



Oregon

Kate Brown, Governor

Department of Land Conservation and Development

635 Capitol Street NE, Suite 150

Salem, Oregon 97301-2540

Phone: 503-373-0050

Fax: 503-378-5518

www.oregon.gov/LCD

AGENDA ITEM 17
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ATTACHMENT A

Land Conservation and Development Commission



2021-2023 GENERAL FUND GRANTS ALLOCATION PLAN

INTRODUCTION

This plan provides guidance to the Department of Land Conservation and Development (DLCD) for the department's grant allocation decisions within the General Fund grant program, appropriated by the Legislature for each two-year budgetary period.

THE GENERAL FUND GRANT PROGRAM

DLCD's General Fund grants are used primarily for Oregon communities' comprehensive planning and plan updates. The fund is divided into functional categories and made available for specific types of projects. During 2019-2021, the categories included Population Forecasting, Technical Assistance, Columbia River Gorge National Scenic Area, Grant Young Memorial Planning Assistance, and a Dispute Resolution grant to the Oregon Consensus Program.

Grant categories have from time to time been designated in department budget notes, in which the Legislature gives direction on how monies should be spent that is applicable only for that particular biennium. For instance, the Columbia River Gorge grants were originally created in response to legislative direction during the 2001-03 biennium, which has continued to the present day. The department is not aware, at this time, if it will be provided with any budget notes.

Oregon Revised Statutes (ORS) 195.033 requires the Portland State University Population Research Center to coordinate and develop population forecasts for

cities and counties statewide. ORS 197.639(6) provides that, “The population forecasting program operated by the Portland State University Population Research Center pursuant to section 2 of this 2013 Act is the highest priority for the allocation of grant funding

ORS 284.753 requires certain state agencies to include considerations when exercising their grant-making authority. The law states:

In awarding grants, loans or incentive funds for projects undertaken in connection with grant, loan or incentive programs, state agencies listed in section 3 (3)(a)(A) to (E) of this 2014 Act [which includes DLCD] shall, consistent with the programs’ enabling legislation, rules and regulations, use regional priorities for community and economic development ... in the consideration of project funding decisions and base decisions of which projects to undertake upon whether the project will:

- (1) Use regional and community-based problem solving.*
- (2) Support regional and community-based means of integrating state and local resources and services.*
- (3) Create jobs in relation to the economy and population of the region directly impacted by the project.*
- (4) Involve investment of capital in relation to the economy and population of the region directly impacted by the project.*
- (5) Have community support, as indicated by the support of the governing body of the local government.*
- (6) Have obtained appropriate land use and environmental reviews and authorizations prior to utilization of funds.*

These two laws affect the department’s grants, and have been taken into account in formulating this Grants Allocation Plan.

Additional statewide directives issued by Governor Brown in response to [climate change](#), and economic disruption resulting from the COVID-19 pandemic and historic wildfire season of 2020 also inform the department’s grants allocation plan during this award cycle. The state’s [Equity Framework in COVID-19 Response and Recovery](#) establishes priority populations as the focus of ongoing investments, including an emphasis on racial equity, underserved, and rural populations. DLCD’s general fund grant award criteria will incorporate equity and inclusion priorities as established by state economic recovery frameworks as well as responses to climate change and housing affordability challenges experienced by Oregon communities.

GRANTS ALLOCATION

The provisions of the plan are explained below. In order to encourage early

participation, the department will set an application deadline for the competitive categories of grant applications. The deadline will give applicants ample time to prepare an application while still affording the department time to review the submittals and make awards early in the biennium. Applications received by the department will compete for funding according to the directions described below.

GRANT CATEGORIES

Population Forecast Grant. The Population Forecast grant category fully funds the work of Portland State University in development of county and city population forecasts statewide. DLCD will continue to carefully scope the work of this grant to conserve funds for other grants categories. The grant for 2019-21 was \$505,000, reduced to \$430,000 in 2020 in response to reduced state revenues. The grant for 2021-23 will likely be greater as the Department has requested that the Population Research Center expand its scope of work to include the disaggregation of population data by race and ethnicity, although there may be alternative revenue sources for this additional work. The final 2021-23 grant amount has not been finalized at time of publishing.

Grant Young Memorial Planning Assistance (GY) Grants. Grants of \$1,000 have been provided to cities under 2,500 population and grants of \$4,000 provided to counties smaller than 15,000 population. In addition, beginning with the 2017-2019 biennium, all coastal counties were provided with the \$4,000 grant to assist with implementation of the Coastal Zone Management Program. These grants to smaller communities have been awarded since 1991. DLCD has few requirements for these grants, leaving the use of the funds as flexible as possible to support planning functions and contribute to the economic development in eligible communities.

This category was renamed in the 2017-2019 biennium from “Planning Assistance” to “Grant Young Memorial Planning Assistance” in honor of the department’s Eastern Oregon regional representative who passed away in 2017. Mr. Young was a strong advocate for smaller jurisdictions in the Eastern Oregon region and a proponent for creative use of these grants. He helped find productive uses of the grants by pooling or leveraging the funds or simply suggesting uses for the dollars in ways to advance the objectives of the jurisdiction. Mr. Young put a considerable amount of effort into helping small cities and counties in his region address local needs.

DLCD will continue to offer these grants to eligible cities and counties at the same level as the previous biennium. Any funds not utilized by eligible cities and counties will be used to fund Technical Assistance grants.

Columbia River Gorge (CG) National Scenic Area Grants. DLCD

recognizes that counties within the Columbia River Gorge National Scenic Area are responsible to coordinate and implement federal planning requirements in addition to state and local laws. To assist those counties (Hood River, Multnomah, and Wasco), the commission has provided grants to cover a portion of the cost of implementing the Columbia River Gorge National Scenic Area Plan.

The Columbia River Gorge counties' National Scenic Area grants are continued for 2021-2023: \$70,000 for Multnomah County, \$80,000 for Hood River County, and \$90,000 for Wasco County, the same levels as the 2019-2021 biennium.

Dispute Resolution (DR) Grant. The Oregon Consensus (OC) program at Portland State University received grants from DLCD during the past eight biennia as part of the commission's commitment to help provide dispute resolution services related to land use and planning. An important aspect of OC's service includes assisting the parties to the Oregon Land Use Board of Appeals (LUBA) cases to settle disputes before beginning formal arguments. OC assesses these cases, and also and cases DLCD participates in to determine whether they are appropriate for mediation and in some cases assists with mediation services.

The dispute resolution grant is funded for 2021-2023 at \$20,000, the same level as 2019-2021.

Periodic Review (PR) Grants. These grants assist communities with the completion of periodic review work tasks and are awarded non-competitively. Periodic review helps maximize the overall success of Oregon's statewide planning program. The successful implementation of periodic review requires careful management of the periodic review schedule and the department's ability to offer sufficient grant resources. It is important for the department to help jurisdictions successfully complete periodic review programs quickly and efficiently – meeting statutory deadlines and making efficient use of scarce resources. However, periodic review was suspended by the Land Conservation and Development Commission (LCDC) in 2010 in response to a significant reduction in the technical assistance grant fund, and the department does not foresee the need to provide any funding in this category for 2021-2023 unless the Legislature significantly increases the amount in the technical assistance grant fund.

Technical Assistance (TA) Grants. These grants are used for significant planning projects and related planning activities outside periodic review. ORS 284.753 affects TA grant allocations.

Local and regional equity and inclusion considerations are a priority for all

TA grant awards. Beginning in 2021-2023, applicants in all TA grant categories are required to propose outreach and community participation plans that reflect inclusion of historically marginalized priority populations identified in the Equity Framework in COVID-19 Response and Recovery Plan¹ and Governor Brown's Executive Order 20-04 for Reducing Greenhouse Gas Emissions.² While local conditions vary greatly around the state, grant applications should describe the applicant's consideration of the following agency priority populations.

- Black or African American community members
- Indigenous Native American or Native Alaskan community members
- Persons of Color
- Community Members with Limited English Proficiency
- People with disabilities
- Extremely low income and/or homeless community members

Applicants also will be encouraged to consider the populations listed in these two state-level documents for reference to customize their own priority populations who would benefit from the grant investment.

All TA grants are expected to include deliverables related to inclusive outreach and engagement strategies. The department will be available to work with applicants during the application process on how to integrate these considerations into their applications.

TA grants will be focused on the following topics in the listed order of priority. The priorities are for projects that:

1. Promote provision of affordable and workforce housing. This priority includes comprehensive plan or development code amendments or other provisions that are expected to result in an enhanced supply of housing for low- and moderate- income residents. This may include permitting additional housing types, increasing efficiency of land use, codifying systems development charge waivers in conjunction with affordable housing measures, or other actions. The department will also prioritize funding projects that continue the work of implementing House Bills 2001 and 2003 (2019) to increase housing choice and to facilitate the production of needed housing.
2. Promote economic development. This priority is for planning or implementation projects that establish or further a community's economic or community development objectives. This may include completing an economic opportunities analysis or a main street plan, establishing an urban renewal district, completing public facilities plans

¹ State of Oregon Equity Framework in COVID-19 Response and Recovery. https://www.oregon.gov/gov/policy/Documents/EquityFrameworkCovid19_2020.pdf

² Executive Order 20-04, Directing State Agencies to Take Actions to Reduce and Regulate Greenhouse Gas Emissions. https://www.oregon.gov/gov/Documents/executive_orders/eo_20-04.pdf

- for employment lands, or a variety of other projects that directly increase employment and economic development opportunities or benefit economic and community development efforts.
3. Plan for resilience to natural hazards and climate change. This priority is for grants that provide assistance with: (a) creating local natural hazard mitigation plans; (b) other studies and activities supporting local resilience to natural hazards and climate adaptation; and (c) incorporating new hazards data, and the response to the data, into comprehensive plans and zoning regulations. For 2021-2023 this priority will also consider grant applications for disaster recovery planning in response to the catastrophic wildfires of 2020.
 4. Provide infrastructure financing plans for urbanizing areas and areas with redevelopment or infill potential. This priority is for projects that help a local government complete an infrastructure financing plan to prepare for and fund local infrastructure to support growth and development.
 5. Update comprehensive plans and implementing codes to respond to changes in state law or regulatory streamlining. Many local codes have not been updated in years. Technical assistance grants are often an opportunity to help modernize local regulations.

The prioritization outlined above represents a change from the prioritization of the Technical Assistance Grant Program that was adopted in the 2019-2021 biennium. The proposed prioritization for the 2021-2023 biennium shifts housing to the top priority and shifts economic development to the second priority. While the economic development focus in OAR 284.753 will continue to be a top priority for TA grants during the 2021-2023 grant cycle, DLCD also acknowledges that urgent housing affordability challenges present a significant economic threat in many of Oregon's communities. By including the promotion of affordable and quality workforce housing in the housing priority, the department recognizes that many communities are facing a deficit of affordable housing for a wide spectrum of their residents. Additionally, the department will prioritize technical assistance requests from cities who seek to continue the work of implementing middle housing and the Housing Production Strategy Program. Regional priorities, which often include consideration of affordable and workforce housing, will be considered in making TA grant awards, as instructed by the law.

While housing is proposed to be the top priority for grants, the Governor's budget includes a separate proposed appropriation exclusively for housing technical assistance grants. If the Legislature adopts this budget item, the department will be able to meet many if not all first priority housing applications for technical assistance with a separate grant fund, thus reserving technical assistance from our "general" technical assistance grant fund to the remaining priorities.

TA requests outside these priorities should be funded only after all applications of higher priority are considered.

Scoring Criteria. Regarding scoring criteria for TA grants, in addition to the priorities above and other considerations customarily employed by the department, the department will give extra consideration for:

- (1) Proposals that are focused to benefit or include priority populations;
- (2) Proposals that build upon past work funded by the department in a TA or other grant, or proposals that set up a jurisdiction for subsequent work, either of which will lead to a tangible long-term positive result for that jurisdiction;
- (3) Proposals that aim to address local and regional inequities related to local or regional land use planning issues through inclusive planning processes;
- (4) Proposals from multiple jurisdictions to address regional issues;
- (5) Proposals that result in a product that will benefit other jurisdictions such as a guidebook, model procedure, or template.

LEVERAGING RESOURCES

A local cash or in-kind match is not required for individual grants. Typically for a local government to provide a cash match, the match must be budgeted ahead of time, which increases the lead time for project planning. Cash matches may also be particularly difficult for small jurisdictions. The required lead time and the uncertainty of grant awards present barriers to participation for some communities and may result in missed opportunities for the program. Regardless of any hard match requirement, however, a local government must provide in-kind resources for grant administration and must facilitate the local decision-making process.

The department recognizes that matching funds provide a more fully funded project and increase the likelihood that a project will be successfully completed. Matching funds also demonstrate local or regional commitment to a project. All funding sources that will contribute to the successful completion of a project will be considered, including cash and in-kind, local and non-local, and public and private investments. However, the department will not give greater consideration to applications that include matching funds, for the reasons stated above.

DLCD will partner with other agencies and programs, such as the Transportation Growth Management Program and the Regional Solutions Teams as the primary approach for leveraging DLCD grant funds. Consideration of regional priorities in grant award decisions will promote leveraging state agency assistance, as other departments are also required to employ the same priorities in their investment decisions. (See the description of

Oregon Laws Ch. 82, Sec. 2, regarding funding considerations under “Technical Assistance Grants,” pp. 4–5 above.)

The department will continue to seek opportunities for local, state, and federal investment partnership. Under current budget circumstances, projects that demonstrate regional coordination and cost sharing opportunities will be strongly considered in an effort to maximize the impact of planning grants in Oregon communities. In addition, the department will prioritize applications that leverage community partnerships to maximize equitable outcomes.

IMPLEMENTATION

The department is responsible to implement this plan and to seek any necessary oversight, monitoring, or further refinement by the Grants Advisory Committee. The department reports periodically on the types and amounts of grant applications received from local governments and the specific applications approved for funding.

GRANTS ADVISORY COMMITTEE 2021-2023 MEMBERSHIP

Nick Snead
City of Madras Community Development Director
nsnead@ci.madras.or.us

Jill Rolfe
Planning Director, Coos County
jrolfe@co.coos.or.us

Ariel Nelson,
Intergovernmental Relations Associate, League of Oregon Cities
anelson@orcities.org

Ellen Miller
Home Builders Association
ellen@bauoregon.com

Alexis Biddle
1000 Friends of Oregon
alexis@friends.org

Mallorie Roberts
Association of Oregon Counties
mroberts@oregoncounties.org

Jeannine Rustad
Planning Manager, Tualatin Hills Parks and Recreation District
jrustad@thprd.org

Ted Reid,
Principal Regional Planner, Metro Planning and Development Department
Ted.Reid@oregonmetro.gov

J.D. Tovey
Planning Director, Confederated Tribes of the Umatilla Indian Reservation
JDTovey@ctuir.org

Gerard Sandoval
LCDC Commissioner
gsandoval@dlcd.state.or.us

Julie Livingston
Senior Project Manager, Home Forward
Julie.livingston@homeforward.org

Brad Porterfield
Latino Community Association
brad@latinocommunityassociation.org