \*\*\* BIPOC Populations
- \*\*\* People Experiencing Homelessness
- \*\*\* People with Disabilities
- \*\*\* Seniors

### Description

Continue to evaluate the Capital Improvement Program (CIP) to ensure sufficient prioritization of infrastructure projects that support new housing development. Infrastructure spending decisions by a city can significantly influence the feasibility of development in one location or another by lowering the upgrade costs that private developers need to pay in order to build housing.

Infrastructure improvements can reduce costs of housing development and enable development on sites that would otherwise not be viable. By continually monitoring the projects included in the CIP based on how they would impact the feasibility of housing development, the City can ensure that infrastructure improvements that are most likely to create new housing development opportunities will be prioritized for implementation.

### Magnitude of Impact

This action is rated as a **Medium** impact because prioritizing infrastructure spending (water and sewer lines, street improvements, parks, etc.) can significantly reduce costs and improve feasibility of housing construction in upgraded areas, even if it doesn't directly result in housing production.

### Implementation Steps and Considerations

- Using the inventory developed in **Action 5.1**, conduct additional analyses to identify properties most suitable for development in the short-term based on infrastructure conditions, location, and other factors. Prioritize infrastructure improvements in the Capital Improvement Plan that would enhance infrastructure for these sites.
- This action can be incorporated into citywide, long-term master planning efforts (such as a wastewater master plan or a transportation system plan) as well as the Capital Improvement Program (CIP) planning.
- If a high priority housing project is proposed, the City may consider accelerating implementation of previously planned improvements that would benefit the project. The City may choose to limit this option to new affordable or workforce housing projects.
- Consider hiring a consultant to conduct an infrastructure ROI analysis to evaluate the potential impact of infrastructure extensions or improvements on the economic feasibility of housing development (the “return on investment” of infrastructure spending in terms of housing production) to inform future CIP investments and priorities

# 5. LAND ACTIONS

## Maintain an inventory of public, underutilized, and foreclosed properties and assess the development readiness of inventoried properties

### IMPLEMENTATION TIMELINE

1-2 Years	3-4 Years
5-6 Years	7-8 Years

### ACTION IMPACT

High	Medium	Low
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### IMPACT TARGETS

#### AFFORDABILITY

- \*\*\* Deeply Affordable
- \*\*\* Affordable
- \*\*\* Workforce
- \*\*\* Market Rate

#### HOUSING TYPE

- \*\*\* Single-Family
- \*\*\* Middle Housing
- \*\*\* Multi-family

#### TENURE

- \*\*\* For Sale
- \*\*\* For Rent

#### DEMOGRAPHIC

- \*\*\* BIPOC Populations
- \*\*\* People Experiencing Homelessness
- \*\*\* People with Disabilities
- \*\*\* Seniors

### Description

Formalize and continue to maintain an inventory of sites for housing development that are publicly owned, underutilized, or foreclosed properties. The inventory can also include distressed commercial or multi-family properties that may be targeted for rehabilitation or adaptive reuse by an affordable housing developer.

Then, determine and document which of the inventoried parcels are suitable for housing development. Consider alignment with local land use and comprehensive plans; physical attributes like site access, infrastructure and utilities available, and topography; property title and ownership; and overall suitability to support housing development.

### Magnitude of Impact

This action is rated as a **Medium** impact because it can help to identify opportunities for housing development but will need to be combined with other actions to have a higher impact.

### Implementation Steps and Considerations

- The first step can be to adopt a policy at the City level that prioritizes selling or dedicating any surplus publicly owned land to meet housing needs when feasible and appropriate.
- This inventory should also be shared with the Urban Renewal Agency (URA) to inform strategic site acquisition related to needed housing in the Urban Renewal District.
- This action can be incorporated into citywide, long-term master planning efforts (such as a wastewater master plan or a transportation system plan) as well as CIP planning.
- If a high priority housing project is proposed, the City may consider accelerating implementation of previously planned improvements that would benefit the project. The City may choose to limit this option to new affordable or workforce housing projects.



## Formally prioritize surplus land for housing production

### IMPLEMENTATION TIMELINE

1-2 Years	3-4 Years
5-6 Years	7-8 Years

### ACTION IMPACT

High	<b>Medium</b>	Low
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### IMPACT TARGETS

#### AFFORDABILITY

- \*\*\* Deeply Affordable
- \*\*\* Affordable
- \*\*\* Workforce
- \*\*\* Market Rate

#### HOUSING TYPE

- \*\*\* Single-Family
- \*\*\* Middle Housing
- \*\*\* Multi-family

#### TENURE

- \*\*\* For Sale
- \*\*\* For Rent

#### DEMOGRAPHIC

- \*\*\* BIPOC Populations
- \*\*\* People Experiencing Homelessness
- \*\*\* People with Disabilities
- \*\*\* Seniors

### Description

Formalize a land disposition process by adopting a set of Intergovernmental Agreements (IGAs) between the City and other public agencies to grant the City (or its designees) the right of first refusal of surplus or foreclosed properties. Agreements or potential agreements should occur with the County, School District, or other public, civic, and/or faith-based institutions.

OAR 271.330 enables local governments to relinquish title to another governmental body if the property is used not less than 20 years for a public purpose or to a qualifying nonprofit if the property is used for low-income housing.

Under this action, the City will work with the City Attorney and/or County Counsel to establish a right of first refusal option and develop IGAs that outline the terms and conditions of the property transfer, including details on the transfer process, property use, and designees, which could include a land bank, land trust, or non-profit affordable housing developers.

### Magnitude of Impact

This action is rated as a **High** impact because the City would be directly supporting a reduction of development cost in the form of land by formalizing the disposition of surplus or foreclosed land to meet housing needs. The magnitude of impact depends on how many acres of surplus or foreclosed land can be offered for first right of refusal to partners for housing development.

### Implementation Steps and Considerations

- The City adopts a policy that prioritizes selling or dedicating any surplus publicly owned land to meet housing needs when feasible and appropriate.
- The City works with institutional, civic, and others to implement a similar policy that prioritizes selling or dedicating any surplus land.
- The land could be offered as a long-term lease at very minimal cost to developers for land the City or other partners are not yet ready to surplus. If there are certain properties that the City or partners wish to maintain long-term for strategic purposes, long-term leases are a way to maintain ownership but use for housing.
- The [City of Port Townsend, Washington](#) adopted a land disposition policy that prioritizes surplus public land for affordable housing.

- Partners could include the County, school district, or other public agencies, in order to broaden its impact to include other surplus public lands.

The inventory developed in Action 5.1 could identify opportunities working with public agencies or other organizations that own surplus land owned to create formalized surplus land priority/disposition

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## Engage in land banking with partner organizations

### IMPLEMENTATION TIMELINE

1-2 Years	3-4 Years
5-6 Years	<b>7-8 Years</b>

### ACTION IMPACT

<b>High</b>	Medium	Low
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### IMPACT TARGETS

#### AFFORDABILITY

- \*\*\* Deeply Affordable
- \*\*\* Affordable
- \*\*\* Workforce
- \*\*\* Market Rate

#### HOUSING TYPE

- \*\*\* Single-Family
- \*\*\* Middle Housing
- \*\*\* Multi-family

#### TENURE

- \*\*\* For Sale
- \*\*\* For Rent

#### DEMOGRAPHIC

- \*\*\* BIPOC Populations
- \*\*\* People Experiencing Homelessness
- \*\*\* People with Disabilities
- \*\*\* Seniors

### Description

Acquire and hold key sites for future use for housing development (otherwise known as “land banking”). The specific approach to executing land banking can vary and may not be prescribed by the HPS. Land banking can be executed by the City, an Urban Renewal agency, a newly created land bank authority (as enabled by ORS 465.600 to 465.621), or in partnership with a non-profit community land trust. The ideal approach to land banking depends on the nature of the potential sites to be acquired, the availability of local partner organizations, and other legal and administrative issues.

In general, the following conditions must be met in order for the City to engage in land banking:

- **Funding:** Funding is necessary to acquire the land and to pay for the costs of transferring ownership, maintenance, and any site preparation that will be completed by the City. The level of funding required will depend on the number and value of sites to be acquired.
- **Administrative Capacity:** City staff or staff from partner organizations must have the time to negotiate land purchase agreements, oversee transfer of ownership, and manage the properties while they are under the control of the City or the partner organization.
- **Partnerships:** 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. These partnerships are described in Action P1 (Housing Working Group) and Action I5 (Agreements to Acquire Land). In some cases, the City may partner with a private, for-profit developer that is willing to include affordable units in a project if the City can provide a site at a reduced or no cost.

### Magnitude of Impact

This action is rated as a **High** impact because obtaining control of land is an effective strategy for the City to facilitate housing development, particularly affordable housing. If the City owns or has effective control over a potential development site, it can influence the type of housing that is built on the site. Further, land costs account for a substantial portion of development costs (approximately 15-30%). If the City provides the land to a developer at low or no costs, it can dramatically improve the feasibility of building housing that can be made affordable to households with lower incomes.

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### **Implementation Steps and Considerations**

- The City should invite community land trusts to the housing working group formed in **Action 1.1** to help build and further relationships, as well as connect the organizations with land holders.
  - Create steps to help community land trusts by providing elevated technical assistance. This can include streamlining processes such as lot splits, zoning changes, and other pre-development steps for land trusts to ensure the land is development ready.
  - The City can help to facilitate the transfer of ownership from public, underutilized, and foreclosed properties to organizations that can land bank, such as a Land Trust or affordable housing developer, see **Action 5.2**.
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