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Rules Coordinator, Department of Land Conservation & Development  
635 Capitol St., Ste 150  
Salem, Oregon 97301

email: [casaria.taylor@dlcd.oregon.gov](mailto:casaria.taylor@dlcd.oregon.gov)

**RE: Clackamas County Comments on Draft Rules for Oregon Housing Needs Analysis (OHNA)**

Dear Land Conservation and Development Commission,

Thank you for the opportunity to comment on the draft rules for the Oregon Housing Needs Analysis (OHNA) implementation – identified as *Draft Oregon Administrative Rules Chapter 660, Division 008 “Version 3.0”*. Once adopted, these rules will direct how local jurisdictions plan for future housing on urban lands.

All jurisdictions share a responsibility to find solutions to the housing crisis, and we support increased production of a range of housing types at all affordability levels. This is evidenced by the fact that Clackamas County has produced 1,215 affordable units leveraging the Metro affordable housing bond. However, we are concerned that OHNA imposes new requirements on Clackamas County, obligating us to meet state-allocated housing targets and to develop a Housing Capacity Analysis and a Housing Production Strategy for our urban, unincorporated lands. With this in mind, we offer the following comments.

**1. We oppose the accelerating trend of state control over local urban land use and the implementation costs that result from each new wave of un- and underfunded mandates.**

Over the past several years, counties and cities have been required to implement new state-mandated regulations (middle housing, climate-friendly and equitable communities, etc.) without sufficient funding and on very tight timelines. The draft OHNA rules will require funding for initial implementation, ongoing reporting and monitoring, and successive six-year review cycles. Implementation of this complex new system comes at a great expense and will not directly fund a single new unit to house Oregonians. Moving forward, the state should pause the roll-out of new regulatory directives to allow time to evaluate whether or not the previously implemented changes are achieving the intended outcomes.

In addition, producing the OHNA allocated housing targets will necessitate substantial new investments in infrastructure, affordable housing construction and permanent supportive housing services. The 1,215 units funded in part by the Metro affordable housing bond in our county cost an average of \$500,000 per unit to develop, with approximately \$110,000 of that cost covered by bond funds and the remainder covered by a combination of other sources, including state resources like Local Innovation and Fast Track (LIFT) and General Housing Account Program (GHAP) funding, County resources coming from the HOME Investment Partnerships Program (HOME) and Community Development Block Grant (CDBG), and tax credit equity through the Low Income Housing Tax Credit (LIHTC) program. These units were constructed throughout the urban portions of the county, and not just in the unincorporated areas. In unincorporated Clackamas County alone, the preliminary OHNA allocation is 6,066 affordable housing units (for people at or below 80% AMI) over the next 20 years, which represents a cost of over \$3 billion in today's dollars. The cost of constructing all of the affordable units targeted for jurisdictions within Clackamas County is over \$10 billion dollars.

For OHNA to deliver on its promise, it would require a substantial new investment in all of the funding sources needed to build affordable housing, including state funding. It would also require new investments in the critical supportive services that are needed for low-income families to successfully maintain stable housing.

2. **Additional parameters are needed for the Housing Coordination Strategy that will be completed by Metro (draft OAR 660-008-0240).** While OHNA requires that Metro create a Housing Coordination Strategy for the region, the strategy should focus only on regional coordination and financial and technical support for local jurisdictions. It should **not** create additional requirements that increase costs for local jurisdictions or decrease local control. In particular, the strategy should not impose new zoning or housing production mandates. Local jurisdictions are already doing this work in their own housing analyses and production strategies. Cities and counties understand nuances in their own markets and housing policies far better than Metro and can better identify local barriers to development. The OHNA rules should clearly establish that Metro focus only on sharing information and providing financial and technical support for local jurisdictions. This strategy must be co-created by all affected jurisdictions. We ask that you update the rules to reflect the narrow scope of this requirement.
3. **Performance-based referrals to the Housing Acceleration Program should only apply to jurisdictions that have an evidence-based assigned peer group (draft OAR 660-008-0320).** Under the draft rules, jurisdictions performing in the bottom 50 percent of their assigned peer group may be referred into the Housing Acceleration Program, which allows the state to step in and take over local housing planning if there is non-compliance with the terms of

the Housing Acceleration Agreement. The draft OHNA methodology places cities in peer groups of eight members. However, the four counties subject to OHNA do not have an assigned peer group. The draft OHNA methodology states that “data limitations do not allow for a reasonable use case for unincorporated parts of the county.”

Further complicating the discussion on county peer groups are the traits inherent to these communities (topography, natural features and availability of land), infrastructure availability (transportation, sewer and water) and differing financial tools available to fund supporting infrastructure to realize the desired housing densities. These issues complicate balancing peer-based comparisons between counties.

At a minimum, until the data limitations are addressed counties should not be subject to performance-based referrals. With an insufficient number of peers for meaningful comparison, the counties could be unfairly subject to the referral into the Acceleration program more often than other jurisdictions.

In closing, we recognize the urgent need for more housing, and more affordable housing, in all areas of the state, and we are committed to increasing housing opportunities at all levels. New requirements, including those that accompany OHNA, may be well-intended, but the state must recognize that they're disingenuous without funding to achieve them. While each new state mandate does not appear burdensome when discussed and proposed in isolation, the collection of the sum of mandates or requirements adds both time and costs on top of existing work. The state should account for these factors by providing local jurisdictions with sufficient funding for initial and ongoing implementation of the rules, needed infrastructure to support the housing, and funding for construction and operation of new affordable housing. It is imperative to consider the rising costs associated with the development of affordable housing. If we are to address the housing crisis we must look at all available solutions and would request the State's assistance in looking at opportunities to lower the per unit costs. In addition, the rules should be clear that NO additional work or requirements should be assigned to local jurisdictions through the Regional Coordination Strategy.

Sincerely,

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