



October 27, 2025

Sandy Planning Commission Staff
39250 Pioneer Boulevard
Sandy, OR 97055

Re: City of Sandy Housing Production Strategy

Dear Commissioners:

This letter is submitted jointly by Housing Land Advocates (HLA) and the Fair Housing Council of Oregon (FHCO). Both HLA and FHCO are non-profit organizations that advocate for land use policies and practices that ensure an adequate and appropriate supply of affordable housing for all Oregonians. FHCO's interests relate to a jurisdiction's obligation to affirmatively further fair housing. Please include these comments in the record for the City of Sandy's Housing Production Strategy.

Thank you for the opportunity to comment on the City of Sandy's Housing Production Strategy (HPS). We would like to commend the City for its actions to address its affordable housing shortage by undertaking this endeavor. As stated by the HPS, "Between 2014 and 2025, Sandy's average multifamily dwelling asking rent increased 49%." Additionally, "Sandy's median home sales price increased 133% between 2014 and 2024 from \$215,000 to \$502,000." The situation has never been more dire, and it is encouraging to see the City acknowledging its duty to serve the entirety of their residential population. Unfortunately, Sandy's HPS does not propose solutions commensurate with the needs articulated.

The shortcomings are realized in review of the staff report as compared to the proposed solutions in the HPS. The staff report states, "It is also expected that the increase of supply will occur throughout the city, providing access to neighborhoods with high-quality community\amenities, schooling, employment and business opportunities, and a healthy and safe environment." However, the fair housing strategies included in the HPS involve five having to do with wastewater discharge, one with middle housing, one using surplus public land, and one to "promote accessible design standards." But, these strategies lack specificity and connection to housing production at rates that are affordable to low income residents.

For example, "Promote" is an aspirational term that wholly lacks definition. In addition, well as "Support preservation of manufactured home and mobile home parks," is also an aspiration without any action associated with achieving the goal to preserve such housing type. The point of an HPS is to critically devise and delineate strategies not to formulate bromides.

The staff report goes on to say "Utilize surplus public land for housing development." We ask, that this action item be tied to deeply affordable housing at the highest possible densities.

Using publicly owned land for housing should be prioritized to fill the greatest need that where the open market does not produce units for the lowest income earners.

Further, fair housing cannot just be “expected” it has to be planned for, which is the whole rationale of the HPS. Under fair housing laws an expectation is unacceptable. This amendment otherwise reads as an exploration of potential policies and strategies, rather than its intended purpose, which is to define commitment to actions with clear, measurable goals impacting needed housing.

To summarize, our criticisms rests on four consistent deficiencies in the HPS:

1. A lack of distinction between exploratory and commitment actions.
2. A lack of a clear implementation timeline of the Actions.
3. A lack of locational analysis of Actions which illustrates an understanding of fair and equitable housing goals.
4. A failure to address significant needs identified in the HCA and HNA as pertains to Sandy's rent-burdened population, the disabled community, communities of color and general affordability.

The City of Sandy should be cognizant that DLCD has identified similar deficiencies in its remand of the Hillsboro HPS. In that remand letter, DLCD addresses “distinguishing between exploratory efforts and commitment actions,” “ensuring that each action includes a specific implementation timeline,” “conducting a locational analysis for actions that are not applied across the entire city in order to define their magnitude and their responsiveness to the identified housing needs of the city,” and “clarifying the scope and implementation of each action and sub-action to demonstrate how it addresses specific identified housing needs” in “Readoption Condition #2” (see Attachment, pg. 11, emphasis added). As evidenced by DLCD's remand of the Hillsboro HPS, addressing these areas is paramount for a successful and compliant strategy. Sandy can avoid this outcome, as we have submitted these comment early enough to make changes before seeking City Council approval.

While we commend the City of Sandy for the progressive steps taken with the Tiered SDC system, the overall Housing Production Strategy requires significant refinement to become a truly effective and actionable plan. The consistent lack of distinction between exploratory and commitment actions, the absence of clear implementation timelines, the omission of crucial locational analysis, and the failure to directly address the pressing needs of Sandy's rent-burdened population are critical deficiencies. We urge the City of Sandy to integrate more specific, measurable, and time-bound commitments, supported by robust spatial analysis and a clear focus on the immediate needs of its most vulnerable residents, to ensure the HPS genuinely fosters fair and equitable housing outcomes for all.

HLA and FHCO encourage the Planning Commission to direct the City staff to revise the HPS consistent with the criticisms in this letter. Thank you for your consideration. Please provide written notice of your decision to, FHCO, c/o Shyle Ruder, at 1221 SW Yamhill Street, #305, Portland, OR 97205 and HLA, c/o Jennifer Bragar, at 121 SW Morrison Street, Suite

1850, Portland, OR 97204. Please feel free to email project coordinator Mathew Hogan at mathew.jamesFHCO@gmail.com

Thank you for your consideration.



John Miller
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April 10, 2025

Becky Coutinho
150 E. Main Street
Hillsboro, OR 97123
Sent via e-mail



RE: Review of City of Hillsboro Housing Production Strategy

Dear Senior Planner Coutinho,

On December 6, 2024, the Department of Land Conservation and Development (DLCD or Department) received a submittal from the City of Hillsboro notifying the Department of the adoption of the city's Housing Production Strategy (HPS). Per Oregon Revised Statute (ORS) 197A.103(4), the Department posted the city's HPS for a 45-day public comment period on December 11, 2024. Upon the close of the public comment period on January 25, 2025, the Department received a total of five comments on the city's HPS. The public comments received by the Department are attached to this letter as Attachment A.

Per ORS 197A.103(6) (formerly ORS 197.291(6)), the Department must review the city's submittal to determine whether to:

1. Approve the Housing Production Strategy Report;
2. Approve the Housing Production Strategy, subject to further city review and actions as recommended by the Department; or
3. Remand the Housing Production Strategy for further modification as identified by the Department.

The Department is required to complete this review and issue a decision within 120 days of the city submittal. In the case of the City of Hillsboro's Housing Production Strategy, the Department must make a final decision by April 10, 2025. Per ORS 197A.103(7) (formerly ORS 197.291 (7)), the Department's decision is final and may not be appealed.

Based on the Department's review of the City of Hillsboro's Housing Production Strategy against the review criteria established in Oregon Administrative Rule 660-008 as it was in effect prior to amendments adopted by the Land Conservation and Development Commission in December 2024, which remains applicable to this review pursuant to ORS 197A.025 (Section 9), the Department remands the city's Housing Production Strategy Report, and requires the city to readopt once the two (2) conditions described in "Strategies to Meet Future Housing Need" are met.

As part of the Department's review of Hillsboro's Housing Production Strategy (HPS), staff evaluated the city's adopted actions against the applicable statutory requirements in ORS 197. The city was actively developing its Housing Capacity Analysis (HCA) and HPS at the time House Bill 2001 (2023) was enacted. Anticipating such situations, House Bill 2001 included provisions allowing the Land Conservation and Development Commission (LCDC) to allow cities to continue operating under the statutes and rules in effect prior to the bill's changes. Specifically, ORS 197A.025(9)(4) provides:

To avoid interference with current planning activities or to avoid unjust or surprising results, the Land Conservation and Development Commission may postpone, for cities specified by the commission, the applicability of section 13 [ORS 197A.210], 21 [ORS 197A.280], 22 [ORS 197A.270] or 23 [ORS 197A.018], chapter 13, Oregon Laws 2023, and the amendments to ORS 197.286, 197.290, 197.296 [renumbered ORS 197A.350], 197.297 [renumbered ORS 197A.335] and 197.303 [renumbered ORS 197A.348] by sections 12 and 25 to 28, chapter 13, Oregon Laws 2023, until a date that is not later than January 1, 2027.

Accordingly, the Department reviews Hillsboro's HPS under the applicable statutory framework in ORS 197, rather than under the updated statutes in ORS 197A (2023).

The review criteria applicable to Hillsboro's HPS are available for reference through the Oregon Secretary of State's Archives Division here:

- https://www.oregonlegislature.gov/bills_laws/Pages/ORSarchive.aspx, *Chapters 196, 197, edition 2021*
- <https://secure.sos.state.or.us/oard/displayCompilation.action?compRsn=122>, *Chapter 660, Division 8*

Department Findings based on OAR 660-008-0050

(1) Contextualized Housing Need – A contextualization and incorporation of information from the most recent Housing Capacity Analysis that describes current and future housing needs in the context of population and market trends.

The City of Hillsboro adopted its HCA in December 2023 and its HPS twelve months later, in December 2024, meeting its statutory obligation to adopt these housing planning documents as prescribed by ORS 197A.103 (formerly ORS 197.291).

The city's HPS includes the chapter titled “*Overview of Hillsboro's Contextualized Housing Needs*” and Appendix E “*2023 Housing Needs Analysis*”. These sections provide an overview of the city's demographic and socio-economic characteristics and affordability metrics, disaggregated by race and ethnicity.

The HCA found that 109,532 people lived within the city in 2022, a 57% increase in population since 2000. This is significantly higher than the population growth in Washington County (36%) and the state (25%) over that same period. The average household size is estimated to be 2.64 persons, slightly higher than Washington County and the state. The population is significantly more racially and ethnically diverse than the state, with 46% of residents identifying as people of color. Latine residents make up 24% of the population and Asian residents are 12% of the population, while multiracial (6%), Black (3%) and Indigenous (1%) residents made up smaller proportions. The HCA also found that a greater percentage of young people live in Hillsboro (22%) than the state (20%), while the city has a much lower rate (11%) of older adults (18%). This information satisfies the requirements of OAR 660-008-0050(1)(a)(A).

Additionally, the HCA included a chapter titled “*Housing Need Findings of the Washington County Consolidated Plan*” which draws from the *2020–2024 Washington County-Beaverton-Hillsboro Consolidated Plan* and the *Analysis of Impediments to Fair Housing Choice (AI)*, also known as the Washington County-Beaverton-Hillsboro Fair Housing Plan. These federally required planning efforts were developed jointly by Washington County and the cities of Beaverton and Hillsboro as part of their responsibilities as recipients of federal housing funds and to meet their obligation to affirmatively further fair housing (AFFH).

The findings focused on housing challenges for priority populations including older adults, people with physical, cognitive, or developmental disabilities, individuals with mental illness or substance use disorders, people experiencing or at risk of homelessness, large families, agricultural workers and their families, and extremely low- and very low-income households. It identified the most acute need as the lack of affordable rental housing for low-income residents and increasing demand for housing that is accessible and suitable for both older adults and larger households. Key housing priorities outlined in the Consolidated Plan included expanding deeply affordable and accessible rental housing, supporting affordable homeownership through tools like land trusts and down payment assistance, preserving existing affordable housing, and implementing anti-displacement strategies. The Consolidated Plan also emphasizes the importance of public services and workforce engagement to promote housing stability and economic mobility for households facing the greatest barriers. Of note, the AI also included a locational analysis that identified a Racially/Ethnically Concentrated Area of Poverty (R/ECAP) within Hillsboro. This is information which the city should have explicitly drawn from while developing the HPS.

Building on the housing need findings identified in the HCA, the city’s HPS further contextualizes this information in its *Contextualized Housing Needs* chapter 3. Despite having a higher Median Family Income (MFI) than the region, housing affordability is a major concern for Hillsboro residents, with 40% of households spending more than 30% of their income on housing costs. Significant racial disparities exist for housing cost

burden, which is higher among Black (58%) and Latine (24%) residents than White (27%) or Asian (20%) residents. Thirty-eight percent (38%) of older adults face cost burden or other housing problems, higher than the state rate of 33%. Renters make up a disproportionate amount of this cost burden at 43%. However, the city's Contextualized Housing Need (CHN) notes that cost burden among homeowners is a lagging indicator due to many current homeowners purchasing their homes when prices and interest rates were lower. This information satisfies the requirements of OAR 660-008-0050(1)(a)(C).

The HPS section "*Existing Actions to Promote the Development of Needed Housing*" details 18 actions the city already adopted to promote needed housing. These actions are grouped into four categories including "Regulatory," "Land-Based," "Partnerships," "Incentives," and "Investments." This information satisfies the requirements of OAR 660-008-0050(1)(a)(B).

The CHN notes several barriers to housing production, including significant increases in the construction costs, labor shortages, and increased interest rates. HPS Technical Advisory Committee members additionally cited challenges with zoning, development standards, permit review, and overall fee burden as barriers. This information meets the requirements of OAR 660-008-0050(1)(a)(D).

In 2023, 773 people were unhoused in Washington County, representing a 3.4% annual growth rate since 2015. A disproportionate percentage of those experiencing homelessness were Black (9.6%), Multiracial (6.3%), Native Hawaiian or Pacific Islander (4.7%), or Indigenous (1.9%). Additionally, 3.9% of students were homeless or housing insecure, in line with the state. This information meets the requirements of OAR 660-008-0050(1)(a)(E).

One cause of the housing affordability challenges noted by the CHN is the decline in the city's vacancy rate from 4.4% in 2010 to 2.1% in 2022, which is lower than the region and the state. Rents and home prices have increased faster than in the region and state over that same time period. This information satisfies the requirements of OAR 660-008-0050(1)(a)(F).

According to the CHN, 49.5% of Hillsboro residents are renters, significantly higher than the rate in the Portland Metro area (37.8%). Sixty-two percent (62%) of renters live in multi-dwelling housing (compared to 4% of homeowners), while 16% live in detached single dwellings (compared to 79% of homeowners). The difference is much narrower in middle housing (22% of renters and 15% of homeowners). This information meets the requirements of OAR 660-008-0050(1)(a)(G).

The CHN finds that 10.8% of Hillsboro's residents have one or more disabilities, with the most common types of disability being cognitive (5.1%), ambulatory (4.3%) and independent living-related (3.9%). This is lower than the statewide percentage of people

who have one or more disabilities (14.9%) but will likely increase as the average age of the city's population increases. This information meets the requirements of OAR 660-008-0050(1)(a)(H).

(2) Engagement – A Housing Production Strategy Report must include a narrative summary of the process by which the city engaged Consumers of Needed Housing and Producers of Needed Housing, especially with regard to state and federal protected classes. A city may conduct engagement for a Housing Production Strategy concurrent with other housing planning efforts within the city including, but not limited to, a Housing Capacity Analysis, Consolidated Plans for Community Development Block Grant Entitlement Communities, and public engagement for Severely Rent Burdened Households as described in OAR 813-112-0010.

The city undertook engagement activities as part of the development of both the HCA and HPS as required by OAR 660-008-0050(2), in support of ground truthing the quantitative data for understanding local housing needs and informing action selection of the city's final HPS. These engagement activities are outlined in Chapter 3 of the city's HPS, titled "*Community Engagement*."

During Hillsboro's HCA process, the city conducted several engagement activities, including the creation of a Community Advisory Committee consisting of both residents and housing developers and focus group discussions with English- and Spanish-language speaking community members.

In Appendix B of the HPS, "*Public Communications and Engagement Plan*," the city details its additional engagement activities conducted during HPS development, including:

- Four meetings of the project's Technical Advisory Committee
- Three rounds of focus groups with community members from historically marginalized communities, three held in English and three held in Spanish
- Three City Council public work sessions
- Two Planning Commission public work sessions
- Two meetings with the Advanced Manufacturing Training & Education Collaborative of Hillsboro (AM-TECH)
- Multiple inter-departmental coordination meetings
- A public facing website ("Housing Production Strategy") with an email address for public question and comment

While not all interested party groups listed above included a list and description of who or why they were engaged as required by OAR 660-008-0050(2)(a), the summary does include a description of the HPS TAC membership. It describes the TAC as consisting of

representatives from Hillsboro's School District, the Washington County Chamber of Commerce, nearby partner jurisdictions, Hillsboro's technology sector, two planning commissioners, members of the real estate and housing development communities (including multi-unit, detached, small-home, and affordable housing developers), and Hillsboro residents. It met four times between May and September 2024. Members of the HPS Technical Advisory Committee noted many significant barriers to new housing construction, including construction labor shortages, the cost of materials, local zoning and development standards, difficult review and approval processes, and overall fee burden.

The key takeaways from each interested party noted above are present in Chapter 3, and the subsection "*Implementing Community Feedback into HPS*" satisfying compliance of OAR 660-008-0050(2)(b). This summary explains how feedback received in both the HCA and HPS engagement process generally influenced HPS actions satisfying compliance of OAR 660-008-0050(2)(c)

The HPS briefly provides recommendations on how to improve engagement processes in future cycles. This consists of conducting a poll which is large enough to be statistically reliable and can be a representative sample of the city's demographics. While this summary minimally meets requirements of OAR 660-008-0050(2)(d), the Department encourages the city to pursue the concepts therein and incorporate the findings in the next HCA and HPS housing planning cycle.

Note: As part of the Department's 45-day public comment period initiated in accordance with ORS 197A.103(4), the Department received five public comments. These comments varied in perspective, ranging from support to caution to concern. Multiple organizations expressed support for the city's HPS, commending its data and community driven approach to addressing city's housing needs. Supporters included Home Building Association of Greater Portland, Washington County Chamber of Commerce, and the Portland Metropolitan Association of Realtors. Conversely, 1000 Friends of Oregon, Housing Land Advocates, and the Fair Housing Council of Oregon raised concerns regarding the city's reliance on "*Action 2.2: Coordinate with partners to pursue residential land UGB expansions(s)*" to address housing needs, cautioning that such an approach could limit efforts to addressing residential segregation and promote increased density in high-opportunity, single unit neighborhoods.

(3) Strategies to Meet Future Housing Need – A Housing Production Strategy Report must identify a list of specific actions, measures, and policies needed to address housing needs identified in the most recent Housing Capacity Analysis. The strategies proposed by a city must collectively address the next 20-year housing need identified within the most recent Housing Capacity Analysis and contextualized within the Report as provided in section (1). A Housing Production Strategy Report may identify strategies including, but not limited to,

those listed in the Housing Production Strategy Guidance for Cities published by the Commission under Exhibit B.

The city's HPS Report outlines 21 primary actions designed for implementation within its six-year HPS cycle to address identified housing needs. These actions are detailed in the chapter titled "*New Actions to Meet Future Housing Need.*" To provide clarity and structure, the city has organized these actions into five categories, as follows (further details on each category and its associated action can be found in the excerpt below):

1. Regulatory actions
2. Land-based actions
3. Partnership actions
4. Incentive actions
5. Investment actions

Each action in the HPS report includes a description and an estimated magnitude of impact within the six-year HPS cycle, meeting the requirements of OAR 660-008-0050(3)(a). OAR 660-008-0050(3)(b) and (c) require a timeline for adoption of each action and a timeline for implementation of each action respectively. While a timeline is present in each action, it is unclear whether it refers to the adoption timeline or the implementation timeline. Actions 2.1, 3.1, 3.2, 5.1, and 5.4 list their implementation timeline as "ongoing," making it difficult to confirm that these are specific actions whose completion can be assessed. Clarity on these points is important to understand whether the city is meeting its obligations under the HPS program.

OAR 660-008-0050(3)(d)(A) requires each action to detail the housing need being addressed by the identified action by tenure and income. The actions within Hillsboro's HPS includes subsections titled "Affordability Targets" and "Tenure Targets," generally meeting this rule requirement. However, Action 3.1 states that "targets of this action are dependent upon the targets that are prioritized for coordinated advocacy efforts and the outcomes of those efforts," indicating that this is not a specific action, measure, or policy needed to address the city's housing needs.

OAR 660-008-0050(3)(d)(B) requires each action to outline an estimate of the number of housing units that are anticipated to be created through the implementation of each action. This information appears to be missing in all the action descriptions/details except for Action 2.2.

OAR 660-008-0050(3)(d)(C) requires an analysis of the income and demographic populations that are anticipated to receive benefit or burden for each action, including:

- (i) Low-income communities;
- (ii) Communities of color;
- (iii) People with disabilities; and
- (iv) Other state and federal protected classes

Each action description includes the subsections “Affordability Targets” and “Demographic Target.” Within the HPS chapter titled “*Achieving Fair and Equitable Housing Outcomes*”, there is a subsection titled “*Assessment of Benefits and Burdens*”, which features a table outlining the potential impacts to target communities. This table also proposes mitigating actions the city *could* take to address any identified burdens on these target populations. The intent behind the benefits and burdens analysis rule requirement is to ensure that actions generate benefits—and, more importantly, that jurisdictions commit to mitigation actions for any identified burdens associated with each action. The Department requests this clarification to be made as part of Readoption Condition #2 to affirm at the time of readoption that the requirements of OAR 660-008-0050(3)(d)(C) are satisfied.

OAR 660-008-0050(3)(d)(D) requires an inclusion of the specific timeframe over which each action is expected to impact Needed Housing. The Department was unable to locate this assessment in the HPS; this provision has therefore not been met.

The city’s HPS includes *Action 2.2: Coordinate with partners to pursue residential land UGB expansions(s)*— which proposes implementation steps related to planning for lands outside of the urban growth boundary (UGB), including future concept and facility planning to support eventual inclusion of those lands into the UGB. This type of action is not consistent with ORS 197.290(2), which requires that Housing Production Strategies for both Metro and Non-Metro cities include a list of **specific city-led actions**, including the adoption of measures and policies that the city shall undertake to promote development **within the city** to address an identified housing need. The statute also provides examples of acceptable actions, such as reducing regulatory impediments and creating financial, or regulatory incentives, all of which are intended to support development within existing city limits and urban growth boundaries. ORS 197.290(2) provides (emphasis added):

(2) *A housing production strategy must include a list of specific actions, including the adoption of measures and policies, that the city shall undertake to promote development within the city to address a housing need identified under ORS 197.296 (6)(b) or (10)(b) or 197.297. Actions under this subsection may include:*

(a) *The reduction of financial and regulatory impediments to developing needed housing, including removing or easing approval standards or procedures for needed housing at higher densities or that is affordable;*

(b) *The creation of financial and regulatory incentives for development of needed housing, including creating incentives for needed housing at higher densities or that is affordable; and*

(c) The development of a plan to access resources available at local, regional, state and national levels to increase the availability and affordability of needed housing.

The emphasis of ORS 197.290 remains on actions within control of the city and implementation efforts that promote development within the UGB for any Housing Production Strategy. Additionally, Hillsboro is within the jurisdiction of Metro and is therefore subject to the unique governance structure of the region, as set forth in the Oregon Constitution; ORS chapter 268; and Metro's voter-approved charter. ORS 197.296 and 197.297 recognize this by providing distinct requirements for Metro. Under ORS 197.296, Metro is required to review its UGB and take action as necessary to ensure there is enough buildable land to meet the region's housing needs. ORS 197.296(6) provides, in part:

(6) If the housing need determined pursuant to subsection (3)(b) of this section is greater than the housing capacity determined pursuant to subsection (3)(a) of this section, the local government shall take one or both of the following actions to accommodate the additional housing need:

(a) Amend its urban growth boundary to include sufficient buildable lands to accommodate housing needs for the next 20 years.

Moreover, ORS 197.297(3), the applicable statute governing Hillsboro's analysis of housing capacity and needed housing, grants no authority to cities and counties in Metro to make UGB decisions, further reinforcing the obligation of cities in Metro to respond to identified housing need by implementing **new measures within the existing UGB**:

(3) If the housing capacity and needed housing analysis conducted under this section demonstrates a housing need, the city shall amend its comprehensive plan or land use regulations to include new measures that demonstrably increase the likelihood that development of needed housing will occur for the type, mix, affordability and densities sufficient to accommodate needed housing for the next 20 years.

Both on their own and taken together, these statutory requirements confirm that Housing Production Strategy actions are limited to the city's available implementation authority over land use and housing production measures, tools, and actions **within the current UGB**.

As such, Action 2.2, which pertains to planning for lands outside of the current UGB, cannot be accepted as part of Hillsboro's HPS. These activities do not meet the statutory criteria for city-led implementation actions in an HPS under ORS 197.290.

Finally, the Department acknowledges the role of concept planning as a long-range planning tool that Metro and cities have historically used to guide future urbanization of designated urban reserves. Such planning is important for the region's long term growth strategy and Metro cities should continue to coordinate with Metro on this work through the appropriate vehicles established by Metro. For cities outside the Portland Metro, such planning is also important and should be pursued through the UGB expansion planning process established by ORS 197A.285.

Since the Department is not considering Action 2.2 in the decision of Hillsboro's HPS, the Department must then review the city's remaining 20 actions and associated sub-actions compared to the city's identified housing needs, as required by OAR 660-008-0050(3).

The Department finds that many of the proposed actions in the HPS lack sufficient clarity, specificity, and commitment necessary to resolve that a particular identified need would be met and at the magnitude necessary to meet the city's identified housing needs. The purpose and requirements of the HPS program is to provide actionable, measurable actions that directly address housing needs. Without sufficient clarity of the scope of the proposed actions and alignment with identified need, the Department cannot verify compliance with OAR 660-008-0050(3).

Additionally, this information is needed to support the city in identifying the barriers to production associated with the actions. This work is a key component of not only the Housing Production Strategy Program but also implementation of the Housing Acceleration Program, established under the Oregon Housing Needs Analysis policy (HB 2001, 2023) and outlined in ORS 197A.130.

To address these concerns and ensure the HPS is actionable, the Department is applying the following Readoption Conditions.

Readoption Condition #1: The city shall not include *Action 2.2: Coordinate with partners to pursue residential land UGB expansions(s)* as an action in the readopted HPS.

Readoption Condition #2: The city shall clarify the actions and sub-actions currently included in its HPS report to address identified gaps in specificity, implementation timelines, and alignment with identified housing needs.

If the 20 remaining actions cannot be found to meet the city's needs, inclusion of new, expanded, or expedited actions may be necessary. The city must submit a work plan (or written plan of action) to the Department outlining how it will address these issues and readopt and submit a compliant HPS by a date mutually agreed upon by the Department and the city.

During this process, the city must collaborate closely with Department staff to clearly define its commitments by:

- Clarifying the scope and implementation detail of each action and sub-action to demonstrate how it addresses specific identified housing needs;
- Distinguishing between exploratory efforts and commitment actions and ensuring that each action includes a specific implementation timeline, as well as a time frame over which each action will impact needed housing;
- Resolving inconsistencies or misalignments between overarching actions and their associated sub-actions, ensuring that each action is cohesive, actionable, and measurable;
- Conducting a locational analysis for actions that are not applied across the entire city in order to better define their magnitude and their responsiveness to the identified housing needs of the city, particularly as they relate to fair and equitable housing outcomes; and
- Integrating the burden mitigation proposals presented in the section "*Assessment of Benefits and Burdens*" into the actions and sub-actions in the HPS.

This readoption condition is critical to ensuring the HPS fulfills its intended purpose of addressing housing needs through actions that are both truly actionable and measurable.

Finally, the Department is aware of the city's proposed work plan to engage in code amendment processes during the 2025–2027 biennium to address the actions categorized as regulatory actions in the HPS. The Department wants to ensure these code amendments are successful and proceed as scheduled, even in light of this HPS decision. Department staff are committed to working with the city to ensure that planning assistance grants are available to support both the code amendment process and the HPS readoption.

(4) Achieving Fair and Equitable Housing Outcomes – A Housing Production Strategy Report must include a narrative summarizing how the selected Housing Production Strategies, in combination with other city actions, will achieve equitable outcomes with regard to the following factors:

(a) Location of Housing – How the city is striving to meet statewide greenhouse gas emission reduction goals, established under Executive Order No. 20-04, by creating compact, mixed-use neighborhoods available to people who are members of state and federal protected classes. Within Metro, cities subject to this rule shall describe actions taken by the city to promote the production of regulated affordable units, as defined in ORS 456.586(1)(b); to promote the production of accessible dwelling units; to mitigate or avoid the displacement of members of state and federal

protected classes; and to remove barriers and increase housing choice for members of state and federal protected classes within Region 2040 centers.

The HPS' "*Achieving Fair and Equitable Housing Outcomes*" chapter identifies six actions supporting the intent of OAR 660-008-0050(4)(a):

- Action 1.1: Undertake Comprehensive Plan amendments and Zoning Map updates
- Action 1.2: Increase housing in multi-dwelling zones
- Action 1.3: Increase housing in commercial and mixed-use zones
- Action 1.4: Refine middle housing development standards
- Action 1.8: Adopt pre-approved housing plans
- Action 4.2: Scale select SDCs

It further notes that these actions collectively move the city to more compact, mixed-use neighborhoods which increase housing opportunities in high opportunity, high amenity, and transit-oriented places.

However, most of the cited actions do not specify a target location. Actions 1.1 and 5.1 refer to "high opportunity areas," but at this time the city has no operating definition for high opportunity areas.

"Action 3.3: Undertake a Calle Diez Equitable Development Strategy" is targeted to a specific place and is in support of the rule's intent to "mitigate or avoid the displacement of members of state and federal protected classes." However, this action is exploratory in nature and commits to no clear policies which will prevent displacement. The Washington County-Beaverton-Hillsboro Consolidated Plan and accompanying Analysis of Impediments to Fair Housing Choice identify the area where Calle Diez is located as a Racially/Ethnically Concentrated Area of Poverty (R/ECAP). This designation indicates a high degree of vulnerability among residents, particularly among state and federal protected classes, and elevates the urgency for the city to take meaningful action to affirmatively further fair housing while at the same time not resulting in further displacement of these communities. Given the documented history of segregation and concentrated poverty in this area, it is critical that future iterations of this action include measurable commitments to preventing displacement and advancing equitable outcomes for existing residents.

Readoption Condition #2 requires the city to provide the locational scope of the proposed actions, which will allow the Department to verify that OAR 660-008-0050(4)(a) is met.

(b) Fair Housing

OAR 660-008-0050(4)(b) requires the city to analyze how the HPS affirmatively furthers fair housing for all state and federally protected classes. This means addressing disproportionate housing needs, patterns of integration and segregation, racially or ethnically concentrated areas of poverty, and disparities in access to housing opportunity. Hillsboro's HPS includes ten actions which it says meets this rule section:

- Action 1.1: Undertake Comprehensive Plan amendments and Zoning Map updates
- Action 1.2: Increase housing in multi-dwelling zones
- Action 1.3: Increase housing in commercial and mixed-use zones
- Action 1.4: Refine middle housing development standards
- Action 2.1: Coordinate with partners to identify underutilized land
- Action 3.2: Continue and expand affordable homeownership partnerships
- Action 4.1: Make fee structure adjustments
- Action 4.3: Pursue MUPTE to incentivize need housing and extension of the VHDZ program
- Action 4.4: Evaluate additional tax abatements
- Action 5.2: Explore the creation of an ongoing revenue source for affordable and middle-income housing production

The HPS section “*Assessment of Benefits and Burdens*” also features a table which expands on the potential impacts to federal and state protected classes. The Department appreciates this information, particularly for the actions which apply across the entire city. However, several of these actions are locationally specific, and thus a locational analysis is necessary to affirm that this section of the rules is met. Readoption Condition #2 will help to clarify that the HPS will affirmatively further fair housing.

(c) Housing Choice

OAR 660-008-0050(c) requires the city to address how it is facilitating access to housing choice for communities of color, low-income communities, people with disabilities, and other state and federally protected classes. Housing choice includes access to existing or new housing that is located in neighborhoods with high-quality community amenities, schooling, employment and business opportunities, and a healthy and safe environment. The HPS notes nine actions which most directly speak to this rule section:

- Action 1.1: Undertake Comprehensive Plan amendments and Zoning Map updates

- Action 1.2: Increase housing in multi-dwelling zones
- Action 1.3: Increase housing in commercial and mixed-use zones
- Action 1.4: Refine middle housing development standards
- Action 4.1: Make fee structure adjustments
- Action 4.2: Scale select SDCs
- Action 4.3: Pursue MUPTE to incentivize need housing and extension of the VHDZ program
- Action 4.4: Evaluate additional tax abatements
- Action 5.2: Explore the creation of an ongoing revenue source for affordable and middle-income housing production

The HPS section “*Assessment of Benefits and Burdens*” details the benefits to low-income and marginalized populations, as well as anticipating potential harms and proposing mitigation strategies. As with OAR 660-008-0050(4)(a) and (b), locational analysis is needed to ensure that the actions increase housing choice. Readoption Condition #2 will help to clarify that the HPS will support housing choice for communities of color, low-income communities, people with disabilities, and other state and federally protected classes.

(d) Housing Options for People Experiencing Homelessness

Under OAR 660-008-0050(4)(d), the HPS must describe actions which advocate for and enable the provision of housing options for residents experiencing homelessness. Hillsboro’s HPS notes five actions which address this:

- Action 2.1: Coordinate with partners to identify underutilized land
- Action 4.4: Evaluate additional tax abatements
- Action 5.2: Explore the creation of an ongoing revenue source for affordable and middle-income housing production
- Action 5.3: Build a year-round homeless shelter
- Action 5.4: Support PSH production

This section of the HPS states that actions to reduce displacement, preserve naturally occurring affordable housing, and provide new affordable housing assist with homelessness prevention. This is in addition to Actions 5.3 and 5.4, which more directly speak to the needs of people currently experiencing homelessness.

The Department acknowledges and commends the city’s significant efforts to support the needs of people experiencing homelessness and finds the city satisfies compliance with OAR 660-008-0050(4)(d).

(e) Affordable Homeownership and Affordable Rental Housing

The city must show how the actions support and create opportunities to encourage the production of affordable rental housing and the opportunity for wealth creation via homeownership, primarily for state and federal protected classes that have been disproportionately impacted by past housing policies. The HPS states that nearly all of its actions are applicable in fulfilling this requirement, specifying eleven which are directly relevant.

- Action 1.1: Undertake Comprehensive Plan amendments and Zoning Map updates
- Action 1.2: Increase housing in multi-dwelling zones
- Action 1.3: Increase housing in commercial and mixed-use zones
- Action 1.4: Refine middle housing development standards
- Action 2.1: Coordinate with partners to identify underutilized land
- Action 3.1: Develop new strategic partnerships for state/federal advocacy
- Action 3.2: Continue and expand affordable homeownership partnerships
- Action 4.1: Make fee structure adjustments
- Action 4.3: Pursue MUPTE to incentivize need housing and extension of the VHDZ program
- Action 4.4: Evaluate additional tax abatements
- Action 5.2: Explore the creation of an ongoing revenue source for affordable and middle-income housing production

The Department agrees that there are many actions in the HPS which support this goal, and that the intent of OAR 660-008-0050(4)(e) is met.

(f) Gentrification, Displacement, and Housing Stability

The HPS must describe how the city is increasing housing stability for residents and mitigating the impacts of gentrification, as well as the economic and physical displacement of existing residents resulting from investment or redevelopment. The Hillsboro HPS lists seven actions which could be used to promote this goal.

- Action 1.1: Undertake Comprehensive Plan amendments and Zoning Map updates
- Action 1.4: Refine middle housing development standards
- Action 3.2: Continue and expand affordable homeownership partnerships
- Action 3.3: Undertake a Calle Diez Equitable Development Strategy
- Action 4.3: Evaluate tax abatements for preservation and ownership
- Action 4.4: Pursue MUPTE to incentivize need housing and extension of the VHDZ program

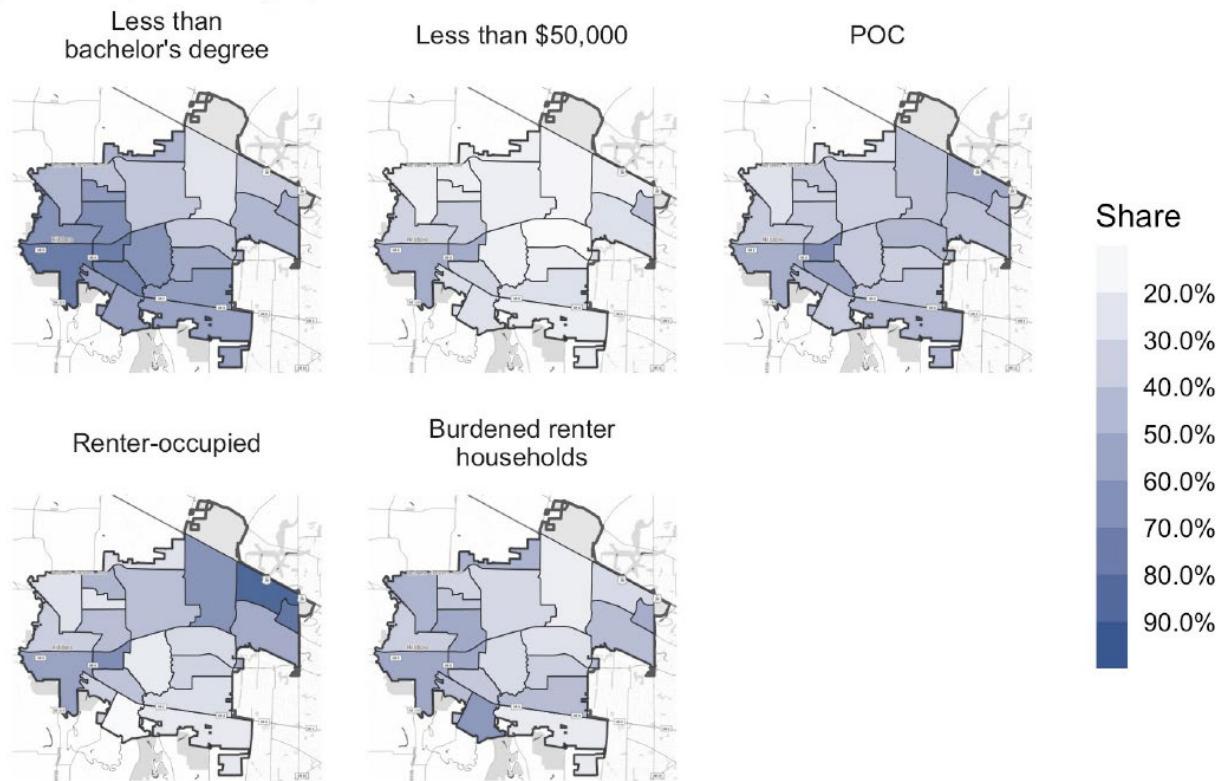
- Action 5.2: Explore the creation of an ongoing revenue source for affordable and middle-income housing production

The Department agrees that these actions could be used to promote housing stability, however, further commitment to mitigation steps is necessary to ensure that the proposed actions do not worsen displacement.

The HPS also states that “the city collaborated with a consultant to map and better understand the vulnerability to gentrification and displacement experienced in the City’s different neighborhoods.” Department staff were unable to locate this map in the HPS, however, upon request, city staff provided a memo from ECONorthwest dated April 11, 2022, which contains an analysis of vulnerability to displacement by census tract.

Exhibit 2. Vulnerability Metric by Share of Population in Tract

Source: ECONorthwest Analysis of 2015-2019 ACS data



This information should be further incorporated into the selected actions, as well as informing mitigation actions, as a part of Readoption Condition #2 in order to affirm that OAR 660-008-0050(4)(f) is met.

(5) A Housing Production Strategy Report must include the following additional elements:

(a) A description of any opportunities, constraints, or negative externalities associated with adoption of the elements of proposed Housing Production Strategies;

Each HPS action contains a section titled “*Implementation Considerations*” which discusses certain opportunities, constraints, or negative externalities at a cursory level. Additionally, the “*Assessment of Benefits and Burdens*” section addresses these considerations for target populations specifically. Collectively, these sections comply with the intent of OAR 660-008-0050(5)(a).

(b) A description of actions that the city and other stakeholders must take to implement the proposed Housing Production Strategies;

Each action contains a section titled “*Implementation Steps*” as well as identifying a lead agency in charge of each action. This meets the requirements of OAR 660-008-0050(5)(b).

(c) If the Housing Production Strategy Report is the first produced under this division, a description of how the city will measure strategy implementation and progress;

The HPS includes a chapter titled “*Measuring Progress*” which contains many detailed “methods” and “metrics” which *can* be used to measure progress, in contrast the rule’s mandate to specify how the city *will* measure progress. The Department requests the city decide which methods and metrics they will be using to measure progress as part of Readoption Condition #2.

(d) If the Housing Production Strategy Report is not the first produced under this section, a summary of strategies that the city has previously adopted and implemented, and a reflection on the efficacy of each implemented strategy; and

Not applicable.

(e) A copy of the city’s most recently completed survey to meet the requirements of ORS 456.586.

The city submitted a survey to meet the requirements of ORS 456.586 to the Department and attached it in Appendix A with the submitted HPS.

Final Decision on City of Hillsboro's Housing Production Strategy

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The Department truly appreciates the dedication and hard work the city has invested in the development of the HPS thus far. The Department is eager to continue our partnership with the city in order to work towards our shared goal that the proposed actions have the best chance to meet the city's housing needs and result in fair and equitable housing outcomes for current and future Hillsboro residents.

Please reach out to Senior Housing Planner, Mari Valencia Aguilar, at 503-930-9739, or at mari.valencia-aguilar@dlcd.oregon.gov to discuss this decision further.

Sincerely,



Ethan Stuckmayer

Housing Division Manager, Department of Land Conservation and Development

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