

2025-27 Budget Review

Department of Land Conservation and Development

	2021-23 Actual	2023-25 Legislatively Approved *	2025-27 Current Service Level	2025-27 Governor's Budget
General Fund	25,183,788	50,842,495	38,379,997	48,825,604
Other Funds	1,554,241	19,645,485	9,229,191	12,887,095
Federal Funds	4,473,537	14,034,680	9,706,699	9,576,656
Total Funds	31,211,566	84,522,660	57,315,887	71,289,355
Positions	73	109	103	112
FTE	66.60	92.18	102.59	113.00

* Includes legislative and administrative actions through December 2024.

PROGRAM DESCRIPTION

The Department of Land Conservation and Development (DLCD) is the administrative arm of the Land Conservation and Development Commission (LCDC). DLCD administers Oregon’s statewide land use planning program and Oregon’s federally approved coastal management program. The commission sets land-use goals and DLCD ensures compliance of local land use plans with those goals as well as providing technical assistance to city and county planning units for urban and rural development, coordinating state and local planning activities, and managing the coastal zone as well as natural hazards programs. LCDC is a seven-member volunteer citizen board appointed by the Governor and confirmed by the Senate. Commissioners serve for four years, and for no more than two full terms. The Department maintains an office in Salem and field offices – primarily located in Regional Solutions Centers – in Bend, Medford, Eugene, Portland, Salem, Tillamook, Newport, and La Grande, to provide direct support and planning assistance to local governments.

Oregon’s land use planning system is based on a set of 19 statewide goals expressing the state’s policies on land use and related topics such as citizen involvement, housing, and natural resources. DLCD partners with local governments to create the more than 276 unique comprehensive plans that shape cities and towns, and which provide certainty for urban development while protecting natural resources.

DLCD is divided into two budgetary programs, the Planning Program and the Grants Program.

The Planning Program houses all of the operational programs and administrative functions of the agency, which include:

- **Community Services Division:** Provides education and technical assistance to local governments to implement the statewide planning program. This includes periodic review, and review of

amendments to comprehensive plans and land use regulations, as well as services in areas such as natural hazards, economic development, and working lands.

- **Planning Services Division:** Provides technical assistance and policy consultation in coordinating land use and transportation planning (including reducing greenhouse gas emissions), natural hazard mitigation planning, and property rights (Ballot Measures 37 and 49).
- **Ocean and Coastal Services Division:** Includes the Oregon Ocean Resources Management Program and the federally approved Oregon Coastal Management Program. This division supports the Ocean Policy Advisory Council in amending the state's Territorial Sea Plan and delivers data and technical assistance to coastal communities in regard to statewide planning goals on coastal hazards, estuary management, nonpoint source water quality, and beach and dune management.
- **Housing Services Division:** Advises and provides technical assistance to local governments in implementing housing-related land-use planning; and under HB 2001 (2023) and related housing legislation, coordinates rulemaking for the Oregon Housing Needs Analysis and works with other agencies to collect housing production data and promote housing production, affordability, and choice.
- **Administrative Services Division:** This division includes the Director's Office, general agency support functions, and the Housing Accountability and Production Office that was established by SB 1537 (2024).

The Grants Program has no employees. It simply houses the funds used to provide grants to cities and counties. DLCD has historically provided planning assistance grants for small cities and counties to assist with planning program administration; periodic review grants to assist local governments in the completion of periodic review work programs and tasks such as planning for economic development, housing, public facilities, or transportation; and competitive technical assistance grants, which are prioritized for economic development, regulatory streamlining, and infrastructure planning, as well as comprehensive plan and code updates outside of a periodic review. During the 2023-25 biennium, the agency also received funding for several new or continued grant programs, including the Community Green Infrastructure Grant Program, grants related to the Oregon Housing Needs Analysis, Climate Friendly and Equitable Communities, funding for middle housing for small cities, and additional housing-related planning grant funds.

DLCD is supported with General Fund, Other Funds, and Federal Funds. General Fund is the primary revenue source and supports land use program activities and grants to local governments. Other Funds revenues are received from the Oregon Department of Transportation to aid in integrating land use and transportation planning, and from the Department of Emergency Management for hazard mitigation planning. DLCD receives federal grant funding from the National Oceanic and Atmospheric Administration (NOAA) for coastal zone management activities and the Federal Emergency Management Agency for floodplain management activities and other hazard mitigation planning.

BUDGET ENVIRONMENT

DLCD has taken a central role in the state's housing-related work in recent biennia. Various legislative measures dating back to 2019 have led to the development of the Oregon Housing Needs Analysis, a tool to determine the amount of housing needed in each city. This data is then used to set state and

local housing production targets. Additionally, the passage of SB 1537 (2024) led to the creation of the Housing Accountability and Production Office (HAPO), a new program that will seek to encourage increased housing production by supporting local governments and developers, and enforcing state housing laws.

Largely as a result of this housing work, DLCD's staffing has increased by 49.3% between the 2021-23 and 2023-25 biennium. Right-sizing support staff and adjusting to the requirements of being a larger state agency will continue to be a challenge in the coming biennium.

CURRENT SERVICE LEVEL

The 2025-27 current service level (CSL) budget of \$57.3 million total funds is \$27.2 million, or 32.2%, less than the 2023-25 legislatively approved budget of \$84.5 million. The budget decrease totals \$12.5 million General Fund, \$10.4 million Other Funds, and \$4.3 million Federal Funds.

The decrease in CSL is largely related to phasing out one-time funds that were appropriated during the 2023-25 biennium. Most of the Other Funds represent moneys that were appropriated as General Fund but then expended as Other Funds. Federal Funds represent one-time grant funding for the 2023-25 biennium.

Substantial General Fund phase-outs include:

- \$6.5 million for grants under the Community Green Infrastructure Grant program. Of this amount, DLCD anticipates spending \$1 million in the 2023-25 biennium and disbursing the remainder as grants in the 2025-27 biennium.
- \$2.7 million for grants for the Climate Friendly and Equitable Communities program.
- \$1.3 million for grants to local governments for comprehensive plan amendments directed under HB 3395 (2023).
- \$1 million in one-time funding for housing studies directed under SB 1537 (2024).
- \$1 million for legal and rulemaking costs related to HB 2001 (2023).

The budget includes standard inflation for personal services and services and supplies costs, as well as including standard inflation for grant funding distributed by the Department.

GOVERNOR'S BUDGET SUMMARY

The 2025-27 Governor's budget for the Department totals \$71.3 million total funds, an increase of \$14 million, or 24.4%, from CSL. Of this amount, \$10.4 million is General Fund, a 27.2% increase from CSL. The Governor's Budget also increases Other Funds expenditure limitation by \$3.7 million, which largely represents General Fund that is expended as Other Funds.

The Governor's Budget includes the following significant General Fund investments:

- *Policy Option Package 100 - DLCD Budget Adjustments* includes two new positions (2.41 FTE) at a cost of \$605,476 total funds, which includes \$508,400 General Fund. This package will provide permanent position authority, and a General Fund match for Federal Emergency Management Agency funding, for two existing limited duration positions that work on natural hazards; provide General Fund for a Climate Resiliency Coordinator position that exists within the agency

but is without an identified funding source; and increase FTE for two less than full-time positions.

- *Policy Option Package 101 - Repurpose CGI Grant Funds* includes a shift of \$1.1 million to fund four positions (4.00 FTE). During the 2023-25 biennium, DLCD received \$6.5 million in grant funding for the new Community Green Infrastructure Grant program, as well as four limited duration positions and funding for program administration. \$1.1 million of the grant funds would be repurposed to continue the four positions into the 2025-27 biennium. Factoring in interest, it is estimated that this will leave \$6 million available for grants.
- *Policy Option Package 501 - HAPO Budget Adjustment and Continue Grant Funds* includes \$8.6 million total funds, including \$3.5 million General Fund, that will be used for grants to local governments for development code updates to align local housing code with state housing policies; and long-range planning projects that support housing production. The package also makes technical adjustments and reclassifies the Housing Accountability and Production Office (HAPO) manager, as HAPO has been moved from the agency's Housing Division to the Director's Office.
- *Policy Option Package 503 - Increase Housing Planning TA Funding* includes \$1.7 million General Fund, with \$1.5 million General Fund to provide grants to local governments for housing planning and code updates. There are approximately 20-25 projects that are currently waitlisted for housing production-related grant funding.
- *Policy Option Package 504 - TA Funding for Wetlands Planning* includes \$500,000 General Fund that will be awarded to local governments for Local Wetland Inventories.
- *Policy Option Package 505 - Eliminate Middle Housing Barriers* includes \$4 million General Fund and three positions (4.00 FTE). This package is associated with a proposed legislative concept from the Governor's Office related to middle housing, and includes \$1.5 million General Fund for grants for local governments as well as resources for consultation on middle housing codes.
- *Policy Option Package 506 - Track Housing Production by Program* includes \$300,000 General Fund for a consultant to collect and input housing production data into a system used by the Housing and Community Services Department.
- *Policy Option Package 507 - Support Housing Planning in Metro UULs* includes \$300,000 General Fund for Metro to support housing planning, including Housing Capacity Analyses and Housing Production Strategies.

OTHER SIGNIFICANT ISSUES

Coastal Zone Management

DLCD receives funding from NOAA for the agency's Coastal Management Program. Since 2015, the amount of funding from NOAA has steadily decreased because of penalties related to Oregon's Coastal Nonpoint Pollution Control Program. The program was disapproved by NOAA and the Environmental Protection Agency (EPA), primarily due to forestry management issues. DLCD does not have regulatory authority for forest practices, but is hopeful that recent changes to the Forest Practices Act will result in the possible restoration of funding from NOAA and the EPA, with more information likely forthcoming in summer 2025. The current penalties total approximately \$1.6 million each biennium.

Offshore Wind

DLCD, as the state's federally approved coastal management program, coordinates federal consistency review to ensure that federal actions align with state requirements. Under HB 4080 (2024), DLCD also was charged with development of an offshore wind roadmap for Oregon, to develop state standards for how offshore wind should be approved and developed.

Offshore wind has been a contentious issue in coastal communities, but development of offshore wind facilities has been put on hold for the time being. The federal Bureau of Ocean Energy Management was set to hold an auction in October 2024 for developers seeking to install offshore wind facilities near Oregon. The auction was cancelled in September 2024 when almost all of the potential developers pulled out of bidding. The future of offshore wind in Oregon is unclear and is likely dependent on state legislation and stakeholder support, as well as federal interest in pursuing offshore wind energy in coming years.

KEY PERFORMANCE MEASURES

DLCD will be working during the 2025-27 biennium to review and update its Key Performance Measures, including KPM related to loss of farm or forest land.

A copy of the Department of Land Conservation and Development Annual Performance Progress Report can be found on the LFO website: [KPM - View Report](#)

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