



# Oregon

Tina Kotek, Governor

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February 4, 2025

TO: Hon. Senator Lew Frederick, Co-Chair  
Hon. Representative Emerson Levy, Co-Chair  
Ways and Means Subcommittee on Natural Resources  
900 Court St., NE, Hearing Room H-170  
Salem, OR 97301



FROM: Brenda Bateman, Ph.D., Director  
Brandy Nichols, Chief Financial Officer  
Alexis Hammer, Legislative and Policy Manager

RE: Follow-up from DLCD budget hearing on 2/3/2025  
**Amended 2/6/25 to include Federal Funding paragraph (page 5)**

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Dear Chairs and Committee Members,

As a follow-up to questions asked at yesterday's Committee hearing on the Department of Land Conservation and Development's (DLCD) budget bill (SB 5528), we offer additional details below. Please consider this a starting point for further conversation as we are always looking to engage and improve our work and value your feedback.

### *End of 2023-2025 Biennium Projections*

DLCD is a predominantly General Fund agency. The department does not have fee-based programs, which would provide Other Funds operational funding that could be carried as ending balance or "reserves" from biennium to biennium (Note: fee-based revenues can be episodic and more difficult to project). A summary of DLCD funding, expenditures, and a sample of DLCD grant-related work across the state is available in the [2023-2025 DLCD Biennial Report](#).

Current 2023-25 biennium projections for the department's General Fund operational funding estimate an ending balance of \$120,000. The department manages its budget throughout the biennium to maintain a modest cash balance in its General Fund operational funding, to handle unexpected needs such as staff retirement payout amounts or IT/facilities emergency needs. Once the current biennium is completed, any unspent General Fund is subject to reversion back to the State General Fund. As the end of 2023-25 gets closer, the department will use the portion of any remaining balance amount that is not needed for emergencies. The department maintains a list of needs and would consider first reimbursing staff for required professional development and membership costs, along with IT software/hardware investments to continue to meet business operations.

The 2023 and 2024 Legislature established two new funds for DLCD, the Community Green Infrastructure Fund and Housing Accountability and Production Fund. These two dedicated funds are projected to have a carryover balance into the 2025-27 biennium, which will be used to continue the statutorily designated purposes these funds were intended to support.

- The Community Green Infrastructure fund is currently projected to carry \$5.7 million into the 2025-27 biennium, for additional grant cycles. Policy Option Package (POP) 101 proposes to repurpose \$1.1 million of this funding to continue limited duration staff needed to continue to administer this grant program.
- The Housing Accountability and Production Fund is currently projected to carry \$3.1 million into the 2025-27 biennium. \$1 million of this funding will be used for a study and report called for in SB 1537 (2024) to identify how the standards and procedures used in land use planning, entitlement processes, and public works approval could be improved to reduce costs, minimize delays and generally spur increased housing production. \$2.1 million would go towards additional award cycles of technical assistance grants.

### *Prioritizing DLCD Staffing*

The department recommends that the Legislature prioritize maintaining existing staffing in order to most effectively carry out our statutory obligations throughout the state. Local governments benefit more from DLCD staff's experience—receiving frequent technical assistance and experienced counsel—relative to one-time grant funding. Maintaining stability at DLCD's staff level takes on even greater importance when there is instability at the local level due to transitions in staff, uncertain revenue sources, and changing regulatory obligations. Additionally, technical assistance is more than just financial. Some jurisdictions simply need technical assistance from experts with knowledge of the policy and context of Oregon land use. While we deeply value grant funds, their impacts are not as far reaching as the staff expertise the department is able to provide local governments throughout the state.

### *Investing in Diversity, Equity, and Inclusion*

The first of Oregon's 19 land use planning goals, Goal 1, requires robust and inclusive public engagement efforts to inform decision-making at the state and local level. Yesterday, we discussed the impact of tribal engagement as an important element of addressing historic inequities and part of our government-to-government responsibilities. We also note that in addition to robust tribal coordination and consultation, we are doing more work in our own rulemaking to hear from historically marginalized voices; and we are supporting the work of local governments to craft and deliver more inclusive engagement in their planning work. An example of this is the City of Eugene's recent implementation of HB 2001 (2019), where the City engaged a diverse and representative panel to inform the city's middle housing implementation of

statutes and rules. DLCD supported this work through a grant and technical assistance.

### *Partnership with Universities*

In addition to regularly hiring graduates of Oregon's planning programs, the department partners with universities in the following areas:

- Eastern Oregon University
  - Rural Engagement and Vitality (REV) Center – economic planning and service to local governments
- Oregon State University
  - Coastal hazard planning
  - Oregon Explorer – hosting comprehensive planning data
  - Oregon Climate Change Research Institute – supporting resiliency
  - Hatfield Marine Science Center partnership with coastal program
- Portland State University
  - Population Research Center
  - Homelessness Research and Action Collaborative Homelessness Study
  - Anti-Displacement and Gentrification Toolkit
  - Oregon Consensus facilitation support for Offshore Wind Energy Roundtable
- University of Oregon
  - Housing Production Strategy Policy Review
  - Statewide Middle Housing Code Update Engagement Summary
  - Simplified Urban Growth Boundary Rule Review
  - Housing Developer Barrier Survey
  - Institute for Policy Research and Engagement – estuary planning
  - Equity-Centered Research Methods for Oregon Communities

### *Key Performance Measures*

Committee members raised a few questions on our Key Performance Measures (KPMs). For greater detail, please see [DLCD Annual Performance Progress Report for 2024](#). Below, we expand on a few measures that Committee members raised.

#### KPM 5 - TRANSIT SUPPORTIVE LAND USES

KPM 5 measures whether cities in urban areas with populations greater than 25,000 have adopted development regulations that allow intense land uses adequate to support transit service in downtown areas and along major corridors. This measure has experienced slow progress as there is limited funding to update plans and codes, and this work often includes complexity and controversy. When a city grows in population and passes the threshold to be included in the measure, this brings the score down until the city adopts development regulations that support transit. As more funding and technical resources become available, more cities will be able to update their codes.

## KPM 6 – TRANSPORTATION FACILITIES

KPM 6 measures transportation planning more generally than KPM 5. KPM 6 measures the percentage of cities with a population greater than 2,500 that have an acknowledged transportation system plan. Only eight of these cities have not yet adopted a plan. Two cities have received administrative exemptions, one recently passed the population threshold, and others have adopted some elements of a transportation system plan. The cities without a full plan are mostly small in population and lack funding or staff for transportation planning.

## KPM 9 – URBAN GROWTH BOUNDARIES

KPM 9 measures the amount of land added to Urban Growth Boundaries (UGBs) that is NOT farm or forest land. The goal of this KPM is to add farm and forest land to UGBs only after other options have been considered first. It does not measure the success rate of UGB proposals.

While there is no KPM that points to the success rate of UGB expansion proposals, we are pleased to report that since January 1, 2016, when the Commission adopted new administrative rules to streamline the UGB process, 42 of 44 proposed UGB expansions have been approved. This is a 95 percent success rate. These UGB expansions have resulted in a net increase of 16,190 acres inside UGBs. Some of the largest expansions include: Bend (2016) 2,380 acres; Eugene (2017) 969 acres; Sandy (2017) 652 acres; Springfield (2018) 781 acres; Medford (2018) 4,046 acres; Redmond (2019) 949 acres; Madras (2020) 1,089 acres; Metro (2021) 2,185 acres; McMinnville (2021) 862 acres; Central Point (2022) 444 acres.

As part of the state's housing priorities, DLCD has convened a rulemaking advisory committee to take a closer look at the UGB process, identifying additional streamlining and efficiencies. This work will be completed this year.

### *POP 505 - Removing Middle Housing Barriers*

POP 505 reflects DLCD's fiscal analysis of the Governor's middle housing bill (HB 2138) introduced this legislative session. [HB 2138](#) includes the following components that DLCD will support through rulemaking and local implementation:

- Expanding available lots for middle housing;
- Revisiting administrative rules that regulate siting and design standards for middle housing development;
- Simplifying the middle housing land division (MHLD) process, designed to provide fee-simple ownership opportunities for middle housing units, by removing noticing requirements and directing local governments to offer parallel MHLD and subdivision processes;

- Developing a model system development charge code that can be voluntarily utilized by local governments to more equitably distribute these charges and better facilitate housing development.

**This section is an Amendment to the original Memo sent February 4, 2025**

*Federal Funding*

Although we briefly described the potential impacts of reductions in federal funding on DLCD programs, we wanted to provide additional context here. The Coastal Program relies nearly completely on grants from the National Oceanic and Atmospheric Administration (NOAA) as part of the state's responsibility to help administer conservation, development, and resiliency in the coastal zone. DLCD also receives important funding for floodplain assistance for local governments from the Federal Emergency Management Agency (FEMA) directly, as well as funds that support planners developing local hazard mitigation plans on behalf of cities, counties and tribes throughout Oregon. FEMA requires state, local and tribal governments to have approved and adopted hazard mitigation plans in order to receive federal funding when disaster hits.

We hope the information provided above answers Committee members' questions and provides additional clarity into DLCD's budget and expenses. We are eager to continually improve upon the important work we do at DLCD and would value any additional feedback this Committee may wish to provide.