Oregon
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February 12, 2026

To: Land Conservation and Development Commission

From: Brenda Ortigoza Bateman, Ph.D., Director
Gordon Howard, Community Services Division Manager
Joel Madsen, Housing Accountability and Production Office Manager

Subject: **Agenda Item 8 February 26-27, 2026, LCDC Meeting**

Rulemaking: Affordable Housing Pilot Project Petition from the City of Redmond

I. Agenda Item Summary

The Department of Land Conservation and Development (DLCD or the department) staff has received a petition for rulemaking from the City of Redmond. The petition asks the Land Conservation and Development Commission (LCDC or the commission) to adjust the rules for phasing of affordable and market rate housing units within projects approved under the 2016 Affordable Housing Pilot Program. The proposed amendment would change required phasing of affordable and market rate housing units to match the more permissive phasing requirements established by the Oregon Legislature in 110 Oregon Laws 2024 Section 55, commonly referred to by its 2024 bill number, SB1537.

a. Purpose

The City of Redmond and department staff request that LCDC amend a rule (OAR 660-039-0070) to change phasing requirements for projects authorized under the 2016 Affordable Housing Pilot Project rules.

b. Objective of the Meeting

Commission action on the rulemaking petition. To help accelerate housing production for LCDC-approved affordable housing pilot projects, DLCD recommends approval.

For further information about this report, please contact Gordon Howard, Community Services Divisions Manager, 503-856-6935, gordon.howard@dlcd.oregon.gov; or Joel Madsen, Housing Accountability and Production Office Manager, 971-382-3814, joel.madsen@dlcd.oregon.gov.

II. Background

a. Affordable Housing Pilot Project

In 2016, the Oregon Legislature enacted the bill that led to Chapter 52, Oregon Laws 2016, known as the Affordable Housing Pilot Project legislation.[1] The bill authorized the commission to adopt rules implementing the bill. The purpose of the bill was to allow for an expedited addition to a city's urban growth boundary for lands that promised development of some affordable housing as part of a larger residential development. While setting some parameters, the law authorized the commission to adopt rules on topics that would ensure proper implementation of the law. The bill authorized the commission, once it adopted implementing rules, to approve two pilot projects, one for a city greater than 25,000 population, and one for a city less than 25,000 population.

In 2017, LCDC adopted administrative rules implementing this law, OAR 660-039. The rules covered a wide range of subjects, including provisions regarding phasing affordable housing with market-rate housing in mixed housing developments. The purpose of the phasing rules is to ensure that the development of affordable housing units would actually occur and not be deferred indefinitely while the project development team completed market-rate housing units. The rules provided two options for such phasing.[2]

In 2018, LCDC received two applications for pilot projects from Bend and Redmond. The commission did not receive any applications from a city with population less than 25,000. The commission selected the Bend project. However, in 2019, the Oregon Legislature amended the relevant statutes to allow the commission to approve Redmond's project as well. In 2021, the commission approved Redmond's project submittal.

In 2021, the Oregon Legislature amended the relevant statutes to allow an affordable housing pilot project application from the City of Pendleton. In 2023, the Oregon Legislature once again amended the relevant statutes to allow the City of Pendleton to submit an application by

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[1] Because the 2016 legislation created a temporary law, slated to expire on January 2, 2028, the Office of Legislative Counsel did not assign the bill an ORS statute number, as it would have for an enacted law that is permanent and does not expire. Therefore, references to this law must use its original "Oregon Laws" citation, which is assigned by the Legislature to all laws passed and enrolled during a particular calendar year.

[2] OAR 660-039-0070(3) provides:

"(3) Pilot project development phasing shall:

(a) Ensure all affordable housing units have been issued permanent certificates of occupancy prior to issuance of permanent certificates of occupancy to the last 50 percent of any market rate housing units included as part of the pilot project; or

(b) Phase development so that affordable housing units and market-rate housing units are issued permanent certificates of occupancy over time in a ratio similar to the ratio of affordable and market-rate housing units within the pilot project as a whole."

January 2, 2028. At that time, all laws encompassed by 52 Oregon Laws 2016 and its various amendments will be repealed.

In October 2025, the commission amended the affordable housing pilot project rules regarding the definition of “high value farmland” to allow the City of Pendleton to submit an application on a site that is defined as high value farmland solely because it is within the Columbia Valley American Viticultural Area.

The current status of the three pilot projects follows:

The Bend project, after some difficulties in arranging for participating developers and a reduction of the amount of affordable housing provided to the minimum required to comply with the commission’s adopted administrative rules (30 percent of total units), is under construction.

The Redmond project has received land use permit approvals and is awaiting beginning of construction pending the outcome of the response to its rulemaking petition. It also reduced the original elevated levels of affordable housing provided in its initial proposal to the minimum required to comply with the commission’s adopted administrative rules (30 percent of total units).

The City of Pendleton has yet to submit its proposed project for commission review.

b. Section 55, 110 Oregon Laws 2024 (SB1537)

In 2024, the Oregon Legislature enacted SB1537, enrolled as 110 Oregon Laws 2024. Sections 49 to 59 of this law have as their subject one-time additions to urban growth boundaries. The law authorized cities to approve expansions to their urban growth boundaries in return for providing some measure of affordable housing in the expansion area. Section 55 provides required phasing for affordable housing vs. market-rate housing within areas that are brought into a city’s urban growth boundary under these provisions. Specifically, section 55(3)(f)(B) requires “[t]he construction of all affordable units has commenced before the city issues certificates of occupancy to the last 15 percent of market rate units.”

c. Redmond’s Petition for Rulemaking

On December 23, 2025, the City of Redmond, as authorized by ORS 183.390, submitted a petition for rulemaking to the department. The department has included this petition as Attachment A. In its petition, Redmond asserts that their selected pilot project site will support a proposed 447 units of residential development. At least 30 percent of the housing units will be affordable housing offered at or below 80 percent Area Median Income (AMI).

Phase 1 infrastructure construction is underway, addressing utilities and transportation needs for approximately the first 50 percent of the overall development. All planned affordable housing units will be sited within the area served by this first phase of infrastructure. The first affordable homeownership development is fully funded. The developer has applied for permits with construction slated to start in spring 2026. Later phases of infrastructure will be privately funded through the development of market rate and workforce housing.

The city has recently learned that Oregon Housing and Community Services (OHCS) has fully allocated all current biennium Local Innovation and Fast Track (LIFT) funding to other projects. The next LIFT rental application cycle will not occur until at least 2027. With no near-term opportunity to acquire LIFT rental funding, development of multifamily affordable rental housing will be delayed by several years. Subsequently, under the current project phasing rule, this would also delay a majority of the market rate and workforce housing units.

In this petition, Redmond suggests an amendment to the rule that still ensures affordable housing is incorporated in the pilot project's planning and execution. The city proposes to replace the current affordable housing pilot project phasing requirements with the requirements the legislature has enacted in SB1537 (2024) to ensure timely construction of affordable housing in a mixed housing development. While the projects envisioned by the Legislature are legally distinct from the Redmond project, the concept behind the projects – expedited expansion of an urban growth boundary in return for development of some affordable housing in the expansion area – are the same.

d. Public Comment

After receipt of the petition, the department noticed the petition to interested parties and provided an opportunity for public for comment[3]. Written comment was accepted through January 12, 2026. Redmond provided additional information in its submittal in response to the request for comment on the rulemaking petition, demonstrating its commitment to the entire project and especially the affordable housing component of the project. The department has included the city's additional information as Attachment C.

The department also held an information session on the petition on January 6, 2026. Two individuals attended the information session. The department received two additional comments in support of the proposed petition; they are included in Attachment E and posted on the department's rulemaking page.

On January 13, 2026, the department accepted the petition and initiated this rule amendment, which is included below.

III. Recommended Amendment to the Rule

The proposed action would amend OAR 660-039-0070 of the rules governing the affordable housing pilot project as follows, with strike-outs showing deleted language and underlines showing added language.

[3] ORS 183.390(2) provides:

"(2) If a petition requesting the amendment or repeal of a rule is submitted to an agency under this section, the agency shall invite public comment upon the rule, and shall specifically request public comment on whether options exist for achieving the rule's substantive goals in a way that reduces the negative economic impact on businesses."

660-039-0070

Housing Requirements

(1) The following types of affordable housing are allowed on pilot project sites:

(a) Attached and detached single-family housing and multiple family housing for both owner and renter occupancy;

(b) Government assisted housing;

(c) Manufactured dwelling parks as provided in ORS 197.475 to 197.490; and

(d) Manufactured homes on individual lots planned and zoned for single-family residential use that are in addition to lots within designated manufactured dwelling subdivisions.

(2) At least 30 percent of the total housing units proposed and developed on a pilot project site must be affordable housing units. In addition:

(a) At least 10 affordable housing units must be proposed and developed on a pilot project site from a qualifying city with a population of 25,000 or less; and

(b) At least 20 affordable housing units must be proposed and developed on a pilot project site from a qualifying city with a population greater than 25,000.

(3) Pilot project development phasing shall ensure the construction of all affordable units has commenced before the city issues certificates of occupancy to the last 15 percent of market rate units;

~~(a) Ensure all affordable housing units have been issued permanent certificates of occupancy prior to issuance of permanent certificates of occupancy to the last 50 percent of any market rate housing units included as part of the pilot project; or~~

~~(b) Phase development so that affordable housing units and market-rate housing units are issued permanent certificates of occupancy over time in a ratio similar to the ratio of affordable and market-rate housing units within the pilot project as a whole.~~

(4) All common areas and amenities accessible to residents of market-rate housing units within the pilot project site shall be equally accessible to residents of affordable housing units;

(5) The qualifying city must ensure all affordable housing units within the pilot project site are rented or sold exclusively to households described in OAR 660-039-0010(1) or, if the pilot project includes dedicated affordable housing units proposed under subsection (7)(b), to those households described, at the time of sale or rental during a period of at least 50 years after the selection of the pilot project site;

(6) The qualifying city must ensure that all housing units within the pilot project site are not used as vacation or short term rentals for any significant period during any calendar year.

(7) The commission shall consider the following when reviewing a final application pursuant to OAR 660-039-0080(2)(b) (A):

(a) Percentages or numbers of affordable housing units greater than the minimum percentages and numbers required in section (2);

(b) Dedication of affordable housing units for households with lower maximum incomes than described in the definition of affordable housing in OAR 660-039-0010(1); and

(c) In the case of a mixed income project, the total number and overall percentage of market rate housing units dedicated for households making 80 to 120 percent of the area median income.

(d) Other considerations that, in the determination of the commission, will advance affordable housing and knowledge about affordable housing in Oregon.

Viewed in the context of this entire rule, which sets forth a comprehensive set of requirements for housing within affordable housing pilot projects, the department considers the proposed rule amendment as consistent with the subsequent statute enacted by the Legislature as SB1537 (2024). Most importantly, the change would allow the market-rate housing portion of the project to go forward, given the delay in obtaining funding for the affordable rental housing portion of the Redmond project. Please note also that the rule amendment would apply to a future affordable housing pilot project submittal from the City of Pendleton and will also apply to the City of Bend's affordable housing pilot project. However, Bend's project is already under construction.

Staff have included the proposed rule amendment as provided above with necessary impact statements in the Secretary of State filing in Attachment D.

IV. Public Comment

In addition to public comment summarized in Section II(d) above, the commission will consider any verbal public comment at its Feb. 26, 2026 hearing. Staff will post any comments on the proposed rule to the commission's website.

V. Recommended Action

The department recommends the commission adopt the rule amendment as provided in Section III.

Proposed Motion: "I move the commission adopt the amendment to OAR 660-039-0070 as provided in Section III of this staff report.

Alternate Motion: " I move the commission adopt the amendment to OAR 660-039-0070 as provided in Section III of this staff report with the following changes_____".

VI. Attachments

A. Petition for Rulemaking from the City of Redmond

B. Department's Order Accepting Petition and Initiating Rulemaking

C. January 12 City of Redmond Comment on its Petition

D. Secretary of State Filing Materials

E. Public Comment

Petition to amend OAR 660-039

Petitioner on behalf of the City of Redmond:
Linda Cline, Housing Program Analyst
City of Redmond
411 SW 9th St
Redmond, OR 9756

Agency:
Oregon Department of Land Conservation and Development

Petition in Brief:
This petition seeks to amend Affordable Housing Pilot Project development phasing rules found in OAR 660-039-0070 (3), replacing the current text with phasing language found in Senate Bill 1537 Section 55(3)(f). Proposed changes are shown in the attached Exhibit A.

Background:
The 2016 Oregon Legislature passed House Bill 4079, and in 2019 passed House Bill 2336, aimed to boost affordable housing by allowing two Oregon cities to develop affordable and market rate housing on lands currently outside Urban Growth Boundaries (UGBs) through an expedited UGB expansion process. Both Redmond ("City") and Bend were awarded these pilot projects.

According to OAR 660-039, the affordable housing pilot program is intended to:

1. Encourage local governments to provide an adequate supply of land within urban growth boundaries that is dedicated to affordable housing;
2. Encourage the development of affordable housing on land dedicated to affordable housing;
3. Protect land dedicated to affordable housing from conversion to other uses before or after the development of affordable housing;
4. Enhance public understanding of the relationship of land supply to the development of affordable and needed housing; and
5. Enhance public understanding of how cities can increase the amount of affordable and needed housing.

Redmond's project site, Northpoint Vista, consists of 40-acres of previously undeveloped land donated to the City by Deschutes County. Additionally, the City has been awarded $8.45 million in infrastructure grants to support the proposed 447 unit residential development. Consistent with OAR 660, at least 30% of the housing units will be affordable housing offered at or below 80% Area Median Income (AMI).

Currently phase 1 infrastructure construction, funded by the grants, is underway, addressing utilities and transportation needs for approximately the first 50% of the overall development. All planned affordable housing units will be sited within the area served by this first phase of infrastructure, and will directly benefit from utilization of the grant funds.

The first affordable homeownership development is fully funded and has applied for permits with construction slated to start in spring 2026. Later phases of infrastructure will be privately funded through the development of market rate and workforce housing.

Discussion:
Current Affordable Housing Pilot Project rules found in OAR 660-039-0070 (3) stipulate that housing development phasing shall:

a. Ensure all affordable housing units have been issued permanent certificates of occupancy prior to issuance of permanent certificates of occupancy to the last 50 percent of any market rate housing units included as part of the pilot project; or

b. Phase development so that affordable housing units and market-rate housing units are issued permanent certificates of occupancy over time in a ratio similar to the ratio of affordable and market-rate housing units within the pilot project as a whole.

The City has recently learned that Oregon Housing and Community Services (OHCS) has fully allocated all current biennium Local Innovation and Fast Track (LIFT) funding to other projects. The next LIFT rental application cycle will not occur until at least 2027. With no near-term opportunity to acquire LIFT rental funding, development of multifamily affordable housing units at Northpoint Vista will be delayed by several years. Subsequently, under the current project phasing rule, this will also delay a majority of the market rate and workforce housing units, as the rule requires a substantial number of the affordable housing units receive permanent certificates of occupancy first.

The City proposes an amendment to OAR 660-039 to replace current development phasing language with text from Senate Bill 1537 Section 55(3)(f)(B), governing the adoption of urban growth boundary amendments under section 50 of the 2024 act, stating:

> The construction of all affordable units has commenced before the city issues certificates of occupancy to the last 15 percent of market rate units.

This proposed amendment in no way challenges the purpose of the pilot housing program as outlined in OAR 660-039. Rather, the proposed amendment aligns the previous pilot projects to the same phasing rule as newer projects allowed under SB 1537, ensuring that construction of housing at Northpoint Vista can continue over the next several years without substantial delay.

Response to OAR 137-001-0070:

OAR 137-001-0070 was adopted by the Attorney General and applies to rulemaking petitions to every state agency. The following italicized text responds to these requirements outlined in OAR 137-001-0070:

a. When an amendment of an existing rule is proposed, the rule shall be set forth in the petition in full with matter proposed to be deleted and proposed additions shown by a method that clearly indicates proposed deletions and additions.

> *See attached Exhibit A.*

b. Facts or arguments in sufficient detail to show the reasons for and effects of adoption, amendment, or repeal of the rule.

> *OHCS will not accept new LIFT affordable rental applications until the next biennium. As a result, nearly all affordable housing construction at the Northpoint Vista pilot project site will be delayed.*

Under the current pilot project phasing rule, a delay in construction of affordable housing will also delay a majority of the market rate and workforce housing units, as the rule requires a substantial number of the affordable housing units receive permanent certificates of occupancy first.

By amending OAR 660 to align with housing construction pacing found in SB 1537, the City can continue to advance construction of all housing units in the near-term while still adhering to the goals of the pilot program. However, without a rule amendment, construction of all housing at the pilot site will be greatly reduced during the next several years

c. All propositions of law to be asserted by petitioner.

The City seeks an amendment to address the phasing of affordable housing vs market rate housing, as found in attached Exhibit A.

d. Options for achieving the existing rule's substantive goals while reducing the negative economic impact on businesses.

It is the City's position that replacing the Affordable Housing Pilot Project rules (OAR 660-039) regarding phasing of affordable unit construction with SB 1537 language governing the adoption of urban growth boundary amendments will have no effect on the pilot project's substantive goals, including but not limited to:

1. *Encourage local governments to provide an adequate supply of land within urban growth boundaries that is dedicated to affordable housing;*
2. *Encourage the development of affordable housing on land dedicated to affordable housing;*
3. *Protect land dedicated to affordable housing from conversion to other uses before or after the development of affordable housing;*
4. *Enhance public understanding of the relationship of land supply to the development of affordable and needed housing; and*
5. *Enhance public understanding of how cities can increase the amount of affordable and needed housing.*

The City is currently working with several developers for the sale of market rate lots within Northpoint Vista. Without a fix to the pacing of affordable housing vs market rate housing, these sales will be delayed or not realized at all. Infrastructure development that these developers will provide will be put on hold. Funds from the sales of market rate lots will not be available for early development of neighborhood amenities such as the central park.

e. The continued need for the existing rule.

It is understandable that the pilot project has stipulations that prevent the construction of affordable housing from being an afterthought. However, the current provisions in OAR 660-039 put unnecessarily tight restrictions on the pacing of affordable housing development that do not account for current economic factors. The proposed amendment found in Exhibit A still addresses this need to ensure affordable housing is incorporated in the pilot project's planning and execution.

f. The complexity of the existing rule.

The existing rule provides two options for development phasing. The first requires <u>all</u> affordable housing to receive certificates of occupancy before the last 50% of the market rate units can

receive certificates of occupancy. The second option requires affordable and market rate units to be phased at a similar ratio to each other.

The suggested amendment, replacing current provisions with SB 1537 language, simply stating "The construction of all affordable units has commenced before the city issues certificates of occupancy to the last 15 percent of market rate units."

g. The extent to which the existing rule overlaps, duplicates, or conflicts with other state or federal rules and with local government regulations.

The existing rule does not overlap, duplicate, or conflict with other state or federal rules or local regulations. However, it does create limitations on the City's response to the Governor's call for expeditious housing production to address the current State housing crisis.

h. The degree to which technology, economic conditions, or other factors have changed in the subject area affected by the existing rule, since the agency adopted the rule.

As the rules in OAR 660-039 were written for first-time pilot projects, it is understandable that there are lessons learned along the way. What seemed like reasonable development phasing requirements in the pilot project are now proving to cause delays in the City's advancement of the project's housing construction. Phasing provisions have since been updated in SB 1537 for similar new UGB expansion project. The City seeks an amendment to align our project with the newer rule on development phasing.

In addition, OHCS made changes to the way LIFT rental funding was allocated during the current biennium, creating a situation in which multifamily affordable projects, like those proposed at Northpoint Vista, will not be able to apply for the funding until the next biennium.

EXHIBIT A

660-039-0070

Housing Requirements

(1) The following types of affordable housing are allowed on pilot project sites:

(a) Attached and detached single-family housing and multiple family housing for both owner and renter occupancy;

(b) Government assisted housing;

(c) Manufactured dwelling parks as provided in ORS 197.475 to 197.490; and

(d) Manufactured homes on individual lots planned and zoned for single-family residential use that are in addition to lots within designated manufactured dwelling subdivisions.

(2) At least 30 percent of the total housing units proposed and developed on a pilot project site must be affordable housing units. In addition:

(a) At least 10 affordable housing units must be proposed and developed on a pilot project site from a qualifying city with a population of 25,000 or less; and

(b) At least 20 affordable housing units must be proposed and developed on a pilot project site from a qualifying city with a population greater than 25,000.

(3) Pilot project development phasing shall:

~~(a) Ensure all affordable housing units have been issued permanent certificates of occupancy prior to issuance of permanent certificates of occupancy to the last 50 percent of any market rate housing units included as part of the pilot project; or~~

~~(b) Phase development so that affordable housing units and market rate housing units are issued permanent certificates of occupancy over time in a ratio similar to the ratio of affordable and market rate housing units within the pilot project as a whole.~~

(a) Ensure the construction of all affordable units has commenced before the city issues certificates of occupancy to the last 15 percent of market rate units.

(4) All common areas and amenities accessible to residents of market-rate housing units within the pilot project site shall be equally accessible to residents of affordable housing units;

(5) The qualifying city must ensure all affordable housing units within the pilot project site are rented or sold exclusively to households described in OAR 660-039-0010(1) or, if the pilot project includes dedicated affordable housing units proposed under subsection (7)(b), to those households described, at the time of sale or rental during a period of at least 50 years after the selection of the pilot project site;

(6) The qualifying city must ensure that all housing units within the pilot project site are not used as vacation or short term rentals for any significant period during any calendar year.

(7) The commission shall consider the following when reviewing a final application pursuant to OAR 660-039-0080(2)(b) (A):

(a) Percentages or numbers of affordable housing units greater than the minimum percentages and numbers required in section (2);

(b) Dedication of affordable housing units for households with lower maximum incomes than described in the definition of affordable housing in OAR 660-039-0010(1); and

(c) In the case of a mixed income project, the total number and overall percentage of market rate housing units dedicated for households making 80 to 120 percent of the area median income.

(d) Other considerations that, in the determination of the commission, will advance affordable housing and knowledge about affordable housing in Oregon.

Statutory/Other Authority: ORS 197.040, OL 2016 & Ch. 52
Statutes/Other Implemented: OL 2016 & Ch. 52
History: LCDD 2-2017, f. 2-24-17, cert. ef. 2-27-17

Key:
~~Red strikethrough~~ indicates proposed removal of text
Red Bold indicates proposed addition of text

Department of Land Conservation and Development
Order Accepting Petition for Rulemaking Submitted by Redmond

DLCD Order 001962

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I. Decision

For the reasons explained in this order, and pursuant to ORS 183.390, the Department of Land Conservation and Development (DLCD or department) accepts the December 23, 2025 petition for rulemaking submitted by Redmond (petitioner) based upon the department's consideration of the petition according to the ORS 183.390(3) factors as set forth below.

II. Petition for Rulemaking

Pursuant to ORS 183.390 an interested person may petition an agency requesting promulgation, amendment, or repeal of a rule. The petition must state the name and address of the petitioner and any other person known to petitioner to be interested in the rule and shall be signed by or on behalf of the petitioner. When a new rule is proposed, the petition shall set forth the proposed language in full. When an amendment of an existing rule is proposed, the rule shall be set forth in the petition in full with matter proposed to be deleted and proposed additions shown by a method that clearly indicates proposed deletions and additions.[1]

A petition to amend or repeal a rule must also contain comments on "(a) [o]ptions for achieving the existing rule's substantive goals while reducing the negative economic impact on businesses;

[1] OAR 137-001-0070(1).

(b) [t]he continued need for the existing rule; (c) [t]he complexity of the existing rule; (d) [t]he extent to which the existing rule overlaps, duplicates, or conflicts with other state or federal rules and with local government regulations; (e) and [t]he degree to which technology, economic conditions, or other factors have changed in the subject area affected by the existing rule, since the agency adopted the rule."[2]

In addition, where a petition requests the amendment or repeal of a rule, the agency shall invite public comment upon the rule, and shall specifically request public comment on whether options exist for achieving the rule's substantive goals in a way that reduces the negative economic impact on businesses.[3]

Not later than 90 days after the date of submission of a petition, the agency shall deny the petition in writing or shall initiate rulemaking proceedings.[4]

III. The Petition – Procedural History

On December 23, 2025, the department received petitioner's petition for rulemaking via email, wherein petitioner asked the department to amend OAR 660-039-0070(3).

In summary, the petitioner's petition requests amendment to the development phasing requirements of the affordable housing pilot projects approved by the Land Conservation and Development Commission (LCDC or "Commission").

Pursuant to Section 3 of Chapter 52, Oregon Laws 2016, LCDC '(may) adopt rules, that authorize mixed income housing developments that include affordable housing on pilot project sites'[5].

In its petition, Redmond asserts that its selected pilot project site will support a proposed 447 units of residential development. At least 30% of the housing units will be affordable housing offered at or below 80% Area Median Income (AMI).

Phase 1 infrastructure construction, funded by grants, is underway, addressing utilities and transportation needs for approximately the first 50% of the overall development. All planned affordable housing units will be sited within the area served by this first phase of infrastructure and will directly benefit from utilization of grant-funded infrastructure.

The first affordable homeownership development is fully funded and has applied for permits with construction slated to start in spring 2026. Later phases of infrastructure will be privately funded through the development of market rate and workforce housing.

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[2] OAR 137-001-0070(2).

[3] ORS 183.390(2); OAR 137-001-0070(3).

[4] ORS 183.390(1); OAR 137-001-0070(4).

[5] Chapter 52, Oregon Laws 2016, Sec.5(3)

The City has recently learned that Oregon Housing and Community Services (OHCS) has fully allocated all current biennium Local Innovation and Fast Track (LIFT) funding to other projects. The next LIFT rental application cycle will not occur until at least 2027. With no near-term opportunity to acquire LIFT rental funding, development of multifamily affordable housing units at Northpoint Vista will be delayed by several years. Subsequently, under the current project phasing rule, this will also delay a majority of the market rate and workforce housing units, as the rule requires a substantial number of the affordable housing units receive permanent certificates of occupancy first.

IV. ORS 183.390(3) Factors

Pursuant to ORS 183.390(3), in reviewing a petition requesting the amendment, or repeal of a rule, the agency shall consider:

A. The continued need for the rule;

This pilot project has stipulations that prevent the construction of affordable housing from being an afterthought. However, the current provisions in OAR 660-039 put unnecessarily tight restrictions on the pacing of affordable housing development that do not account for current economic factors. In this petition, Redmond suggests an amendment to the rule that still ensures affordable housing is incorporated in the pilot project's planning and execution.

B. The nature of complaints or comments received concerning the rule from the public;

The department conducted a public information session on the petition on January 6, 2026. Two members of the public attended, and discussed the project and the amendment. In response to a request for public comments, the department received two comments: 1) email message in support of the proposed amendment from Jill Sherman of Edlen and Co., a developer of one of the components of the Redmond project; and 2) a summary from Linda Cline of the City of Redmond reiterating the need for the rule amendment.

C. The complexity of the rule;

The current rules are not complex. The petitioner's requested rule amendments are straight-forward and easily understood.

The existing rule provides two options for development phasing. The first requires all affordable housing to receive certificates of occupancy before the last 50% of the market rate units can receive certificates of occupancy. The second option requires affordable and market rate units to be phased at a similar ratio to each other.

The suggested amendment would require the construction of all affordable units has commenced before the city issues certificates of occupancy to the last 15 percent of market rate units.

D. The extent to which the rule overlaps, duplicates or conflicts with other state rules, federal rules and, to the extent feasible, with local government regulations;

The existing rule does not overlap, duplicate, or conflict with other state or federal rules or local regulations.

E. The degree to which technology, economic conditions or other factors have changed in the subject area affected by the rule;

As the rules in OAR 660-039 were written for first-time pilot projects, it is understandable that there are lessons learned along the way. What seemed like reasonable development phasing requirements in the pilot project are now proving to cause delays in the City's advancement of the project's housing construction. Phasing provisions have since been updated in Section 55 of 110 Oregon Laws 2024 (SB1537) for similar new UGB expansion project. The City seeks an amendment to align its project with the newer rule on development phasing.

In addition, OHCS made changes to the way LIFT rental funding was allocated during the current biennium, creating a situation in which multifamily affordable projects, like those proposed at Northpoint Vista, will not be able to apply for the funding until the next biennium.

F. The statutory citation or legal basis for the rule.

The petition requested that the department amend the following rules, which are based on the following statutes:

- **OAR 660-0039-0070(3)**

  Statutory/Other Authority: 110 Oregon Laws 2024.

V. Conclusion

Pursuant to ORS 183.390(1), the department has reviewed the petition and public comments and accepts the petition for rulemaking based upon the department's consideration of the petition according to the ORS 183.390(3) factors as set forth above. The department will provide notice to the Secretary of State of the proposed rule amendment. The department will conduct a notice and comment period on the proposed rule amendment and relevant impact statements prior to and during a meeting of the Land Conservation and Development Commission (LCDC) on February 26-27, 2026. At the meeting LCDC will make a decision on whether to adopt the proposed rule amendment.

Signed this 14th day of January, 2026.

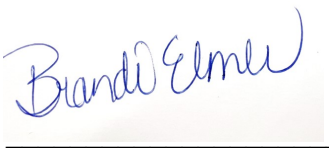
Brenda L Bateman

Brenda Bateman, Ph.D., Director
Department of Land Conservation and Development

Certificate Of Service

I certify that on January 15, 2026, I served the attached "Department of Land Conservation and Development Order Petition for Rulemaking Submitted by Redmond" to the addresses listed below.

Party	Address	Email
City of Redmond, Oregon	411 SW 9th St., Redmond, OR 97756	linda.cline@redmondoregon.gov
Jill Sherman		jill.sherman@edlenandco.com



Brandi Elmer
Executive Assistant to the Director

APPENDIX

ORS 183.390 Petitions requesting adoption of rules.

(1) An interested person may petition an agency requesting the promulgation, amendment or repeal of a rule. The Attorney General shall prescribe by rule the form for such petitions and the procedure for their submission, consideration and disposition. Not later than 90 days after the date of submission of a petition, the agency either shall deny the petition in writing or shall initiate rulemaking proceedings in accordance with ORS 183.335.

(2) If a petition requesting the amendment or repeal of a rule is submitted to an agency under this section, the agency shall invite public comment upon the rule, and shall specifically request public comment on whether options exist for achieving the rule's substantive goals in a way that reduces the negative economic impact on businesses.

(3) In reviewing a petition subject to subsection (2) of this section, the agency shall consider:

(a) The continued need for the rule;
(b) The nature of complaints or comments received concerning the rule from the public;
(c) The complexity of the rule;
(d) The extent to which the rule overlaps, duplicates or conflicts with other state rules or federal regulations and, to the extent feasible, with local government regulations;
(e) The degree to which technology, economic conditions or other factors have changed in the subject area affected by the rule; and
(f) The statutory citation or legal basis for the rule.

OAR 137-001-0070 Petition to Promulgate, Amend, or Repeal Rule

OAR 137-001-0070 was adopted by the Attorney General as required by ORS 183.390. Agencies must apply this rule without further adoption or amendment.

(1) An interested person may petition an agency to adopt, amend, or repeal a rule. The petition shall state the name and address of the petitioner and any other person known to the petitioner to be interested in the rule. The petition shall be legible, signed by or on behalf of the petitioner, and shall contain a detailed statement of:

(a) The rule petitioner requests the agency to adopt, amend, or repeal. When a new rule is proposed, the petition shall set forth the proposed language in full. When an amendment of an existing rule is proposed, the rule shall be set forth in the petition in full with matter proposed to be deleted and proposed additions shown by a method that clearly indicates proposed deletions and additions;

(b) Facts or arguments in sufficient detail to show the reasons for and effects of adoption, amendment, or repeal of the rule;

(c) All propositions of law to be asserted by petitioner.

(2) If the petitioner requests the amendment or repeal of an existing rule, the petition must also contain comments on:

(a) Options for achieving the existing rule's substantive goals while reducing the negative economic impact on businesses;

(b) The continued need for the existing rule;

(c) The complexity of the existing rule;

(d) The extent to which the existing rule overlaps, duplicates, or conflicts with other state or federal rules and with local government regulations; and

(e) The degree to which technology, economic conditions, or other factors have changed in the subject area affected by the existing rule, since the agency adopted the rule.

(3) If a petition requests the amendment or repeal of a rule, before denying a petition, the agency must invite public comment upon the rule, including whether options exist for achieving the rule's substantive goals in a way that reduces the negative economic impact on businesses.

(4) The agency:

(a) May provide a copy of the petition, together with a copy of the applicable rules of practice, to all persons named in the petition;

(b) May schedule oral presentations;

(c) Shall, in writing, within 90 days after receipt of the petition, either deny the petition or initiate rulemaking proceedings.

CITY OF REDMOND
Community Development Department

411 SW 9th Street
Redmond, OR 97756
Ph: (541) 923-7721
www.redmondoregon.gov

MEMO

To: Oregon Department of Land Conservation and Development

Attn: Angie Brewer, Joel Madsen

From: Linda Cline, City of Redmond, OR

RE: Current Status of Affordable Housing Development at Northpoint Vista

Date: January 12, 2026

Per ORS 660-039, governing Redmond's affordable housing project at Northpoint Vista, at least 30 percent of the total housing units proposed and developed on the pilot project site must be affordable housing as defined in ORS 197.015. This has been memorialized for a term of 50 years in a Restrictive Covenant between Deschutes County and the City of Redmond (Exhibit 1).

The first housing development at Northpoint Vista will be a 30-unit affordable homeownership housing project, through a collaboration between Northwest Community Housing Foundation and Rooted Homes Community Land Trust (Exhibit 2). Two of the three unit designs have been approved by the City building department, while the third design is undergoing revisions. Submission of the building permits is anticipated for February 2026. LIFT funding has been reserved by OHCS for the project (Exhibit 3).

In preparation for a late-2025 or early-2026 LIFT rental application cycle, Housing Works (the regional housing authority) has entered into a MOU with developers for the construction of affordable multi-family units (Exhibit 4). Since neither of these funding cycles took place, an application for a proposed 132 units will be submitted in the next open cycle, which will likely be in 2027.

A third parcel has been identified for affordable homeownership at Northpoint. The master developer is currently vetting possible partners for an 18-unit project. This project will likely be feasible prior to the above-mentioned multifamily project.

Exhibits:

1. Restrictive Covenant Amendment 1 between Deschutes County and the City of Redmond
2. MOU between Northwest Community Housing Foundation and Rooted Homes
3. OHCS Notice of Fund Availability for "Rooted at Northpoint"
4. MOU between joint venture of Edlen & Co and deChase Miksis with Housing Works

Exhibit 1

21

REVIEWED

LEGAL COUNSEL

Deschutes County Official Records **2025-22496**
D-CCR
Stn=1 SH **08/22/2025 10:02 AM**
$15.00 $11.00 $10.00 $61.00 $10.00 **$107.00**

I, Steve Dennison, County Clerk for Deschutes County, Oregon, certify that the instrument identified herein was recorded in the Official Records.
Steve Dennison - County Clerk

For Recording Stamp Only

After Recording, Return To:
Deschutes County Property Management
PO Box 6005
Bend, OR 97708

FIRST AMENDMENT to
RESTRICTIVE COVENANT (Deschutes County Document No. 2024-344)

THIS FIRST AMENDMENT ("Amendment") is made as of the date of the signature affixed hereto "Effective Date" by Deschutes County, a political subdivision of the State of Oregon ("County").

This Amendment amends that certain Restrictive Covenant ("Covenant") recorded in the Official Records of Deschutes County, Oregon No. 2024-13398 dated May 30, 2024, which encumbers that certain real property ("Property") legally described as:

Parcel 1, Partition Plat 2023-28, City of Redmond, Deschutes County, Oregon.

This Amendment will be recorded in the Official Records of Deschutes County, Oregon, in accordance with the terms of the Covenant for Fifty (50) years beginning from the conveyance of the Property from the County ("Grantor") to the City of Redmond, an Oregon municipal corporation ("Grantee") through the Bargain and Sale Deed recorded in the Official Records of Deschutes County, Oregon No. 2024-13474 dated May 30, 2024 ("Affordability Period").

The Covenant is amended to ensure affordability on a portion of the Property as follows:

Grantee, at Grantee's sole cost and expense, shall subsequently record a Deed Restriction(s) in the Official Records of Deschutes County, Oregon to Ensure Affordability against certain portions of the Property as required herein.

Grantee agrees that a minimum of thirty percent (30%) of the total housing units developed on the Property will be affordable housing and will be exclusively rented or sold to low income applicants, pursuant to applicable provisions of House Bills 4079 (2016) and 2336 (2019) and Oregon Revised Statute 271.330 (2). Prior to finalizing any and all conveyance or grant of lease, Grantee will record a Deed Restriction to Ensure Affordability on that portion of the Property where the affordable housing will be developed.

Each and every contract, deed, mortgage, or other instrument covering or conveying a portion of the Property to be designated for affordable housing, whether sold or rented, shall be conclusively held to have been executed,

delivered, and accepted subject to this Covenant (as amended), regardless of whether such convents are set forth in such contract, deed, mortgage, or other instruments.

Nothing herein shall prohibit the Grantee from partitioning a portion of the Property to be developed at market rates. While said partitioned property will not be subject to this Covenant, alienation of the partitioned property will not reduce or alter the 30% calculation formula for development of affordable housing units.

All other Terms of the Covenant remain the same.

IN WITNESS THEREOF, the Grantor has caused this First Amendment to be effective for all purposes as of the Execution Date.

GRANTOR:

Dated this 19th of August, 2025

BOARD OF COUNTY COMMISSIONERS
OF DESCHUTES COUNTY, OREGON

ANTHONY DEBONE, Chair

PATTI ADAIR, Vice Chair

ATTEST:

Recording Secretary

PHIL CHANG, Commissioner

[SIGNATURE PAGE FOLLOWS]

GRANTEE:

DATED this 22nd day of August, 2025 CITY OF REDMOND, OREGON

ATTEST

KEITH ~~WITOWSKY~~ Witkosky, City Manager

Memorandum of Understanding between:

Northwest Community Housing Foundation and RootedHomes

PARTNERS

Northwest Community Housing Foundation (NWCHF) is a nonprofit created to provide affordable housing for low- and middle-income households and other related charitable activities and programming.

RootedHomes is a nonprofit affordable homeownership developer that provides environmentally sustainable and permanently affordable homeownership opportunities for those who contribute to the fabric of the Central Oregon economy and community.

PROJECT DESCRIPTION:

The vision for Northpoint Vista is to create a distinct and resilient place that embraces Redmond's unique, high desert character, setting a 21st Century precedent for community development and establishing a new neighborhood for Redmond residents now and for generations to come. Full build out will include rental and homeownership opportunities at a range of affordability, open space for recreation and potentially community-serving commercial uses such as a child development center.

The site plan for this first phase, *Rooted at Northpoint* (the "Project") is intended to facilitate community building, more efficient resource use, and interaction among residents. The Project will provide thirty homes (fifteen 2-BR units, eleven 3-BR units, and four 4-BR units). In addition to private homes, shared amenities, including a community garden, picnic area, and children's natural play areas are included. Home sizes range from about 1,000 to 1,600 square feet. Buildings will be two-story, wood framed, with slab-on-grade foundations, configured in a mix of side-by-side duplexes.

ROLES & RESPONSIBILITIES

NWCHF, as the nonprofit applicant and lead organization for this project, will perform the following key activities:

- Project Oversight and Management:
  - Serve as the primary point of contact with OHCS for all project-related matters
  - Coordinate regular meetings with all project partners to ensure alignment with program goals and NWCHF's mission
  - Monitor project progress, budget, and schedule
  - Make critical decisions regarding project direction and resolve any issues that arise
- Financial Management:
  - Prepare and submit all draw requests to OHCS
  - Manage the project's finances, including overseeing the flow of funds from OHCS to project expenses
  - Review and approve all project-related invoices
  - Ensure compliance with LIFT financial requirements and reporting
- Community Engagement and Outreach:
  - Coordinate with RootedHomes to develop and implement a marketing and outreach plan that prioritizes historically underserved communities
- Homebuyer Selection and Support:
  - Work with Rooted Homes to develop homebuyer selection criteria aligned with LIFT program requirements
  - Oversee the homebuyer selection process to ensure fairness and compliance with fair housing laws
- Partnership Management:
  - Manage relationships with Edlen & Co, deChase Miksis, and Rooted Homes
  - Ensure all partners adhere to their roles and responsibilities as outlined in the MOU
  - Facilitate communication and collaboration among all project partners

- Compliance and Reporting:
    - Ensure the project meets all LIFT program requirements and regulations
    - Prepare and submit all required reports to OHCS
    - Maintain thorough documentation of the project's progress and milestones

While NWCHF will contract with an Edlen & Co/deChase Miksis joint venture to provide development services via a separate agreement, it will maintain an active and central role in guiding the project to ensure it meets the goals of both the LIFT program and NWCHF's mission to provide affordable housing to eligible households.

RootedHomes will serve as the Community Land Trust (CLT) partner and:

- Consult on culturally-specific design, home pricing, project timeline, and the funding strategy
- Lead the homeownership program (policy outlining the role attached) which includes but is not limited community engagement, culturally-specific partnerships, client events and counseling, housing lottery and client selection, client preference of first-generation homebuyers, client income verification, client HUD-approved counseling, client underwriting, and client close
- Provide post-purchase and stewardship services which includes but is not limited to funding compliance, insurance management, client resale and refinancing, post purchase HUD counseling and workshops, and HOA management.

Homes purchased through this partnership will become part of RootedHomes' portfolio of permanently affordable homes and homeowners will abide by RootedHomes shared-equity resale formula outlined in RootedHomes' ground lease and homeownership program policies.

FINANCIAL ARRANGEMENT

NWCHF will receive all program funds and be responsible for disbursements. The net profit will be divided as follows: Rooted Homes 10% but no less than $140,000, NWCHF 10%, Edlen & Co/de Chase Miksis joint venture 80%.

By signing this agreement, the agencies acknowledge the partnership.

FOR ROOTEDHOMES

J. Keogh

Jackie Keogh, Executive Director

Date: 2/24/25

FOR NORTHWEST COMMUNITY HOUSING FOUNDATION

Jill Sherman, President

Date: 2/24/2025

OREGON HOUSING and COMMUNITY SERVICES
725 SUMMER STREET NE, SUITE B | SALEM, OR 97301
503-986-2000 | www.oregon.gov/OHCS

June 20, 2025

Northwest Community Housing Foundation (NWCHF)
Attn: Jill Sherman
151 SW 1st Ave., Suite 300
Portland, OR 97204

Re: Reservation Letter & Conditions

Jill Sherman:

The State of Oregon, acting by and through its Housing and Community Services Department ("OHCS"), hereby reserves the Notice of Fund Availability ("NOFA") source for **Rooted at Northpoint** ("Project"), as follows:

Project Name	Project City	OHCS Project Number
ROOTED AT NORTHPOINT	**Redmond**	**3757**

Amount		Funding Program	Grant/Loan
Up to	$2,881,284	LIFT	Loan

Recipient Entity:

Northwest Community Housing Foundation (NWCHF) ("Recipient") for the purposes of this funding reservation, is the entity to which, upon satisfaction of all associated conditions of this reservation, the funds identified in this letter will be issued and is further, the entity responsible for assuring that all conditions of this funding reservation will be satisfied.

Conditions:

This letter does not constitute a commitment of funds. Any such commitment is conditioned on satisfactory completion (as determined by OHCS) of all the conditions identified in this letter.

a. Recipient acknowledges that OHCS may re-evaluate and may rescind this funding reservation for failing to execute the Loan Documents within 180 days of the date of this letter or the occurrence of a material change (as material change is defined or otherwise determined by OHCS) that may cause the project to fall out of conformance with funding eligibility guidelines.

b. Recipient acknowledges that this funding reservation is conditioned upon satisfactory completion (as determined by OHCS) of all the requirements identified in Attachment A: Conditions, Section 4. Underwriting Conditions.

c. Recipient acknowledges that prompt, timely, and accurate attention to, and completion of, the tasks and conditions associated with the funding Reservation Letter and Attachment A: Conditions is itself a condition of this agreement.

Direct all questions and correspondence regarding the conditions of the funding reservation to your assigned Development Officer identified below.

Acceptance:

To accept this funding reservation, sign this Reservation Letter with a digital or original signature, initial each page of Attachment A: Conditions, and return to OHCS within 15 calendar days of the date of this letter. Not meeting this task within the stated timeframe will be regarded by OHCS as formal declination of this funding offer.

a. Digital signatures. If you would like to sign via DocuSign, contact your Development Officer and they will route the documents to you. Or sign using your own digital platform for legally binding electronic signatures.

b. Original signatures. Print the Reservation Letter and Attachment A, sign and initial, and upload to the OHCS Legal Documents folder in Procorem.

c. An invoice for the NOFA Recipient charge is included in this email and is due within 30 days of the Reservation Letter date. Instructions for payment are on the invoice.

As your Homeownership Development Officer and on behalf of OHCS, congratulations on achieving reservation status for the designated funds. I look forward to working with you towards the successful completion of Rooted at Northpoint.

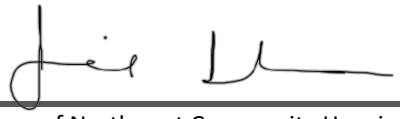
Best Regards,

Susie Sandstrom
Homeownership Development Officer
Oregon Housing and Community Services
Susie.Sandstrom@HCS.Oregon.gov
Cell: 503-508-4143

Acceptance of the Funding Reservation and Associated Conditions:

On behalf of Northwest Community Housing Foundation (NWCHF) and having legal authority to bind said entity to the terms and conditions associated with this Reservation Letter, my signature below signifies that Recipient has read, understands, and accepts all the terms and conditions set forth in this letter and its associated attachment.

By: Northwest Community Housing Foundation (NWCHF)

X 	Jill Sherman	July 2, 2025
Signature of Northwest Community Housing Foundation (NWCHF) Authorized Signer	Printed Name	Date
X		
Signature of Owner Entity Board Chair or CEO (If different than Authorized Signer above)	Printed Name	Date

Oregon Housing & Community Services
Homeownership Development
Attachment A: Conditions

To help understand what is needed to execute the award and maintain compliance throughout the award lifecycle, the following information is a chronological sequence of Program expectations along with a checklist of conditions the Recipient is required to meet.

Your Procorem WorkCenter will continue to be the Project hub for retrieving, submitting, and storing documents. As you proceed through the checklist, use the "Forms & Guidance" file to access blank forms and guidance. Upload documentation to its designated folder, clarified in the Procorem task or in the name of the file itself.

1. General Conditions – Expectations

The following are not specific tasks; rather, general expectations that are applicable throughout the duration of the legal agreements between OHCS and the Recipient.

1.1. Communication.

The Development Officer assigned to your Project is your primary point of contact. If communication is needed between the Recipient's stakeholders and OHCS staff, the Recipient should first communicate with their Development Officer to facilitate communication. Further, it is the Recipient's responsibility to distribute all relevant documents to their stakeholders and confirm approvals to OHCS on the stakeholder's behalf.

1.2. Conflicting funding requirements.

The Recipient acknowledges OHCS funds have programmatic requirements which cannot be made subordinate or less restrictive merely by the inclusion of other non-OHCS funding sources in the Project. The Recipient agrees to inform the Project's Development Officer immediately if there appears to be any conflict in funding requirements between OHCS sources and non-OHCS sources.

1.3. Prompt and complete responses.

The Recipient is expected to provide information and respond to OHCS personnel promptly and with complete information.

1.4. Project changes.

Contact your Development Officer for changes to the Project that may affect the agreed upon terms and conditions between the Recipient and OHCS program requirements. This includes, but is not limited to, changes in the Project's development schedule, number of LIFT-funded homes in the Project, design characteristics (for example, bedroom/bath count, square feet, construction type), staff, funding, substantial changes in Project costs, Master Lease terms, etc. OHCS reserves the right to approve or reject proposed changes and changes made without notification and the consent of OHCS could result in revocation of OHCS funds. OHCS will only consider Project changes when it can be demonstrated that they are necessary for the Project to move forward.

1.5. Service to Communities of Color.

Projects funded with OHCS funds must include service to Communities of Color. Engagement efforts and results may be verified in progress reports.

Initials JS

1.6. Standardization and sufficiency of legal documents.
All Project approvals and funding are subject to the successful execution and recording of related documents satisfactory to OHCS and the Oregon Department of Justice (DOJ).

If the Recipient requests negotiation of any OHCS-required document including, but not limited to, requesting any changes to the documents or the inclusion of other documents, they must pay such charges as may be assessed by OHCS and DOJ with respect to its legal and administrative costs.

1.7. Acknowledgement of Oregon Housing and Community Services.
Oregon Housing and Community Services shall be listed by name on all materials including all media coverage where the Project contributors are listed or named.

1.8. Keep in touch.
These recommendations are optional, but highly recommended.

Sign up for notices.
Sign up here https://signup.e2ma.net/signup/1963877/1943072/ for OHCS Technical Advisories and other important news and notices from OHCS.

OregonBuys registration.
Register your organization in OHCS' new procurement database and management system, linked here. By registering, you will be notified of upcoming funding opportunities.

2. Reservation Letter

Read the Reservation Letter and Attachment A: Conditions in its entirety.

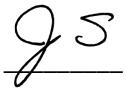
☐ **2.1. Sign and return**.
Sign and return within 15 days of the Reservation Letter date. If you would like to sign via DocuSign, notify your Development Officer and they can route the letter to you.

☐ **2.2. OHCS Recipient charge**.
Pay according to the instructions on the invoice that was included in the Reservation Letter email. Payment is due within 30 days of the Reservation Letter date.

☐ **2.3. Schedule a kick-off meeting.**
Within 30 days of signing the Reservation Letter, schedule a kick-off meeting with the Development Officer assigned to this Project. Instructions are in the Reservation Letter email. The kick-off meeting is an opportunity to review details and conditions specific to your Project and identify key stakeholders.

☐ **2.4. Key stakeholders' meetings prior to loan closing.**
Shortly following the kick-off meeting, the Recipient will send an introductory email to key stakeholders (city contacts, lenders, etc.) and their Development Officer to schedule a preliminary meeting to discuss the loan closing. If needed, recurring follow-up meetings will be scheduled until the loan has closed.

☐ **2.5. Preview loan documents.**

Initials 

LIFT loan document templates are available on the LIFT Homeownership Program website under LIFT Documents. OHCS highly recommends that the Recipient promptly share these templates with their stakeholders.

3. General Conditions – Tasks

The following tasks are on-going and commence once the Reservation Letter is signed. Task due dates are in your Procorem WorkCenter.

☐ **3.1. Certificate of Insurance**.

Note the different insurance requirements for coverage and duration. All insurance policies must be active on or prior to the date of executing the LIFT Loan Documents. OHCS is to be named as additional insured:

Oregon Housing and Community Services
Attn: Homeownership Development
725 Summer Street NE Ste B
Salem, OR 97301

☐ **3.1.1. Recipient/Project owner.**

The following insurance is required throughout the Affordability Period.

- Commercial General Liability: $1,000,000 per occurrence and $2,000,000 in aggregate
- "All Risk" Builder's Risk: Limits not less than the amount of the Construction Contract or 100% of the insurable replacement value of the building(s) or improvements (whichever is greater). Must be provided by either the Project Owner or the General Contractor
- Worker's Compensation: As required by the State of Oregon
- Automobile Liability: Not less than $1,000,000 per occurrence
- Title Insurance

☐ **3.1.2. Architect of Record and All Other Licensed Professionals under Contract with the Project Owner (Except Construction Contractor)**.

The following insurance is required until construction is complete.

- Commercial General Liability: $1,000,000 per occurrence and $2,000,000 in aggregate
- Professional Liability/Errors & Omissions: Not less than $1,000,000 per occurrence
- Worker's Compensation: As required by the State of Oregon
- Automobile Liability: Not less than $1,000,000 per occurrence

☐ **3.1.3. General Contractor**.

The following insurance is required until construction is complete.

- "All Risk" Builder's Risk: If not provided by Project Owner
- Comprehensive General Liability: $1,000,000 per occurrence and $2,000,000 in aggregate
- Worker's Compensation: As required by the State of Oregon
- Automobile Liability: Not less than $1,000,000 per occurrence

☐ **3.2. Quarterly progress reports.**

Progress reports are due by the 10th of January, April, July, and October. Reporting begins once the Reservation Letter is signed and continues until all homes have sold. The reporting form is a link found in Procorem in the Progress Report task description.

☐ **3.3. Equity in Contracting reporting.**
On two occasions, the Recipient will report on contracting efforts and dollars spent with MWESB (Minority, Women-owned, Emerging Small Business) and VBE (Veteran Business Enterprise) service providers. The first report is due within 30 days of executing the legal documents and the final report is due once the Project is complete and all homes have sold.

☐ **3.4. Annual tax returns.**
Provide the Recipient's latest tax returns complete with all schedules, including applicable K-1 statements and financial statements prepared in accordance with GAAP or IFRS and certified by the Recipient to be true and correct in all respects.

☐ **3.5. Annual document checklist verification.**
Each year, the Recipient will verify that all their documentation with OHCS is current. This will include but is not limited to organizational documents, banking information, contact information, insurance, etc.

4. Underwriting Conditions

To secure the funding reservation, all conditions listed in this section must be completed prior to executing the Loan Documents between the Recipient and OHCS. It is expected that these conditions are met within six months of the Reservation Letter date. Projects that do not meet the six-month deadline may have their funding reservation rescinded or may be required to complete and resubmit new documents including Phase 1 Environmental Study, appraisal, and other documents determined by OHCS' sole discretion to require updating.

☐ **4.1. Appraisal.**
Submit an as-built appraisal dated within 12 months of the application submission date and made with the following considerations:

- Value must be determined considering the land and all future site work, structures, and other capital improvements.
- Calculations must consider any existing restrictions attached to the land or the use of the land (not including LIFT or other future restrictions).
- The appraisal must name OHCS as an intended user of the appraisal and grant permission to OHCS to discuss the report with its preparer.

Appraisals must show a value equal to or greater than 100% of the total debt on the Project, including the LIFT loan, construction financing, and any other financial sources that may take a security interest in the Property.

☐ **4.2. Affordability Covenants.**
Notify OHCS of any existing or future affordability covenants on the land. These should be disclosed during the kick-off meeting so loan documents can be prepared accordingly.

☐ **4.3. Balanced proforma.**

Initials JS

If you are required to update the proforma from that submitted in your application, use the same Excel format on the application and provide a balanced proforma with the necessary changes. Sources must equal uses and percentages must adhere to NOFA guidelines.

☐ **4.4. BOLI Determination Letter**.
Submit a Determination Letter from the Bureau of Labor and Industries (BOLI) indicating if the Project is subject to prevailing wage laws. Visit the BOLI website to request a letter, which typically takes around 30 days to receive.

☐ **4.5. Commitment of all funding sources.**
Provide evidence of a firm commitment from funding sources if it was not provided in the application, for example, commitments from highly likely sources.

☐ **4.6. Escrow for closing and recording.**
OHCS legal documents must be executed through a title company representative. Within 90 days of the desired LIFT loan closing date, the Recipient will send an introductory email between the title company escrow officer and the Development Officer, open escrow, and order a preliminary title report.

Simultaneous closing of any construction loan or other funding is required. The Recipient is responsible for facilitating communication between escrow, lenders, and other funding sources.

☐ **4.6.1. Preliminary title report.**
Within 90 days of the desired LIFT loan closing date, order a linked preliminary title report from the title company. Ensure that your Development Officer is included on the report distribution list. Title reports must be dated within 6 months of the loan closing date.

☐ **4.6.2. ALTA Extended Lender's policy.**
When requesting the title report, also request an ALTA (American Land Title Association) Extended Lender's policy in the amount of the LIFT loan. Required Endorsements are OTIRO 209.10-06 (Private Rights, Current Assessments, Restrictions, encroachments, Minerals) and OTIRO 208.2.06 (Commercial Environmental Protection Lien Endorsement). Condition of title requirements must be satisfactory to the OHCS. Intended insured to show as:

Oregon Housing and Community Services
Attn: Homeownership Development
725 Summer St NE, Ste B
Salem OR 97301

☐ **4.7. Fair Housing Resolution.**
Submit the Fair Housing Resolution. Display of the Fair Housing name and/or logo is required when homes are marketed or promoted.

☐ **4.8. General contractor status.**
Submit documentation from Oregon Construction Contractors Board (CCB) Contractor/License search for the general contractor on the Project. The search results must demonstrate that there are no current or prior unresolved complaints.

Initials JS

☐ **4.9. Phase I Environmental Study.**
Submit a Phase I report that is dated within 12 months of your NOFA application submission date.

If the Project consists of four homes or less, the Recipient may opt out of the Phase I report.

☐ **4.10. Secretary of State business registry.**
Provide evidence of the Recipient entity's business registry in Oregon. Use this link to Secretary of State (SOS) Find a Business.

☐ **4.11. ACH banking form & W-9**.
Submit an OHCS ACH form and W-9 so disbursements can be direct deposited to the Recipient's bank account. The ACH account must be that of the Recipient/Borrower on the Loan Documents.

☐ **4.12. Wetland determination.**
OHCS will conduct a review via the Dept. of State Lands (DSL) to determine if the Project is in a wetland area. If the review finds wetlands are present or likely to be present, your Development Officer will notify you, at which point, additional site or design requirements made by DSL must be incorporated into the Project.

☐ **4.13. Other OHCS or DOJ requirements.**
The Recipient will comply with any additional requirements set forth by OHCS or Dept. of Justice (DOJ) during the underwriting phase.

☐ **4.14. Commitment of CLT Entity.**
The organization that will assume the LIFT loan and become the long-term steward must provide additional and binding commitment to the project prior to or during closing in a format to OHCS' satisfaction.

☐ **4.15. Final commitment of guarantor for construction loan.**
Submit evidence of the final, binding commitment of the guarantee you will provide your construction lender and evidence of your lender's approval of this guarantor prior to or during closing.

☐ **4.16. Statements demonstrating required liquidity.**
Provide recent statements from a financial institution showing unrestricted liquid assets of $144,064 or no less than 5% of the LIFT loan.

5. Executing the LIFT Loan Documents

It is expected that all underwriting conditions are met and LIFT Loan Documents are executed within six months of the Reservation Letter date.

Once the Loan Documents are approved by DOJ, the Development Officer will email the draft documents to the Recipient for their review and approval prior to executing the Loan Documents with the escrow officer.

☐ **5.1. Review and approve the LIFT Loan Documents.**

Initials JS

Recipient and their stakeholders will review the draft Loan Documents for accuracy. If the Recipient's attorney would like to discuss the legal agreements with DOJ, the Recipient will send contact information to the Development Officer to initiate contact between the attorneys.

After the Recipient confirms approval of the Loan Documents, the Development Officer will compile the final documents and send them to the escrow officer for signing.

☐ **5.2. Execute the LIFT Loan Documents.**
Schedule the document signing with your escrow officer. The escrow officer is also responsible for coordinating signing with stakeholders. OHCS does not sign in-person and sends their signature pages to the escrow officer.

☐ **5.3. OHCS Reservation charge.**
Be prepared to pay OHCS Reservation charges during escrow: Reservation charge (1.5% of award amount), legal charge (from DOJ), and document preparation charge. LIFT funds may not be used to pay OHCS charges.

5.3.1. Legal charges.
Legal charges of $300 per document will be included on the Reservation charge invoice. However, Recipient may be invoiced for additional legal charges from DOJ for up to three months beyond the loan closing date.

5.3.2. Document preparation charge.
Charge of $750 per recorded document. The number of recorded documents may vary depending on the Project.

☐ **5.4. Draw requests.**
Once the Loan Documents are recorded, you may submit a draw request. Exception: LIFT funds may be used at the time of the LIFT loan closing to pay off land acquisition or other eligible expenses.

All funds must be disbursed or requested for disbursement within 36 months of the Reservation Letter date. Additionally, once a draw has been disbursed, OHCS will not return or withdraw invoices that may have been mistakenly submitted to OHCS rather than another funding source.

6. Completion Conditions

Once construction is nearing completion on any home and you are preparing to sell homes to Qualified Homeowners, you will begin the tasks in this section. Note which conditions are due prior to and after home sales.

6.1. Prior to Home Sale. Submit the following documents before the first home sale.

☐ **6.1.1. Recorded ground lease.**
Submit a copy of the recorded Master Lease. The Master Lease must be recorded in the county where the Project is located.

☐ **6.1.2. Certificate of Occupancy.**
Submit a copy of the Certificate of Occupancy for each home in the Project. Due within 30 days of issue.

Initials JS

☐ **6.1.3. Final subdivision plat map (if applicable).**
Submit a copy of the subdivision plat map. Re-platting after closing the LIFT loan may require another escrow and result in additional legal, document preparation, and recording fees that must be paid by the Recipient.

6.2. After Home Sales. Submit the following documents after each home sale or upon completion of all homes sales.

☐ **6.2.1. Homeowner Income Certification.**
This form is required for each home sale and due within 30 days of the home sale date. Prior to selling any home, review Homeowner Income and Demographic Data Guidance.

☐ **6.2.2. Household Demographic Data.**
OHCS seeks to eliminate disparities in homeownership. To that end, OHCS collects data on Homeowners' race, ethnicity, and gender to measure progress towards this goal. To collect this data, OHCS requests that each household submit a survey. All data is kept secure and private and OHCS will not share the addresses associated with the data.

☐ **6.2.3. Final balanced proforma.**
Use the OHCS Final Proforma form and provide a balanced proforma with actual Project costs. Final proforma is due within 120 days of the last home sale.
The proforma must adhere to the following:
- Sources must be equal to costs.
- Developer's fee and profit may not be more than what was in the application proforma.

☐ **6.2.4. Building & Unit Characteristics.**
Confirm the building & unit characteristics such as the final address, bedroom and bathroom count, utilities, etc.

☐ **6.2.5. Photos of the completed Project.**
Provide a photo of the front exterior of each finished home.

☐ **6.2.6. Certificate of Continuing Program Compliance.**
This annual reporting will begin once the first home has sold. A Certificate of Continuing Program Compliance (CCPC) will be provided to you at the beginning of each calendar year and will be due within 30 days.

☐ **6.2.7. Compliance monitoring charge.**
This charge will commence once the first home has sold or 36 months after the Reservation Letter date, whichever is sooner. Your Development Officer will provide the invoice at the beginning of the calendar year.

7. Monitoring Conditions

Once all homes have sold and Completion Conditions are met, the Project will enter the Monitoring phase for the duration of the Affordability Period and will include the following tasks.

Initials JS

☐ **7.1. Annual CCPC reporting.**
A Certificate of Continuing Program Compliance (CCPC) form will be provided to you at the beginning of each calendar year and will be due within 30 days.

☐ **7.2. Annual Compliance monitoring charge.**
At the beginning of each calendar year, your Development Officer will provide an invoice for the charge along with the CCPC reporting form.

☐ **7.3. Annual tax returns.**
Provide the Recipient's latest tax returns complete with all schedules, including applicable K-1 statements and financial statements prepared in accordance with GAAP or IFRS and certified by Recipient to be true and correct in all respects.

☐ **7.4. Certificate of Insurance renewal**.
Review Section 3.1.1. for Affordability Period insurance requirements.

☐ **7.5. Renewed Affordability in lieu of loan repayment.**
The LIFT loan will be due and payable in full on the Maturity date stated in the Trust Deed. However, in lieu of loan repayment, the LIFT loan may be satisfied by extending the Affordability Period for another amount of time at least equal to 20 years beyond the Maturity date or by a combination of repayment and extended affordability as acceptable to OHCS. Refer to OAR 813-135-0040(4)(a).

deChase › Miksis EDLEN & CO.

May 28, 2025

Lynne McConnell, Executive Director
Keith Wooden, Real Estate Director
Housing Works
405 SW 6th Street
Redmond, OR 97756

Re: Northpoint Vista Affordable Multifamily Housing

Dear Lynne and Keith,

The purpose of this memorandum of understanding is to set forth the proposed terms for a partnership between Housing Works an Oregon public corporation, and a to-be-formed joint venture between Edlen & Co and deChase Miksis (JV) for the development of a new affordable housing project on property currently owned by the City of Redmond and known as Site 1 in the proposed Northpoint Master Plan (Project).

1. Site. Site 1 includes approximately 1.81 acres (Site). The site is currently part of a larger site. A lot partition process will be required to separate Site 1 from the larger site.

2. Ownership Structure. The Project is anticipated to be owned by Housing Works, or an affiliate of Housing Works. The JV will not have an ownership interest.

3. Anticipated Sources. The Project is expected to be funded via the LIFT Rental Program, construction and permanent debt and a land contribution from the City of Redmond.

4. Roles and Responsibilities. The JV will be primarily responsible for managing predevelopment, financing and construction activities, in close collaboration with Housing Works. Housing Works will be responsible for community outreach and engagement and resident services planning and execution. Housing Works will manage lease-up and be responsible for all facets of the completed Project following stabilized occupancy. The JV will manage the permanent loan conversion process. The JV will take the lead on the ORCA process with Oregon Housing and Community Services with Housing Works providing narrative as needed.

5. Predevelopment Expenses. Housing Works shall fund all predevelopment expenses. The JV will assist in identifying and securing a predevelopment loan. Predevelopment expenses will be reimbursed by the Partnership at close of financing for the Project.

6. Guaranties. Housing Works will provide all required guaranties, including but not limited to, construction completion, loan guaranties, operating deficit, and compliance guaranties required by the Project lender and OHCS.

deChase › Miksis EDLEN & CO.

7. Property Management. The Partnership will retain a qualified affordable housing property manager to manage the Project, who is yet to be determined. The property manager will be paid a property management fee within market standard range.

8. Financial Participation (Developer Fee). The Project will be structured to include a cash developer fee allowed by the funding sources and supportable by the Project budget. Housing Works or an affiliate will receive 50% of the cash developer fee paid and the JV will receive 50% of the cash developer fee paid. Housing Works and the JV would receive a share of each installment of the developer fee when such installment is paid. The exact method of sharing each installment will be agreed to at a later date and subject to investor approval but it is the JV's intent to receive a higher percentage of the earlier fee installments given that the JV's responsibilities are primarily during predevelopment and construction, and that Housing Works is primarily responsible for lease-up and operations. Housing Works will receive 100% of Project cash flow.

9. Project Savings. The JV will receive 50% of any Project savings.

The terms of this memorandum of understanding are intended to summarize the key partnership terms, which will later be formally documented in a Development Services Agreement amongst the parties.

By: Housing Works
an Oregon public corporation

Lynne McConnell, Executive Director — Date: 6/3/25

By: Edlen & Co Development, LLC
an Oregon Limited Liability Company

Jill Sherman, Principal — Date: 6-4-2025

By: deChase Miksis, LLC
an Oregon Limited Liability Company

Mark Miksis Principal — Date: 6/4/25

OFFICE OF THE SECRETARY OF STATE
TOBIAS READ
SECRETARY OF STATE

MICHAEL KAPLAN
DEPUTY SECRETARY OF STATE

ARCHIVES DIVISION
STEPHANIE CLARK
DIRECTOR

800 SUMMER STREET NE
SALEM, OR 97310
503-373-0701

NOTICE OF PROPOSED RULEMAKING
INCLUDING STATEMENT OF NEED & FISCAL IMPACT

CHAPTER 660
LAND CONSERVATION AND DEVELOPMENT DEPARTMENT

FILED
01/27/2026 8:21 AM
ARCHIVES DIVISION
SECRETARY OF STATE

FILING CAPTION: Amendment to Affordable Housing Pilot Project Rules Regarding Affordable and Market-Rate Housing Units Phasing

LAST DAY AND TIME TO OFFER COMMENT TO AGENCY: 02/26/2026 9:05 AM

The Agency requests public comment on whether other options should be considered for achieving the rule's substantive goals while reducing negative economic impact of the rule on business.

CONTACT: Casaria Taylor
971-600-7699
casaria.taylor@dlcd.oregon.gov

635 Capitol St. NE Ste. 150
Salem,OR 97301

Filed By:
Matthew Hampton
Rules Coordinator

HEARING(S)

Auxiliary aids for persons with disabilities are available upon advance request. Notify the contact listed above.

DATE: 02/26/2026
TIME: 9:00 AM
OFFICER: LCDC

IN-PERSON HEARING DETAILS
ADDRESS: 635 Capitol St. NE, Basement Hearing Room, Salem, OR 97301

REMOTE HEARING DETAILS
MEETING URL: Click here to join the meeting
PHONE NUMBER: 669-444-9171
CONFERENCE ID: 93063215007
SPECIAL INSTRUCTIONS:
Passcode: 562278

NEED FOR THE RULE(S)

OAR 660-039-0070 is part of the rules in OAR chapter 660, division 39 which set forth a comprehensive set of requirements for housing within affordable housing pilot projects. The current rules include a requirement for phasing of affordable and market-rate housing units within these pilot projects. The City of Redmond believes this requirement would result in a significant delay in constructing a vitally needed housing project, totaling more than 400 total housing units. The change to the phasing requirements would also reflect the opinion of the Oregon Legislature as to the appropriate timing for construction of affordable vs. market-rate housing units within these types of housing development projects. The change will also apply to the City of Bend's affordable housing pilot project, although the project is already under construction, and a future project from the City of Pendleton.

DOCUMENTS RELIED UPON, AND WHERE THEY ARE AVAILABLE

Documents relied upon are 1) OAR chapter 660, division 39; and 2) the petition for rulemaking received from the City of Redmond. The relied upon documents are located at DLCD, 635 Capitol St., Ste. 150, Salem, Oregon, 97301. The relied upon documents are also available online at https://www/oregon.gov.lcd/Pages/index.aspx

STATEMENT IDENTIFYING HOW ADOPTION OF RULE(S) WILL AFFECT RACIAL EQUITY IN THIS STATE

The State of Oregon requires that a rulemaking notice include "a statement identifying how adoption of the rule will affect racial equity in this state" (ORS 183.335(2)(a) (HB 2993). For the purposes of this statement, racial equity has been defined as treating people of all races fairly, justly, and without bias. The agency is required to attempt to determine the racial groups that will be affected by the rule, and how the rule will increase or decrease disparities currently experienced by those groups. In this context, a disparate treatment of racial groups may be supportable if it addresses current disparities.

The proposed rule amendments are not expected to negatively impact racial equity and equitable outcomes. The amended rules would allow the City of Redmond to proceed with a needed housing project that includes 30% of all units reserved for households earning no more than 80% of the area household median income.

The proposed rule amendments would be expected to maintain or improve the status quo on racial equity.

FISCAL AND ECONOMIC IMPACT:

The State of Oregon requires a statement of fiscal impact identifying state agencies, units of local government and the public that may be economically affected by the adoption, amendment or repeal of the rule and an estimate of that economic impact on state agencies, units of local government and the public. The rule amendments would allow the City of Redmond to move forward expeditiously with a city-initiated housing development that will provide more than 400 units of needed housing, 30% of these units dedicated to affordable housing, and to promote the city's community development and economic development goals. The rule amendments may also positively affect similar projects in Bend and Pendleton. The rule amendments do not create any additional requirements for any of these cities, any other units of local government, state agencies, or the public. Therefore, no direct fiscal and economic impacts are anticipated. Should Redmond, Bend, or Pendleton implement projects approved under this rule, any fiscal and economic impacts are expected to be positive.

COST OF COMPLIANCE:

(1) Identify any state agencies, units of local government, and members of the public likely to be economically affected by the rule(s). (2) Effect on Small Businesses: (a) Estimate the number and type of small businesses subject to the rule(s); (b) Describe the expected reporting, recordkeeping and administrative activities and cost required to comply with the rule(s); (c) Estimate the cost of professional services, equipment supplies, labor and increased administration required to comply with the rule(s).

(1) The rule amendments would authorize Redmond, Bend, and Pendleton to move forward with affordable housing pilot projects with less stringent phasing requirements for affordable vs. market-rate housing units. The rule amendments do not establish new requirements. Therefore, state agencies, units of local governments, and members of the public are not considered likely to be economically affected by the rule amendments.

(2) Effect on Small Businesses:

(a) The rule amendments are specific to residential development within affordable housing pilot project sites within the cities of Redmond, Bend, and Pendleton. They will not affect commercial businesses. Therefore, no small businesses are estimated to be subject to the rules.

(b) There are no requirements to comply with the rule amendments, since Redmond, Bend, and Pendleton are not mandated by these rules to proceed with an affordable housing pilot project. Therefore, no additional reporting, record keeping, and administrative activities and costs are expected to be required to comply with the rules.

(c) The rule amendments would change the phasing requirements for affordable vs. market-rate housing units in affordable housing pilot projects in Redmond, Bend, and Pendleton. The rules do not establish new requirements. Therefore, it is estimated that there will be no additional cost of professional services, equipment supplies, labor, and increased administration required to comply with the rules.

DESCRIBE HOW SMALL BUSINESSES WERE INVOLVED IN THE DEVELOPMENT OF THESE RULE(S):

The rule amendments are specific to affordable housing pilot projects in Redmond, Bend, and Pendleton. Businesses were not involved in the development of the proposed rule amendments.

WAS AN ADMINISTRATIVE RULE ADVISORY COMMITTEE CONSULTED? NO IF NOT, WHY NOT?

An Administrative Rule Advisory Committee was not consulted on the development of the proposed rule amendments. The proposed rule amendments are simple, proposing to change phasing requirements for housing vs. market-rate housing units in affordable housing pilot projects in Redmond, Bend, and Pendleton. DLCD staff received positive comments on the proposed change during the notice and comment period for Redmond's rulemaking petition, and did not receive any negative comments during a public webinar on the petition held on January 6, 2026.

HOUSING IMPACT STATEMENT:

A housing cost impact statement is an estimate of the effect of a proposed rule on the cost of development of a 6,000 square foot parcel and the construction of a 1,200 square foot detached single- family dwelling on that parcel (ORS 183.534). The proposed rule amendments have no impact on such development.

AMEND: 660-039-0070

RULE SUMMARY: Current rules in OAR 660-039-0070 (3)(a) and (b) require phasing of affordable and market-rate housing units within an affordable housing pilot project that either 1) ensure all affordable housing units have been issued permanent certificates of occupancy prior to issuance of permanent certificates of occupancy to the last 50 percent of any market rate housing units included as part of the pilot project; or phase development so that affordable housing units and market-rate housing units are issued permanent certificates of occupancy over time in a ratio similar to the ratio of affordable and market-rate housing units within the pilot project as a whole. The amended rules would ensure the construction of all affordable units has commenced before the city issues certificates of occupancy to the last 15 percent of market rate units. This change is consistent with the phasing requirements for affordable vs. market-rate housing units required by the Oregon Legislature in Section 55 of Chapter 110 Oregon Laws 2024 (Senate Bill 1537).

CHANGES TO RULE:

660-039-0070
Housing Requirements ¶

(1) The following types of affordable housing are allowed on pilot project sites:¶
(a) Attached and detached single-family housing and multiple family housing for both owner and renter occupancy;¶
(b) Government assisted housing;¶
(c) Manufactured dwelling parks as provided in ORS 197.475 to 197.490; and¶

(d) Manufactured homes on individual lots planned and zoned for single-family residential use that are in addition to lots within designated manufactured dwelling subdivisions.¶
(2) At least 30 percent of the total housing units proposed and developed on a pilot project site must be affordable housing units. In addition:¶
(a) At least 10 affordable housing units must be proposed and developed on a pilot project site from a qualifying city with a population of 25,000 or less; and¶
(b) At least 20 affordable housing units must be proposed and developed on a pilot project site from a qualifying city with a population greater than 25,000.¶
(3) Pilot project development phasing shall:~~¶~~
~~(a) Ensure all affordable housing units have been issued permanent certificates of occupancy prior to issuance of permanent certificates of occupancy to the last 50 percent of any market rate housing units included as part of the pilot project; or¶~~
~~(b) Phase development so that~~ ensure the construction of all affordable ~~housing units and market-rate housing units are issued permanent certificates of occupancy over time in a ratio similar to the ratio of affordable and~~units has commenced before the city issues certificates of occupancy to the last 15 percent of market~~-~~ rate ~~housing units within the pilot project as a whole~~units.¶
(4) All common areas and amenities accessible to residents of market-rate housing units within the pilot project site shall be equally accessible to residents of affordable housing units;¶
(5) The qualifying city must ensure all affordable housing units within the pilot project site are rented or sold exclusively to households described in OAR 660-039-0010(1) or, if the pilot project includes dedicated affordable housing units proposed under subsection (7)(b), to those households described, at the time of sale or rental during a period of at least 50 years after the selection of the pilot project site;¶
(6) The qualifying city must ensure that all housing units within the pilot project site are not used as vacation or short term rentals for any significant period during any calendar year.¶
(7) The commission shall consider the following when reviewing a final application pursuant to OAR 660-039-0080(2)(b) (A):¶
(a) Percentages or numbers of affordable housing units greater than the minimum percentages and numbers required in section (2);¶
(b) Dedication of affordable housing units for households with lower maximum incomes than described in the definition of affordable housing in OAR 660-039-0010(1); and¶
(c) In the case of a mixed income project, the total number and overall percentage of market rate housing units dedicated for households making 80 to 120 percent of the area median income.¶
(d) Other considerations that, in the determination of the commission, will advance affordable housing and knowledge about affordable housing in Oregon.
Statutory/Other Authority: ORS 197.040, OL 2016~~,~~ Ch. 52
Statutes/Other Implemented: OL 2016~~,~~ Ch. 52

From: CARPENTER Sean * DLCD
To: TAYLOR Casaria * DLCD; CARPENTER Sean * DLCD; HAMPTON Matthew L * DLCD; BUELL Adam M * DLCD
Subject: Comment Submission: OAR 660-039-0070(3)
Date: Monday, January 12, 2026 12:09:15 PM

Name: Jill Sherman
Email: jill.sherman@edlenandco.com
Rule: OAR 660-039-0070(3)
Organization or affiliation (optional): Edlen & Co
Comment: I am writing in support of the Rulemaking Petition submitted by the City of Redmond. I am part of the development team working on the Northpoint project. Our development plan includes a variety of housing types, tenure and affordability including affordable for-sale and rental as well as market-rate for-sale and rental product. We are partnering with local nonprofits to deliver the affordable units and are committed to a development that, when complete, will include at least 30% of the units affordable at or below 80% area median income. The Rulemaking Petition provides needed flexibility to account for the realities of funding for affordable housing, where it can take multiple years to put together the necessary sources. The first phase of the development is 30 affordable homeownership units in partnership with RootedHomes. If the Rulemaking Petition is approved, we will be able to move forward with market-rate ownership and rental projects while we work on funding for the affordable rental housing in partnership with Housing Works as well as a second phase of affordable ownership units. Oregon needs more housing at all levels of affordability, and the proposed Rulemaking Petition will further this goal while not reducing the ratio of affordable units or the commitment to providing the affordable housing prior to completion of the pilot project.

pahlisch HOMES

541-385-6762 pahlischhomes.com 210 SW Wilson Ave
Suite 100
Bend, Oregon 97702

SUBJECT: Letter of Support for Petition to Amend OAR 660-039 – Northpoint Vista

January 12, 2026

To Whom It May Concern,

On behalf of Pahlisch Homes, a market-rate housing developer currently working with the City of Redmond on the Northpoint Vista project, I am writing in strong support of the City's petition to amend OAR 660-039-0070(3) related to development phasing for Affordable Housing Pilot Projects.

Our company is actively involved in the planning and anticipated development of market-rate housing within Northpoint Vista. From a developer's perspective, the current phasing requirements in OAR 660-039 create significant practical challenges that limit the ability to deliver housing in a timely and coordinated manner—particularly under current economic and funding conditions.

As outlined in the petition, the existing rule effectively ties the pace of market-rate housing development to the availability of affordable housing funding, even when infrastructure is already in place and development-ready. With Oregon Housing and Community Services' LIFT rental funding fully allocated for the current biennium, the existing phasing rule would delay or halt large portions of market-rate and workforce housing through no fault of the City or development partners. This outcome is counterproductive to statewide and local goals to increase overall housing supply.

The proposed amendment—aligning the Affordable Housing Pilot Project phasing language with Senate Bill 1537 Section 55(3)(f)—offers a reasonable and balanced solution. Requiring that construction of all affordable housing units commence prior to issuance of certificates of occupancy for the last 15 percent of market-rate units ensures that affordable housing remains a core component of the project, while also allowing housing development to proceed in a financially feasible and predictable manner.

Importantly, the amendment would allow private investment in market-rate and workforce housing to move forward, enabling continued infrastructure construction, lot sales, and delivery of neighborhood amenities that benefit the entire development. Without this amendment, developers face uncertainty that may delay or prevent participation altogether, undermining the success of the pilot project and the City's ability to respond to the current housing shortage.

For these reasons, we strongly support the City of Redmond's petition to amend OAR 660-039-0070(3). The proposed change maintains the intent of the Affordable Housing Pilot Program while better reflecting real-world funding cycles, economic conditions, and the urgent need for housing production.

Thank you for your consideration.

Sincerely,

Ana Bozich
Community Planning Director
anab@pahlisch.com