



MEMORANDUM

Housing Strategies Report

West Linn Housing Capacity Analysis

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TO Darren Wyss and Chris Myers, City of West Linn
FROM Matt Hastie and Brandon Crawford, Angelo Planning Group
CC Jennifer Donnelly and Samuel Garcia, DLCD
Brendan Buckley, Johnson Economics

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I. OVERVIEW

Like other cities in Oregon, the City of West Linn is responsible for helping to ensure that its residents have access to a variety of housing types that meet the housing needs of households and residents of all incomes, ages, and specific needs. Towards that end, Angelo Planning Group (APG) and Johnson Economics conducted a Housing Capacity Analysis (HCA) to better understand West Linn's housing needs. The study includes two other reports: a Housing and Residential Land Needs Assessment (HNA and RLNA) and a Residential Buildable Lands Inventory (BLI). Findings from these reports can be used to inform future amendments to the City's Comprehensive Plan and Development Code, as well as other strategies to support housing needs, consistent with Statewide Planning Goal 10 (Housing). Goal 10 states that the City must:

“encourage the availability of adequate numbers of needed housing units at price ranges and rent levels which are commensurate with the financial capabilities of Oregon households and allow for flexibility of housing location, type and density.”

The purpose of this Housing Strategies Report is to recommend policies and strategies for addressing the housing needs identified in the West Linn HNA. In addition to ensuring consistency with regional, state and federal requirements, these recommendations are intended to support partnerships among housing providers and stakeholders in West Linn and to promote opportunities for the development of housing affordable to people with a full range of incomes and housing needs.

Section II of this report identifies initial recommendations for new or updated Comprehensive Plan housing policies. Section III of this report includes an evaluation of the current Development Code in its ability to meet the City's housing goals. Section IV identifies a list of potential strategies that the City could undertake to address current and future housing needs. Finally, Section V includes analysis in support of the City's compliance with the Metropolitan Housing Rule (Oregon Administrative Rule 660-007).

The West Linn HCA is being funded through a Department of Land Conservation and Development (DLCD) grant for implementing applicable requirements of House Bills 2001 (Middle Housing) and 2003 (Regional Housing Needs Analysis) implementation. Concurrent with this project, the City is updating its Comprehensive Plan and Development Code to comply with House Bill 2001, with assistance from another consulting team.

II. COMPREHENSIVE PLAN HOUSING POLICIES

The APG reviewed the Housing chapter of West Linn's Comprehensive Plan to assess whether it includes the following types of supportive policies:

- **Supports Statewide Planning Goal 10.** Comprehensive Plans typically do and should include a general policy that mirrors Statewide Planning Goal 10 (Housing), stating that the

jurisdiction's overall goal is to *"encourage the availability of adequate numbers of needed housing units at price ranges and rent levels which are commensurate with the financial capabilities of Oregon households and allow for flexibility of housing location, type and density."*

- **Emphasizes affordable housing needs.** Given that meeting the needs of low- and moderate-income households often requires public intervention or subsidy, it is important to include policies emphasizing the needs of these households.
- **Supports partnerships.** Most Comprehensive Plan housing elements include policies aimed at supporting other public agencies, non-profits and market rate developers who focus on meeting the needs of low- and moderate-income households and community members with special housing needs.
- **Encourages a variety of housing types.** In addition to a broad goal or policy about meeting a full range of housing needs, Plans often include policies noting the need for a variety of housing types, including single-family attached housing, duplexes, triplexes, multi-family housing and townhomes, as well as less traditional forms of housing such as cottage cluster housing and accessory dwelling units. The City is currently in the process of addressing this policy through Code and Comprehensive Plan updates to comply with HB 2001.
- **Affirms Fair Housing goals.** Local governments are required to ensure that their housing policies and standards do not discriminate against or have adverse effects on the ability of "protected classes" to obtain housing, consistent with the federal Fair Housing Act.
- **Supports mixed use development.** Some Plans explicitly support the development of mixed-use projects, which typically include upper story housing located above retail or other commercial uses.
- **Supports accessory dwelling units.** Comprehensive Plans may include policies specifically referencing support for this form of housing. Recent Oregon legislation requires all cities above a certain size to allow for this form of housing outright in all areas that are zoned for detached single-family dwellings.
- **Supports flexible zoning.** Some Plans include policies which emphasize the need for zoning to be flexible enough to meet a variety of housing needs and keep costs for such housing down, particularly for housing affordable to low- and moderate-income households.
- **Addresses land supply goals.** Many Plans include policies which reference the need to ensure that adequate land is zoned to meet identified housing needs, and to periodically update the jurisdiction's inventory of such lands.
- **Supports maintenance and rehabilitation of existing housing.** Many Plans emphasize maintenance of existing housing stock as a method to prevent unsafe conditions and to keep affordable housing available within the community.
- **Supports development of manufactured homes.** Oregon law requires that all zones that allow for "stick built" single-family detached homes also allow for manufactured homes on individual lots. Each jurisdiction must also allow for manufactured home parks in at least one residential zone.

- **Regulates short-term rentals.** Many communities, particularly those with high levels of tourism, regulate short-term rental housing to reduce its impact on the supply and affordability of long-term rental housing.

Table 1 summarizes APG’s evaluation of the extent to which West Linn’s Comprehensive Plan includes the types of supportive policies listed above. The Housing chapter of the Comprehensive Plan includes a Goal, Policies, and Implementation strategies—each of these is included in the evaluation below.

Table 1. Comprehensive Plan Policy Evaluation

Policy Topic	Existing Language	Assessment and Example Language
Supports Statewide Planning Goal 10	<i>(Goal 3) Encourage the development of affordable housing for West Linn residents of all income levels.</i>	The existing policy language generally addresses this objective although the City could consider adding broader language that states the need for the City to support Statewide Planning Goal 10 by ensuring for the availability of adequate numbers of needed housing units.
Emphasizes affordable housing needs	<p><i>(Goal 3) Encourage the development of affordable housing for West Linn residents of all income levels.</i></p> <p><i>(Action Measure 1) Evaluate how West Linn can meet its share of the regional need for affordable housing.</i></p> <p><i>(Action Measure 2) Identify constitutionally justifiable measures to encourage provision of affordable housing.</i></p> <p><i>(Action Measure 3) Determine costs of providing or subsidizing affordable housing. Consider citizen referendum on whether the City should be subsidizing “affordable housing.” A referendum could be a non-binding advisory vote.</i></p>	<p>Consider adding a policy that specifically mentions the need for housing that is affordable to low- and moderate-income households or edit Goal 3. For example:</p> <ul style="list-style-type: none"> • <i>Support the creation of housing that is affordable to low- and moderate-income households through partnerships, land use policies, and programmatic efforts. (or)</i> • <i>Encourage the development of affordable housing for West Linn residents of all income levels, <u>including for low- and moderate-income households.</u></i>
Supports partnerships	N/A	<p>There currently is no language that explicitly states supporting partnerships. The City should consider adding a policy or goal that states support for partnerships or edit an existing policy to elaborate the need for partnerships. Partnerships should also emphasize meeting the needs of low- and moderate-income households or residents. For example:</p> <ul style="list-style-type: none"> • <i>Continue to maintain and expand partnerships with non-profit housing developers and other affordable housing providers and agencies that preserve or provide new low to moderate income-housing units, create opportunities for first-time homeownership, and help vulnerable homeowners maintain and stay in their homes.</i>

Policy Topic	Existing Language	Assessment and Example Language
		<ul style="list-style-type: none"> • <i>Work with other jurisdictions, Clackamas County, Metro, and the State to identify the region's housing needs and pursue a shared approach to improve housing affordability across all household income ranges.</i>
Encourages a variety of housing types	<p><i>(Policy 2) Provide the opportunity for development of detached and attached single-family units, duplexes, garden apartments, town houses, row houses, multiplex units and boarding houses, lodging or rooming houses, and manufactured housing.</i></p> <p><i>(Policy 5) Allow for flexibility in lot design, size, and building placement to promote housing variety and protection of natural resources.</i></p>	<p>Consider adding “cottage clusters” to this policy to round out the housing types addressed by HB 2001. Also consider adding policy language that addresses the need to provide rental and ownership opportunities for residents. For example:</p> <ul style="list-style-type: none"> • <i>Provide the opportunity for development of detached and attached single-family units, duplexes, <u>cottage clusters</u> garden apartments, town houses, row houses, multiplex units and boarding houses, lodging or rooming houses, and manufactured housing.</i> • <i>Provide the opportunity for a wider range of rental and ownership housing choices in West Linn.</i>
Supports mixed use development	N/A	<p>Example policy language to consider:</p> <ul style="list-style-type: none"> • <i>Encourage residential uses mixed with other compatible uses in the same building or on the same site within the City's mixed-use zones.</i>
Affirms Fair Housing Goals	N/A	<p>Example policy language to consider:</p> <ul style="list-style-type: none"> • <i>Employ strategies that support the Fair Housing Act and affirmatively further fair housing.</i>
Supports ADUs	<i>(Policy 6) Allow accessory dwelling units, subject to City development and building regulations, in all residential zones.</i>	Adequately addressed.
Addresses Land Supply Goals	<p><i>(Policy 1) – Ensure that the Comprehensive Plan is consistent with LCDC's Metropolitan Housing regulations.</i></p> <p><i>(Action Measure 1) Evaluate how West Linn can meet its share of the regional need for affordable housing.</i></p>	<p>Neither Policy 1 or Action Measure 1 explicitly addresses land supply goals, however land supply is implied with the Metro Housing Rule. Additional example language to consider:</p> <ul style="list-style-type: none"> • <i>Encourage efficient use of residential land within the Urban Growth Boundary</i> • <i>The City shall regularly monitor its supply of buildable land and shall provide a sufficient amount of residential land to accommodate residential growth.</i>

Policy Topic	Existing Language	Assessment and Example Language
		<ul style="list-style-type: none"> • Ensure that the city has an adequate housing supply with enough land to support the community's growth. • The City shall prepare, regularly monitor, and periodically update an inventory of buildable residential land.
Supports Development of Manufactured Homes	<i>(Policy 3) Allow manufactured housing, subject to state building code requirements, in all residential zones.</i>	Adequately addressed.
Supports maintenance and rehabilitation of existing housing	N/A	<p>Example policy language to consider:</p> <ul style="list-style-type: none"> • Encourage maintenance and rehabilitation of the existing housing stock and support local or regional programs that help provide funding for this purpose.
Regulates Short Term Rentals	N/A	No change recommended

III. DEVELOPMENT CODE EVALUATION

In addition to reviewing Comprehensive Plan policies, APG reviewed the West Linn Community Development Code (CDC) and summarized information about the following types of standards: housing types allowed, densities/minimum lot sizes, ADU requirements, cottage cluster housing, off-street parking, building heights, and minimum setbacks.

Table 2 summarizes APG’s general evaluation of the CDC in its ability to meet the City’s housing goals. The assessment also including observations and initial recommendations related to compliance with Oregon House Bill 2001 and associated Administrative Rules related to middle housing. Additional information and strategies related to that topic also are found in Section IV of this report.

West Linn has the following residential and mixed-use zoning districts:

- R-40 – Single-Family Residential Zone
- R-20 – Single-Family Residential Zone
- R-15 – Single-Family Residential Zone
- R-10 – Single-Family Residential Zone
- R-7 – Single Family Attached Residential Zone
- R-5 – Duplex Residential Zone
- R-4.5 – Duplex Residential Zone
- R-3 – Multiple-Family Residential Zone
- R-2.1 – Multiple Family Residential Zone
- NC – Neighborhood Commercial Zone
- WNMU – Willamette Neighborhood Mixed Use Transitional Zone

Table 2. Development Code Evaluation

<i>Code Provision</i>	<i>Existing Code</i>		<i>Assessment</i>
Housing Types Allowed	Residential Zones		<ul style="list-style-type: none"> • HB 2001 will require West Linn to permit middle housing types—duplexes, triplexes, fourplexes, townhomes, and cottage clusters—in residential zones that allow single-family detached housing. West Linn’s Code will need to be updated by June 2022, or else the state’s model code for middle housing (currently under development) will automatically apply. The City is currently updating its Code to comply with HB 2001. • Zones R-2.1 and R-3 already allow most of housing types required by HB 2001—they allow duplexes and multi-family dwellings. • Cottage clusters are not currently defined or permitted in any residential zones. • Zones R-7 to R-40 zones do not permit any middle housing types outright and will have to be amended to do so. • The City could also consider permitting middle housing types in its mixed-use zones (Neighborhood Commercial)
		Permitted Outright	
		Conditional Use	
	R-40	Single-family detached dwelling Manufactured housing ADU	
	R-20	Single-family detached dwelling Manufactured housing ADU	
	R-15	Single-family detached dwelling Manufactured housing ADU	
	R-10	Single-family detached dwelling Manufactured housing ADU	
	R-7	Single-family detached dwelling Single-family attached dwelling Manufactured housing ADU	
	R-5	Single-family detached dwelling Single-family attached dwelling Duplex Manufactured housing ADU	Manufactured home park Manufactured home subdivision
	R-4.5	Single-family detached dwelling Single-family attached dwelling Duplex	Manufactured home park Senior citizen/handicapped housing facilities

<i>Code Provision</i>		<i>Existing Code</i>	<i>Assessment</i>
		Manufactured housing ADU	
	R-3	Single-family detached dwelling Single-family attached dwelling Duplex Multi-family housing Manufactured housing ADU Group housing	Senior citizen/handicapped housing facilities
	R-2.1	Single-family attached dwelling Duplex Multi-family housing Group housing ADU	Senior citizen/handicapped housing facilities Single-family detached dwelling Manufactured housing
	Mixed-Use Zones		
	NC	Single-family residential unit above a permitted use ADU	
	WNMU	Single-family detached dwelling Common-wall single-family above a permitted use Multi-family housing Residential use of second floor or portion of ground floor of a permitted use ADU	

Code Provision	Existing Code		Assessment	
Densities / Minimum Lot Sizes Allowed	The City regulates density in residential zones through minimum lot size requirements.		<ul style="list-style-type: none">Single-family detached: Consider reducing minimum lot size for the R-10 zone, which accounts for the majority of the City’s residential land. Allowing increased density in this zone will help West Linn meet the Metro Housing Rule requirement of ensuring an allowed density of at least 8 units per net acre among the City’s buildable residential land supply.Duplex: Per the Administrative Rules for HB 2001 (OAR 660-046), minimum lot size for duplexes cannot be greater than for SFD. As a result, minimum lot sizes for duplexes will need to be reduced.Other middle housing types: As part of compliance with HB 2001, the City will need to develop reasonable lot size or density requirements for triplexes, fourplexes, and cottage cluster housing in zones where they will be allowed in the future. These will need to be consistent with minimum compliance standards currently being considered by the Land Conservation and Development Commission unless the City wants to take an optional “Performance Metric Approach” to these code provisions. The City should also define triplex, quadplex, and cottage clusters separately from multi-family housing.Multi-family: Consider reducing the minimum lot area per unit in the R-3 and R-2.1 or using substituting minimum and maximum densities in these zones as the guiding metric. Densities tend to be a better measure, particularly for multi-family housing and for higher density zones in general.Manufactured housing: Consider allowing smaller minimum lot sizes for individual manufactured homes on single-family lots for each residential zone.	
		Dwelling Units per Net Acre		Minimum Lot Size
	R-40	1.1		SFD: 40,000 sf
	R-20	2.18		SFD: 20,000 sf
	R-15	2.9		SFD: 15,000 sf
	R-10	4.35		SFD: 10,000 sf
	R-7	6.2		SFD: 7,000 sf SFA: 5,500 sf
	R-5	8.7		SFD: 5,000 sf SFA: 4,500 sf DUP: no documented standard
	R-4.5	9.68		SFD: 4,500 sf SFA: 4,000 sf DUP: 8,000 sf
	R-3	14.5		SFD: 3,000 sf SFA: 3,000 sf DUP: no documented standard Group: no documented standard MF: 3,000 sf per unit
R-2.1	20.74	SFD: 4,000 sf SFA: 2,700 sf DUP: 7,000 sf Group: 7,000 sf MF: 2,100 sf per unit		
NC	--	--		

Code Provision	Existing Code	Assessment
	<div> <div>WNMU</div> <div>--</div> <div>All: 4,500 sf *Maximum 10,000 sf</div> </div> <div> SFD: Single-Family Detached SFA: Single-Family Attached DUP: Duplex MF: Multi-family </div>	
ADU Requirements	<p>Permitted ADUs must be:</p> <ul style="list-style-type: none"> • Attached to or within the primary dwelling, • In an existing accessory building, such as a detached garage, OR • Created by adding a new accessory building. • Cannot exceed one bedroom and must have an area between 250 and 1,000 square feet. Cannot exceed 30 percent of the gross square footage of the primary dwelling if it is located in an accessory structure, except the ADU may be at least 250 square feet regardless of the size of the primary dwelling. • No more than one ADU is allowed. • Must be at least 500 square feet if more than one person occupies the ADU. • Must have design features that match the primary dwelling, including exterior finish materials, roof pitch, trim, windows, and eaves. • Maximum height for an ADU is 18 feet. Attached ADUs can exceed 18 feet but cannot exceed the primary dwelling's height. • Detached ADU must be at least 10 feet behind front building line. • Main exterior of ADU must be located on the rear or side of the ADU. 	<ul style="list-style-type: none"> • The ADU standards currently comply with state law, but the City could consider additional ways to facilitate ADU development, as described in Housing Strategy 5.
Cottage Cluster Housing	<p>Cottage clusters are not currently identified as a specific housing type. Cottages on individual lots could potentially be developed through the PUD process.</p>	<ul style="list-style-type: none"> • Cottage cluster housing is one of the middle housing types that cities will need to allow in areas zoned for single-family use. As such, West Linn will need to adopt standards for cottage cluster housing by June 2022.

Code Provision	Existing Code				Assessment																																																
Off-street Parking Requirements	<ul style="list-style-type: none">Single-Family (detached or attached): 1 space per unitManufactured home: 1 space per unitDuplex: 1 space per unitGroup housing: 1 space per 1,000 square feet of gross leasable areaMulti-Family:<ul style="list-style-type: none">Dwellings < 500 sf: 1 space per unit1-bedroom: 1.25 spaces per unit2-bedroom: 1.5 spaces per unit3+ bedroom: 1.75 spaces per unitVisitor parking: 1 space for every 3 apartment units evenly distributed throughout the complex.				<ul style="list-style-type: none">As part of HB 2001 compliance, the City will need to update parking standards applicable to triplexes and quadplexes pursuant to the OAR standards. Minimum off-street parking requirements cannot exceed one space per unit, regardless of the number of bedrooms; allowable parking standards are further limited on smaller lots.																																																
Height, Maximum Lot Coverage and Floor-Area-Ratio	<table><thead><tr><th></th><th>Height</th><th>Coverage</th><th>FAR</th></tr></thead><tbody><tr><td>R-40</td><td>40'</td><td>25%</td><td>0.45</td></tr><tr><td>R-20</td><td>40'</td><td>25%</td><td>0.45</td></tr><tr><td>R-15</td><td>40'</td><td>30%</td><td>0.45</td></tr><tr><td>R-10</td><td>35'</td><td>35%</td><td>0.45</td></tr><tr><td>R-7</td><td>35'</td><td>35%</td><td>0.45</td></tr><tr><td>R-5</td><td>35'</td><td>40%</td><td>0.45</td></tr><tr><td>R-4.5</td><td>35'</td><td>40%</td><td>0.45</td></tr><tr><td>R-3</td><td>35'</td><td>50%</td><td>0.45</td></tr><tr><td>R-2.1</td><td>35', 3.5 stories or 45' for garden apartment medium rise</td><td>50%</td><td>0.45</td></tr><tr><td>NC</td><td>35' or two stories above grade, whichever is less</td><td>50%</td><td>--</td></tr><tr><td>WNMU</td><td>35' or two stories above grade, whichever is less</td><td>--</td><td>0.4</td></tr></tbody></table>					Height	Coverage	FAR	R-40	40'	25%	0.45	R-20	40'	25%	0.45	R-15	40'	30%	0.45	R-10	35'	35%	0.45	R-7	35'	35%	0.45	R-5	35'	40%	0.45	R-4.5	35'	40%	0.45	R-3	35'	50%	0.45	R-2.1	35', 3.5 stories or 45' for garden apartment medium rise	50%	0.45	NC	35' or two stories above grade, whichever is less	50%	--	WNMU	35' or two stories above grade, whichever is less	--	0.4	<ul style="list-style-type: none">Consider allowing a higher building height for multi-family housing in the R-3 zone.Consider increasing FAR with higher density zones, consistent with increasing lot coverages for higher density zones. Maximum FARs in higher density zones should be closer to 1 – 1.5. The Middle Housing Model Code provides good guidance on this topic.
	Height	Coverage	FAR																																																		
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<i>Code Provision</i>	<i>Existing Code</i>					<i>Assessment</i>
Minimum Setbacks		Front	Rear	Interior Side	Street Side	<ul style="list-style-type: none"> ○ Consider updating R-2.1 setbacks to be consistent with those allowed in the R-3 zone.
	R-40	30'	30'	10'	30'	
	R-20	20'	20'	7.5'	15'	
	R-15	20'	20'	7.5'	15'	
	R-10	20'	20'	7.5'	15'	
	R-7	20'	20'	7.5'	15'	
	R-5	20'	20'	5'	15'	
	R-4.5	20'	20'	5'	15'	
	R-3	15'	15'	5'	15'	
	R-2.1	20'	20'	5'	15'	
	NC	25'	25'	7.5'	15'	
	WNMU	12'	20'	7.5'	12'	

IV. HOUSING STRATEGIES

With initial input from City staff and the Advisory Committee, APG has identified a variety of potential strategies applied in other communities that the City of West Linn could consider addressing current and future housing needs identified in the HNA. These strategies have been organized into the following four categories: (1) Land Supply Strategies; (2) Policy and Regulatory Strategies; (3) Incentives; and (4) Funding Sources and Uses.

Table 3 provides a summary of potential housing strategies and indicates each strategy's initial priority, as determined by City staff.

Table 3. Summary of Potential Housing Strategies

Strategy	Initial Priority
LAND SUPPLY STRATEGIES	
1. UGB Amendments and Planning Amend the city's UGB if the supply of land within the UGB cannot accommodate the amount needed for future development. Prior to pursuing an expansion, the City must consider measures to improve the efficiency of future land use within the existing boundary.	Planning: High Amendments: Low
2. Rezone Land Re-designate land from other residential designations and/or from commercial, industrial, or institutional designations to meet specific housing needs, assuming there is an adequate supply of land available to meet non-residential needs. Some rezoning is likely necessary to address a deficit in the supply of higher-density residential land.	Rezone: High
POLICY AND DEVELOPMENT CODE STRATEGIES	
3. Increase Allowed Density in Existing Zones Increase the allowed density or reduce the minimum allowed size of lots in one or more zones to allow for more compact development and/or a wider range of housing types in specific areas. This likely will be necessary to address the "Metro Housing Rule."	High / Low (depending on zone)
4. Facilitate "Missing Middle" Housing Types in All Residential Zones Allow duplexes, triplexes, quadplexes, townhomes, and cottage cluster housing in a broader range of zones.	High
5. Promote Accessory Dwelling Units (ADUs) Update ADU standards to remove barriers; encourage development through reduced fees, exemptions from selected planning requirements, use of pre-approved site or building plans, or other measures.	Medium
6. Zoning Incentives for Affordable and Workforce Housing Create incentives for developers to provide a community benefit (such as affordable housing), in exchange for the ability to build a project that would not otherwise be allowed by the development code.	Medium

Strategy	Initial Priority
7. Streamline Off-Street Parking Requirements Reduce the number of required off-street parking spaces for certain types of housing, allow for credit for on-street spaces, and/or encourage shared parking in mixed use developments.	Low
INCENTIVES	
8. System Development Charge Exemptions or Deferrals Deferral of SDCs for affordable housing. Can be applied to regulated affordable housing and/or specific housing types (such as ADUs).	Medium
9. Tax Abatements Tax abatements are reductions in property taxes for housing and may include full or partial tax exemptions or freezes on the assessed value of properties. Abatements are often provided to non-profit corporations or to private developers in exchange for developing affordable or other desired housing types (such as mixed-use).	High
10. Land Use Permit Fee Reductions Reducing or waiving permit fees for affordable housing or other desired types of housing (e.g., ADUs or other potentially more affordable housing types), in order to reduce the upfront cost of development.	Medium
11. Expedited Development Review Strategies to reduce review and processing times for regulated affordable housing development, such as formally adopting shortened review timelines for applications or giving priority in scheduling hearings and meetings with staff.	Low
FUNDING SOURCES AND PROGRAMS	
12. Tax Increment Financing (TIF) TIF is a funding mechanism in which future tax revenues in targeted development or redevelopment areas are diverted to finance infrastructure improvements and/or development—potentially including affordable and/or market-rate housing.	High
13. Land Acquisition and Banking Land acquisition is a tool to secure sites for affordable housing. Land banking is the acquisition and holding of properties for extended periods without immediate plans for development, but with the intent that properties eventually be used for affordable housing.	High
14. Construction Excise Tax (CET) A one-time tax on new construction of between 1% and 3% to help pay for affordable housing strategies identified here. State law requires it to be spent on specific types of programs and activities.	Medium
15. Public-Private Partnerships (PPPs) and Community Land Trusts Arrangements between public and private entities to create more and/or affordable housing. PPPs can promote a variety of affordable housing programs or projects and include partnerships from multiple entities (public, private, and non-profit), including Community Land Trusts.	Medium

Strategy	Initial Priority
16. Financial Assistance Programs A range of tools that can be used to maintain housing affordability or to help keep residents in their homes. Possible tools include rent assistance, loans for homeowners, or assistance to low-cost apartment owners for repairs and upgrades.	Low

Land Supply Strategies

The following strategies are intended to address West Linn's existing land capacity and its ability to accommodate needed housing.

1. UGB Amendments and Planning

Initial Priority: Planning – High; Amendments – Low

This strategy involves amending the West Linn Urban Growth Boundary (UGB) if the supply of land within the UGB cannot accommodate the amount needed for future development. Metro manages this process in coordination with local jurisdictions in the Portland Metro region.

The findings of the HNA do not indicate the need for a UGB expansion to accommodate the projected housing needs in West Linn. There is a total forecasted need for roughly 1,005 units over the next 20 years based on the forecasted growth rate. This is below the estimated total capacity of 1,205 units. There also is an adequate supply of land to meet most of the types of housing in the projected future housing mix, with the exception of multi-family units, for which there is a modest deficit. However, the deficit of multi-family land likely can be address through means other than expanding the UGB.

Urban and Rural Reserve Planning

The findings of the HNA indicate a surplus of land zoned for most types of housing development. This surplus land could accommodate 258 low-density units and 43 medium-density units (single-family attached, manufactured homes, and 2-4 plexes) over and above the projected future need. There is a deficit of approximately 101 high-density units (multi-family apartments).

While the HNA does not indicate the need for an expansion of the UGB at this time, the City may need to explore that option in the future as development consumes the current supply of land, particularly if the pace of development accelerates. In anticipation of those future activities, the City will need to ensure that it has identified appropriate future expansion areas. The adjacent Stafford Triangle has long been identified as a potential future UGB expansion area and likely will continue to be considered as such.

UGB Expansion

As noted above, the findings of our study do not indicate the need for a UGB expansion to accommodate projected housing needs in West Linn between 2020 and 2040. The comparison of land need and demand overall shows a surplus of land supply in comparison to projected land need

over the next 20 years, both overall and for most specific housing types. To the extent that the City identifies the need for a UGB expansion in the future, in partnership with Metro, the City would first need to complete the following steps:

- Further analyze and update its findings of where there is an insufficient supply of buildable land inside the UGB.
- Consider and adopt efficiency measures to ensure that land inside the UGB is being used efficiently. Many of the code update recommendations identified below are efficiency measures.
- Work with Metro to identify potential expansion areas within West Linn' portion of the UGB, including through re-classification or establishment of additional urban reserve areas and prioritization of potential expansion areas adjacent to West Linn.

2. Rezone Land

Initial Priority: High

As noted above, the HNA indicates a modest surplus of land in the low and medium density land use designations. The analysis indicates a deficit of land in the high density or multi-family designation. As a result, rezoning land to address this deficit is identified as a high priority.

In considering areas to rezone for multi-family housing, the City should use the following criteria or factors, among others to determine the most appropriate target areas:

- **Proximity to existing high-density areas.** Extending an existing area of high-density land would reduce impacts on the transition between lower- and higher-density areas and could increase the level or potential for support from surrounding property owners.
- **Proximity to services.** Ideally, higher-density areas should be close to supporting commercial and other services (schools, parks, etc.) to help ensure that residents can easily access these services and daily needs by walking, biking, or driving.
- **Size and ownership.** The City should prioritize relatively large sites (3-10 acres) for rezoning. Larger sites will be more attractive for development and provide more flexibility for site design.

The City also could consider rezoning land to a mixed-use designation. To ensure that such land would provide capacity for multi-family housing, the mixed-use zoning district would need to require a residential component as part of future mixed-use development, or the City would need to demonstrate that previous development in this zone has included a residential component. In addition, any rezoning of land would also need to be accompanied by amendments to West Linn's Comprehensive Plan map (which applies two residential land use designations: Low Density Residential and Medium Density Residential).

Rezone Portions of R-10 Zone

The majority of the City's residential land is zoned for Single-Family Residential R-10. The City's residential capacity and land surplus is relatively small for a 20-year horizon, and any unforeseen change in regional economic or employment trends could accelerate housing demand (need) for West Linn. Rezoning portions of R-10 land to a higher density will help the City's residential supply be more resilient and alleviate any additional housing demand pressures. Furthermore, the City needs to meet the Metro Housing Rule minimum density requirement (8 dwelling units per net acre), and rezoning R-10 to higher density zones will help the City reach that requirement. The City should look at rezoning R-10 areas that already border higher density zones or are near other higher-intensity districts/zones (e.g. town center, transit-rich areas, commercial/employment areas).

Remove R-40 Zone

There currently is only one property in West Linn that is zoned for Single-Family Residential R-40. The minimum lot size for this zone is 40,000 square feet, and this property is just under an acre (0.9 acres) and it is currently developed. Removing the R-40 zoning designation and rezoning the property to a higher density will provide greater residential capacity if the property owner ever decides to redevelop or subdivide. At the same time, given how recently the property has been developed and the value of the existing home, there may be very limited utility in doing so. If the City were to pursue this strategy, they likely would want to consider also rezoning several adjacent properties, including the two adjacent unincorporated properties and the R-20 property on the corner.

Change Comprehensive Plan Designations for Non-annexed Areas

All residential non-annexed areas (i.e. unincorporated patches of land, or islands, within the City) have a low-density (LD) Comprehensive Plan designation. Buildable Lands Inventory results found that the City has roughly 17 acres of vacant or infill unincorporated land with the LD designation. Changing the Comprehensive Plan for some or all these areas to medium- to high-density will help ensure these areas will receive a higher density zoning designation upon annexation, which will ultimately provide more residential capacity.

Policy and Development Code Strategies

The following set of strategies include possible amendments to the West Linn Community Development Code, which the City could consider or further evaluate to help meet West Linn's housing needs and goals. In addition to the specific strategies identified here, the City will need to ensure that it applies clear and objective standards for the development of all needed housing. That should be a component or consideration in considering any future development code amendments.

3. Increase Allowed Density in Existing Zones

Initial Priority: High

The HNA found that the City of West Linn has a deficit of land zoned for high density residential. In addition, the Metro Housing Rule (OAR 660-007) requires the City to meet an average density of 8 dwelling units per net buildable acre for available residential land. West Linn's average allowed density among buildable residential land currently does not meet this requirement (see the Metro Housing Rule analysis section at the end of this report). In addition to meeting Metro requirements, increasing allowed density will also help the City meet its greater need for high density housing, per HNA results.

There are two key benefits to allowing higher densities to be considered in selected locations:

- **Housing affordability.** Smaller lot sizes and higher densities allow for some of the major costs of development—such as acquiring land and building infrastructure—to be divided among more units. This decreases the per-unit cost of development and can enable lower sale prices or rental rates.
- **Efficiency of land use and infrastructure provision.** Higher densities also help to ensure that residential land is used efficiently. If growth rates accelerate more quickly than projected, then it will be more important for the City to efficiently use land within the existing UGB. It is also more efficient for the City to provide roads, sewer, and water systems (on a per-unit basis) to higher density development.

Density in residential zones is currently regulated through minimum lot size requirements. The City should also consider adopting minimum density requirements for each residential zone that average to no less than the Metro Housing Rule requirements (8 dwelling units per net acre). Allowing greater density in the R-10 zone would present the greatest opportunity to accommodate greater housing capacity compared to other zones due to the large portion of the City that it covers.

Potential amendments to minimum lot size standards are presented in

In updating density requirements, the City should be mindful of the potential impacts of displacement and gentrification (e.g., existing lower cost housing being replaced by denser but potentially more expensive newer housing). A number of other strategies described in this report can help reduce or mitigate impacts of displacement.

Table 4 shows the buildable lands inventory results for available residential land by zone. These results inform the density revision (i.e. lot size adjustments) recommended in **Error! Reference source not found.** below.

Table 4. Estimated Buildable Acres by Development Status and Zone

Residential Area	Vacant	Infill	Grand Total
R-40	--	--	--
R-20	0.0	--	0.0
R-15	6.0	1.2	7.2
R-10	30.8	102.9	133.7
R-7	3.5	10.3	13.8
R-5	3.0	9.2	12.2
R-4.5	2.7	10.9	13.6
R-3	--	--	--
R-2.1	--	1.9	1.9
LD	6.8	10.4	17.2
Grand Total	52.8	146.9	199.7

Given the prevalence of R-10 land in West Linn and that it represents over half of the City's available residential capacity, reducing this zone's minimum lot size will contribute the most to reaching the Metro density requirement. Reducing R-10 minimum lot size from **10,000 square feet to 8,000 square feet**, coupled with rezoning R-10 areas to higher density zones, will likely bring the City into compliance with Metro density rules. If the R-10 zone's minimum lot size is reduced, then the City should rename the zone to be consistent with the new minimum lot size (e.g. reduction to 8,000 square feet would translate to renaming to R-8). The City will also need to develop minimum lot sizes for middle housing types to comply with HB 2001, which is being addressed in a concurrent Code update project.

. These amendments are intended to allow for higher density development while considering the existing character and stated purpose of the zone. In addition, minimum lot sizes for middle housing will need to be amended and/or added to comply with HB 2001 administrative rules. (See Strategy 4 for additional discussion of middle housing standards.) Minimum lot width, lot depth, or setback standards may also need to be modified to ensure they are consistent with any changes to minimum lot size standards (and also for compliance with HB 2001).

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West Linn could look to other similarly sized cities within the Portland metro area for examples of density standards that might be appropriate. Standards for medium- and high-density zones in the Cities of Forest Grove, Gladstone, Milwaukie, Sherwood, and Troutdale are presented in Table 5.

Table 5. Density Examples from Other Cities in Metro Area

City	Zone	Min. Lot Size	Max. Density (units per net acre)
Forest¹ Grove	Residential RML	None	12
	Residential RMH	None	20.28
Gladstone	Multi-family residential MR	<u>ME</u> : 3,000 sf + 1,000 sf/du	Based on min. lot area – Effective density up to ~30+ du/na for larger projects
Milwaukie	Residential Zone R-3	5,000 sf	14.5

City	Zone	Min. Lot Size	Max. Density (units per net acre)
	Residential Zone R-2.5	5,000 sf	17.4
	Residential Zone R-2	5,000 sf	17.4
	Residential Zone R-1, R-1-B	5,000 sf	32
Sherwood	Medium Density Residential (MDRL)	5,000 sf	8
	Medium Density Residential High (MDRH)	<u>SFD</u> : 5,000 sf <u>MF</u> : 8,000 sf + 3,200 sf/du over 2 units	11
	High Density Residential (HDR)	<u>SFD</u> : 5,000 sf <u>MF</u> : 8,000 sf + 1,500 sf/du over 2 units	24
Troutdale	R-4 Attached Residential	<u>SFD</u> : 4,000 sf <u>SFA</u> : 3,500 sf per unit	Based on min. lot area
	A-2 Apartment Residential	Based on number of units: <u>2-3</u> : 9,000 sf/du <u>4-14</u> : 9,000 sf + 2,500 sf/du over 3 <u>15-37</u> : 41,000 sf + 2,000 sf/du over 15 <u>38-94</u> : 87,000 sf + 1,500 sf/du over 38 <u>95-155</u> : 172,500 sf + 1,000 sf/du over 95 <u>>155</u> : 1,500 sf/du	Based on min. lot area – Effective density ranges from ~12 – 22 du/acre

[Note 1: Forest Grove’s listed density standards are “target density,” which are permitted outright in each zone.]

4. Facilitate “Missing Middle” Housing Types in All Residential Zones

Initial Priority: High

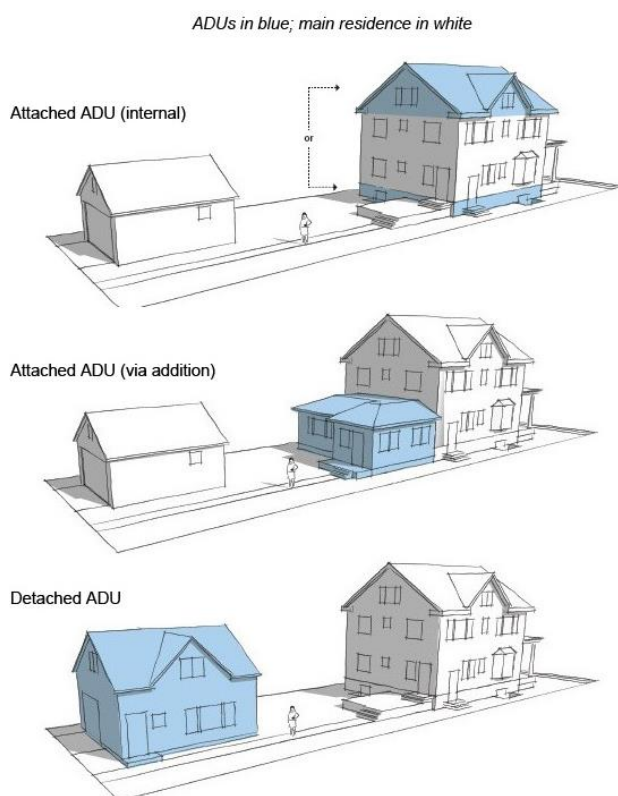
According to the HNA, middle housing types are expected to account for nearly 20% of the projected housing need in West Linn over the next 20 years. As defined in the HNA, this includes attached single-family homes (i.e., townhouses or rowhouses), and lots with two to four units. In addition, pursuant to Oregon House Bill 2001 (2019) (HB 2001), West Linn will be required to permit middle housing types (defined as duplexes, triplexes, fourplexes, townhouses, and cottage clusters) in areas zoned for residential use that allow single-family detached housing. Duplexes, specifically, must be allowed on every residentially zoned lot that allows single-family detached housing. For the other housing types, the City has a bit more flexibility to regulate middle housing within residential zones—although the Oregon Administrative Rules (OAR) set fairly strict limits on that flexibility. The City can adopt siting and design standards for middle housing, but any standards must not discourage middle housing through unreasonable cost or delay. West Linn’s code will need to be updated by June 30, 2022, or else the state’s Model Code for Middle Housing will automatically apply.

5. Promote Accessory Dwelling Units (ADUs)

Initial Priority: Medium

An Accessory Dwelling Unit (ADU) is a secondary dwelling unit on the same lot as a single-family house that is typically smaller than the primary dwelling. ADUs can come in three forms: a detached structure, an attached addition, or a conversion of internal living space in the primary dwelling (Figure 1). As ADUs are often invisible from the street or may be perceived as a part of the primary dwelling, they offer a method of increasing density with minimal visual impact on the character of the neighborhood. Online survey results indicated relatively strong support for this type of housing in existing neighborhoods in West Linn.

Figure 1. Types of ADUs



Source: City of St. Paul, MN

ADUs are a viable housing option with several benefits:

- Building and renting an ADU can raise income for a homeowner and help offset the homeowner's mortgage and housing costs.
- ADUs can add to the local supply of rental units and can provide a relatively affordable rental option for a person or household that prefers living in a detached unit rather than an apartment or other attached housing.

- ADUs offer flexibility for homeowners to either rent the unit or to host a family member. The proximity to the main house can be particularly beneficial for hosting an elderly family member that may need care and assistance.

Oregon state statute requires cities with a population of over 2,500 to allow ADUs outright on any lot where single-family housing is allowed.¹ In addition, the statute requires that cities limit the regulations that apply to ADUs to “reasonable siting and design standards.” HB 2001 recently clarified that reasonable siting and design standards do not include owner occupancy requirements or requirements for additional off-street parking for ADUs. DLCD provided a guidance document to help cities implement the ADU requirements.² The guidance document includes a model code as well as recommendations for removing barriers to ADU development.

The City recently updated its ADU standards to address state requirements and the City already is in compliance with those standards. Below are recommendations for additional amendments to West Linn’s ADU standards that could further reduce Code barriers, as well as other potential strategies that the City could consider to better support development of ADUs.

Code Recommendations

Increase maximum size allowance for internal ADU conversions. In all zones, ADUs are limited to 1,000 sf, or they cannot exceed 30% of the size of the primary unit if it is a detached accessory structure – whichever is smaller. The gross square footage limit of 30% is significantly lower than DLCD guidelines, which suggest a limit of 75-80% of a primary dwelling’s floor area for detached ADUs. The DLCD guidelines also suggest allowing additional floor area for ADUs created by converting a level of the primary dwelling (e.g., the basement)—so that the ADU could occupy the entire level.

Allow exceptions to rear yard setbacks. ADUs must currently meet all base zone setback requirements; most residential zones require 20-foot rear yards. In most cases, ADUs will be constructed behind the primary dwelling. If the ADU must also comply with the rear yard setback requirement, that may require the ADU to be placed closer to the primary dwelling than would otherwise be desirable and may result in small, unusable yard areas. It is recommended to allow ADUs to be built up to 5 feet from the rear lot line. If there are concerns about the scale of an ADU next to an adjacent lot, a lower height limit or additional privacy standards can be applied to ADUs that are within a certain distance of the rear lot line. To some degree, this issue already should be addressed by the maximum 18’ height limit for detached ADUs.

Consider exceptions or increases to lot coverage standards. Maximum lot coverage requirements have the potential to preclude ADUs from being built on smaller lots. The City could consider exempting ADUs (or a portion of their floor area) from counting toward lot coverage limits. For lots with two ADUs, DLCD guidance suggest allowing an additional 10-20% lot coverage beyond what

¹ See ORS 197.312(5).

² https://www.oregon.gov/lcd/Publications/ADU_Guidance_updatedSept2019.pdf

the zone allows. To address storm water concerns, the City could consider limits to impermeable surfaces rather than simply coverage by structures (as suggested by the DLCD guidance).

Consider allowing two ADUs. The City could consider allowing two ADUs in other zones, if one of the ADUs is internal or an attached addition. In these cases, the internal ADU would not be visible from the street or adjacent properties. Also, the property would function similarly to a triplex and West Linn will already need to allow triplexes in its residential zones, pursuant to HB 2001.

Consider increasing height limits for ADUs. Detached ADUs currently cannot exceed 18 feet, whereas attached ADUs cannot exceed the height of the primary dwelling. Increasing the height limit for detached ADUs to no more than the primary structure will add extra flexibility for property owners seeking to add an ADU, particularly if it is an ADU conversion for an existing structure that exceeds 18 feet. The City has experienced challenges with property owners attempting to convert existing structures that exceed 18 feet to ADUs, as they either must forego the ADU conversion or connect the structure to the primary dwelling, which adds significant costs. As noted above, a lower height limit could be retained within a certain setback distance from rear and side lot lines.

Consider allowing more than one bedroom per ADU. Allowing multiple bedrooms will help increase the occupancy for ADUs, and ultimately make them more affordable for renters.

Consider parking exemptions or reductions for ADUs. DLCD guidance currently recommends no additional off-street parking be required for ADUs. Requiring the addition of an off-street parking space may be a barrier to adding an ADU, especially for smaller parcels. The City may consider revising the existing exception for lots that abut a street with a paved width of 28 feet and allowed on-street parking to any area that allows on-street parking, regardless of street width.

Other ADU Strategies

In addition to more supportive development code regulations, West Linn could also consider other strategies to facilitate ADU development.

SDC Reductions or Deferrals. The City could consider reducing or deferring system development charges for ADUs to make them more financially viable. *See Strategy 8.*

Waive required improvements. The City should consider waiving certain improvement requirements for ADU construction to help promote their development. West Linn currently requires half-street improvements for ADUs, which is a proven barrier to ADU development in the City.

Pre-approved Site or Building Plans. Pre-approved building and site plans have been reviewed in advance for conformance with zoning and building codes and can reduce housing development costs by reducing design and permit process times and fees.

Cities in Oregon, Washington, and elsewhere in the U.S. have used this approach to streamline the development review process, providing an incentive for certain types of housing development. Some of the plan programs also seek to promote improved residential design that fits a

neighborhood context. This often works best for simpler types of development and could work well for ADU plans. Below are examples of this approach in other cities.

- **Santa Cruz, CA:** The City's ADU Development Program provides assistance for homeowners who were considering building an ADU. In the past, the program provided resources including an ADU manual and a plan set book with seven conceptual prototype designs that were available through partnerships with local architects. Although the prototypes are no longer to code and cannot be used for construction, they still offer good examples of different ADU ideas and configurations.³
- **Portland, OR:** In 2007, the City of Portland developed a set of housing prototype plans geared toward infill development on small sites in low- and medium-density multi-dwelling zones. Rather than a focus on streamlining the process and reducing costs, Portland's Infill Design Project objective was to improve design outcomes for smaller-scale infill development in existing neighborhoods. The housing prototypes covered development forms including cottage cluster, cottage court, rowhouses, townhouses, house-plexes, and courtyard flats.⁴ Earlier in 2004, Portland also developed a catalogue of designs for "skinny houses" to suit very narrow lots through a similar competition called the Living Smart Project. The project also involved zoning code amendments to ensure that the prototype homes would meet all the code requirements, making them "permit-ready."⁵
- **Roanoke, VA:** Roanoke's Residential Plans Library is a database of professionally designed residential building plans available for purchase that complement the character of Roanoke's neighborhoods. The plans are all pre-approved for compliance with the Neighborhood Design District and building code. As such, the plans come with reduced permitting fees, since plan review requirements already have been addressed.⁶ While Roanoke's plans library only includes designs for single-family detached homes and duplexes, the model could potentially be applied to ADUs (or other housing types) as well.

6. Zoning Incentives for Affordable and Workforce Housing.

Initial Priority: High

The HNA identifies both existing and future needs for housing affordable to low-income households (defined as households earning 80% or less of area median income). In particular, the HNA

³ ADU Publications, City of Santa Cruz, CA. <https://www.cityofsantacruz.com/government/city-departments/planning-and-community-development/programs/accessory-dwelling-unit-development-program/ordering-information>

⁴ Infill Design Toolkit, City of Portland. https://www.portland.gov/sites/default/files/2020-01/toolkit1208-optimized_bkmrks.pdf

⁵ Portland Catalogue of Narrow House Designs, City of Portland. <https://www.oregon.gov/lcd/UP/Documents/LivingSmart-Catalogue.pdf>

⁶ Residential Plans Library, City of Roanoke, VA. <https://www.roanokeva.gov/1297/Residential-Plans-Library>

identifies a shortage of rental units at the lowest pricing levels that would be affordable to the lowest-income households.⁷

As noted above, some development regulations can present obstacles or add costs to housing developments. These obstacles are particularly challenging for developments built by housing authorities, non-profit developers, or even for-profit developers that are attempting to build units affordable to people with lower or moderate incomes.⁸ In order to support developments that include units affordable to moderate- or low-income households, the City can offer concessions on zoning and development code standards. The concessions should be offered in exchange for the development dedicating a minimum proportion of the units to be regulated as affordable to people with lower or moderate income.

Incentives typically used in other jurisdictions include relief from certain development standards such as parking, setbacks, or density. Examples include the following:

- **Parking reductions.** In general, research shows that households with lower incomes tend to have lower car ownerships and driving rates, particularly when residents have ready access to shopping and other opportunities and services. A number of jurisdictions in Oregon provide reductions in off-street parking requirements for developments that are affordable to households with low or moderate incomes. Typically, developments must commit to providing affordable units over a significant length of time (20-60 years).
- **Height or density bonuses.** Some cities allow higher density or greater height in exchange for a commitment to provide housing units that are affordable to households with low or moderate incomes. Height bonuses are typically in terms of number of stories (e.g., one story in an area with an existing height limit of 30 or 45 feet). Density bonuses are typically stated in terms of a percentage of units (e.g., 10-20% is a common threshold). The amount of the bonus can be tied to the affordability levels provided and/or to the number of affordable units. Additionally, setback and bulk standards may be allowed to vary to accommodate the added density or to reduce development costs.
- **Allow flexibility in how affordable units are provided.** In some cases, it may be advantageous to construct the affordable units on a different site than the primary development that is receiving the concession. It may also make sense for the development to purchase existing market-rate units and convert them to affordable units. Allowing flexibility in how the units are provided can also widen the appeal of the program.

We recommend that the City consult with local non-profit housing developers or other affordable housing providers to determine which zoning incentives would be most beneficial.

⁷ Spending 30% or less on housing costs is a common measure of “affordability” used by HUD and others.

⁸ Housing affordable to moderate-income, working households that do not typically qualify for subsidized housing is often referred to as “workforce housing.”

7. Streamline Off-Street Parking Requirements.

Initial Priority: Medium

Providing off-street parking adds to the cost of a development and reduces the area of a site that can be developed with dwelling units. Some jurisdictions have revised their parking standards to reduce the barriers that off-street parking standards pose to housing development. Strategies include reducing the number of required off-street parking spaces for certain types of housing, allowing for credit for on-street spaces, and/or encouraging shared parking in mixed use developments.

The City currently requires a minimum of 1 space per dwelling unit for most housing types including single-family detached and attached houses, duplexes, and manufactured homes. For multi-family dwellings, the minimum requirements vary by size of units, ranging from 1 space for units with under 500 sf up to 1.75 spaces for 3-bedroom units, and 1 extra space for visitors for every 3 units.

As noted under Strategy 4, some changes to Code requirements are needed for consistency with state middle housing requirements. In addition, some reductions may make sense based on typical vehicle ownership patterns associated with certain types of housing or households. Parking reductions for affordable or workforce housing are discussed under Strategy 6. Finally, the City should consider whether it is equitable to require only one space per single-family dwelling, regardless of size or number of bedrooms while requiring more than one space per unit for larger multi-family units.

While additional reductions to minimum parking requirements may be a low-priority strategy in the near-term, the City could consider undertaking a parking study to determine whether reductions may be warranted at some point. For example, the City could assess actual parking demand for existing residential development, such as multi-family dwellings. This would determine whether builders are meeting or exceeding parking minimums, and to what extent parking stalls are actually being utilized. It also would help determine how reductions in off-street parking requirements could impact the on-street parking supply and capacity. An oversupply of parking could indicate that reductions to minimum parking standards for multi-family dwellings may be warranted.

Incentives

The following incentive strategies are intended to make development of housing—particularly affordable housing—more financially viable by reducing fees or other costs.

8. System Development Charge Exemptions or Deferrals

Initial Priority: Medium

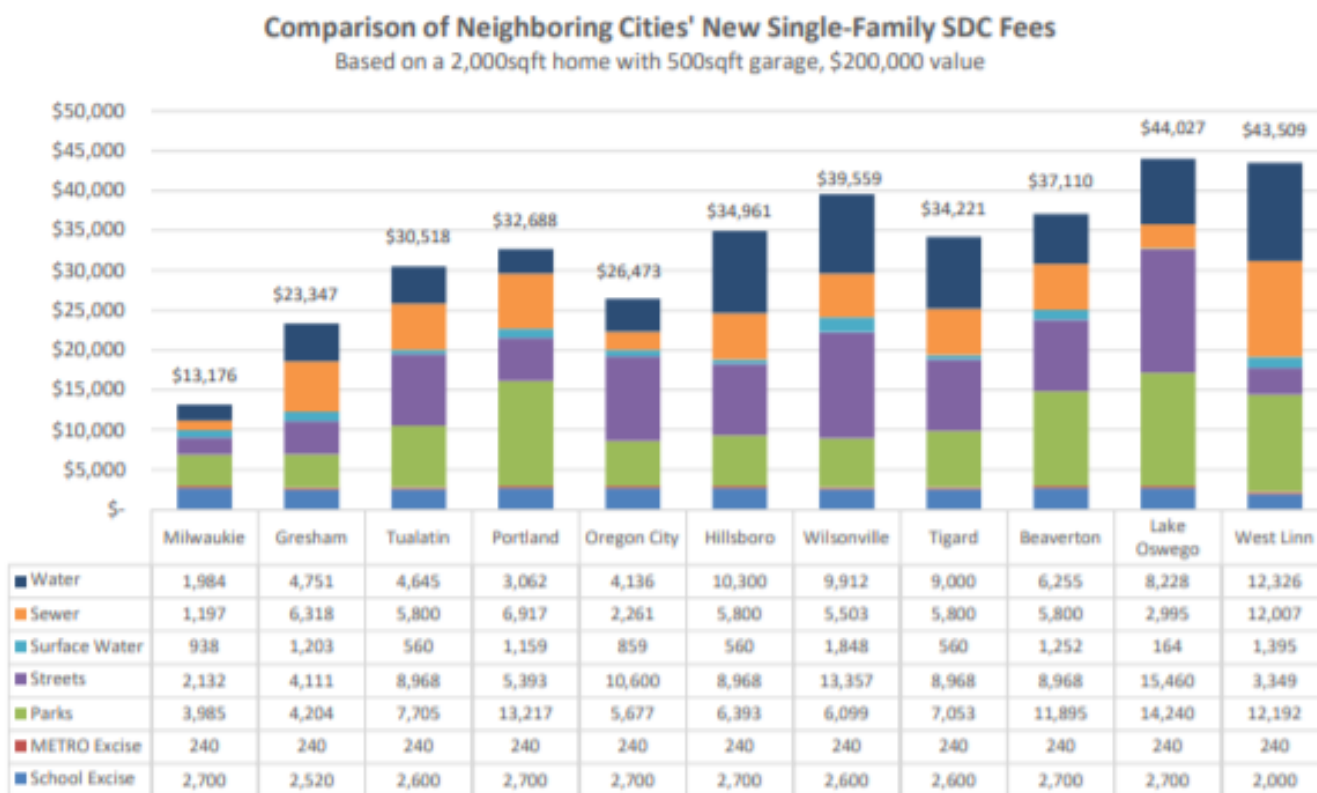
System development charges (SDCs) are one-time charges assessed on new development to pay for the costs of expanding public facilities. West Linn assesses SDCs for capital improvements, which include transportation, water, sewer, surface water management, and parks.

The City could consider a number of approaches to reducing, deferring, or modifying the fees assessed by and paid to West Linn in the future, including tying the fees to the size or type of

housing developed. SDC deferral may be the most reasonable option in the shorter-term, given potential impacts of reductions or modifications on city revenues and costs. SDC exemptions or deferrals can have a sizable impact on development costs and feasibility, therefore can have real impact in terms of housing production. HB 2001 requires local governments to consider ways to increase the affordability of middle housing types through ordinances and policies, including waiving or deferring SDCs.

The Home Builders Association of Metropolitan Portland produces an annual comparison of SDC levels in cities across the region.⁹ Based on assumptions of a typical single-family development, the HBA estimates that West Linn's SDCs are the highest in Clackamas County, and one of the highest in the Portland Metropolitan region. Similarly, Table 6 below displays the City's relatively high SDC rates for single-family homes in the region, which shows the City having one of the highest SDC expenditure rates among peer cities.

Table 6. West Linn and surrounding cities' SDCs for Single-Family Homes¹⁰



SDC Deferrals

SDC deferrals typically allow a development to delay payment of the fees for a specified period of time (e.g., 6, 9 or 12 months) or until the certificate of occupancy is issued, rather than at the time

⁹ https://www.hbapdx.org/uploads/1/1/6/8/116808533/2020_sdc_chart_-_multi-family.pdf

¹⁰ https://westlinnoregon.gov/sites/default/files/fileattachments/finance/page/7989/15_-_sdc_fees.pdf

the building permit is issued. SDC deferral can be combined with SDC financing so that payments begin after one year and continue for a certain number of years (e.g., 10 years). The City currently has a program that allows a developer to pay the SDCs over a 10-year period with low interest.

SDC Exemptions

An SDC exemption may not be feasible for the wholesale development for a certain type of housing, however they could be applied to conversions or additions from one housing type or land use to a needed housing type (e.g. attached housing, ADUs, affordable housing). For example, the City could revise its current SDC exemption for additions to single-family homes to also include the addition of a dwelling to an existing structure (e.g. garage to ADU conversion, SFD to duplex conversion). In addition, the City could revise the SDC exemption for building alterations that does not increase use of capital improvements to apply a certain threshold for how much the use can exceed existing capital improvement (e.g. exempt from SDC as long as improvement does not exceed addition 20% of existing capital improvement use).

SDC Methodology

As a long-term strategy the City may also consider scaling SDCs based on the type or size of housing. In 2017, the City of Newport adopted new methodology to scale SDCs to different types and sizes of housing. The new methodology was adopted as part of a larger package of four policies and strategies intended to respond to the increased need for workforce and affordable housing in the community. The methodology sets a higher price per square foot for smaller homes; however, when that is calculated against the more modest size of those homes, the result is a lower fee for smaller homes, rather than the City's previous one-size-fits-all approach.

9. Tax Abatements or Exemption

Initial Priority: Medium

Tax abatements are reductions in property taxes for housing. Tax abatements offer a financial incentive to developers that can improve the long-term economic performance of a property and improve its viability. Abatements may include full or partial tax exemptions or freezes on the assessed value of properties. Abatements are often provided to non-profit corporations or to private developers in exchange for developing affordable housing. Property tax exemptions or freezes can also be applied to housing in distressed areas, or for rehabilitated housing. Abatements can be a substantial incentive to developers, but the City will forego taxes on the property, generally for ten years, or in some cases for the life of the development. Other taxing jurisdictions are not included unless they agree to participate.

The state currently authorizes tax abatements for various types of housing and affordable housing through several programs outlined in the Oregon Revised Statutes (ORS). These include:

- Nonprofit Corporation Low-Income Housing (ORS 307.540 to 307.548)
- Low-Income Rental Housing (ORS 307.515 – 307.537)
- Vertical Housing (ORS 307.841 to 307.867)
- Transit-Oriented Multi-Unit Development (ORS 307.600 – 307.637)
- Homebuyer Opportunity Limited Tax Exemption (ORS 307.651 to 307.687)
- Residential Rehabilitation Tax Freeze (ORS 308.450 to 308.481)

The City has not applied this strategy to date and should consider applying it in the future, either on a development-specific as requested basis or through adoption of an ordinance authorizing use of tax abatements or exemptions for developments which meet specific criteria. These exemptions must be approved by taxing districts that collectively assess at least 51% of the total taxes levied. As a result, the City may need to secure approval for similar exemptions by other taxing districts (e.g., the West Linn-Wilsonville School District) to allow for implementation of this strategy.

Other Examples:

- The City of Beaverton has an Affordable Housing Tax Exemption Program designed to promote construction of affordable rental housing for low-income households (focusing on 60 percent area median income and below). The program allows an exemption of up to 100 percent of property taxes.
- The City of Tigard administers a tax abatement program within the City's designated "Vertical Housing Development Zones" (VHDZ), which is intended to incentivize multi-story mixed-use development and affordable housing in targeted areas. This program allows a partial property tax exemption of 20% per floor (and up to 80% total) for mixed-use developments within the designated VHDZ, and provides an additional exemption if the project includes low-income housing.
- The City of Newberg has a Multiple Unit Housing Property Tax Exemption (MUPTE) that aims to encourage private development of multi-unit housing in transit-oriented areas by providing a ten-year property tax exemption on the residential portion of improvements. Newberg also has a property tax exemption of properties owned by low-income persons or held for the purposes of developing low-income housing.

West Linn could consider similar tax abatements that target the types of housing that are most desired and the geographic areas in which housing is most needed. As previously indicated, the HNA found that West Linn has a deficit of high density/multi-family housing, and that multi-family housing represents 13.6% of the total future housing units needed. The greatest need for rental units is found at the lowest price points (as well as some in higher price ranges). There is insufficient rental housing for the lowest income households making \$25,000 or less. Therefore, additional tax abatements that target low-income rental housing and/or multi-family housing may be beneficial to West Linn.

10. Land Use Permit Fee Reductions

Initial Priority: Medium

The West Linn Community Development Department collects permit fees for planning and engineering services. By reducing or waiving permit fees for affordable housing or other desired types of housing (e.g., ADUs or other potentially more affordable housing types), the City could reduce the upfront cost of development. While the City Manager has the authority to waive permit fees, having a standardized and clearly defined permit fee waiver process would add assurance and predictability to affordable housing developers. This could be administered as a complete fee waiver or a reduced fee based on a set metric (e.g. reduced fee is 50% of original permit fee). Permit fees generally represent a lower share of overall cost to the developer than SDCs, sometimes by a factor of five or more, and therefore fee reductions will tend to have a proportionately lower impact than SDC reductions. The City's schedule of estimated fees and charges for an example single-family home estimates that permit fees make up roughly 10% of the total combined cost of development and permit fees.

11. Expedited Development Review

Initial Priority: Medium

Expedited development review includes a variety of strategies to reduce review and processing times for regulated affordable housing development, such as formally adopting shortened review timelines for applications or giving priority in scheduling hearings and meetings with staff. This strategy allows regulated affordable housing projects to get more quickly from design to building permit, reducing carrying / financing costs, and delivering affordable units sooner.

West Linn currently allows State-mandated expedited review processes that compress the completeness and final decision timelines. In light of legislation that allows cities to expedite review procedures, the City is considering measures that will help streamline building review processes.¹¹ Such an approach may include implementing a tiered permit review/recording system that the City of Bend currently uses.

Streamlining the review and permitting process is usually administratively feasible, though the greatest obstacle is often staff resources to expedite some projects when staff is already busy and/or limited in size. The value of certitude (a clear process with explicit requirements and a predictable timeline) is likely an even greater enticement to developers than the saving of fees. The City is also considering how expedited review procedures will have to be applied to middle housing development (e.g., will cottage clusters or townhomes have to go through a subdivision review process, or can they be approved through administrative review procedures).

¹¹ House Bill 2306, <https://olis.leg.state.or.us/liz/2019R1/Downloads/MeasureDocument/HB2306>

Funding Sources and Uses

The following funding sources could create revenues and opportunities for West Linn to increase its supply of needed housing, particularly affordable housing. HB 2001 will require the City to consider ways to increase the affordability of middle housing by considering funding sources such as a construction tax (Strategy 14—high priority), and incentives such as deferring system development charges (Strategy 8—medium priority).

12. Tax Increment Financing

Initial Priority: Medium

Tax Increment Financing (TIF) is the mechanism through which Urban Renewal Areas (URAs) or TIF districts grow revenue. At the time of adoption, the tax revenues flowing to each taxing jurisdiction from the TIF district is frozen at its current level. Any growth in tax revenues in future years, due to annual tax increase plus new development, is the “tax increment” that goes to the district itself to fund projects in the area. Small cities (50,000 people or less) are allowed to have up to 25% of their land area and assessed value in TIF districts.

TIF is a good tool to use in areas where new development or redevelopment is anticipated. The growth of TIF revenue depends on this development actually occurring; if a TIF district remains stagnant, then tax revenues will not grow to fund the planned projects. Therefore, it is advisable that the Urban Renewal agency waits for some sign of growth in the TIF district, before undertaking the expense of projects dependent on TIF.

While many different types of projects are eligible for TIF funds, for the most part, TIF funds go to physical improvements in the area itself. These projects can include participating in public/private partnerships with developers or can be used to complete off-site public improvements that benefit and encourage new development in the area, or to acquire key sites. TIF funds can also be used to pay for development fees.

In terms of housing, TIF funding can be used to provide incentives to achieve housing types that may not be otherwise market feasible to develop. Examples include mixed use, transit-oriented, or affordable housing in areas where it may not otherwise occur. If the Urban Renewal Agency prioritizes these projects, TIF funds might be used to contribute to public-private partnerships in which a developer builds this type of housing in return for incentives from the agency. Often the agency controls one or more key parcels in the district and may offer them to developers at reduced cost. Another approach is to waive SDCs to the developer, and have the agency compensate the other jurisdictions from TIF funding.

The City of John Day has recently created an innovative TIF district to help provide incentives for both new housing and renovated housing. The incentives are designed to rebate some of the newly created assessed value directly to the property owner, to make the project more attractive. The URA was created in such a way to include much of the city’s vacant developable land for housing, to encourage build-out and ensure that the value of new development is captured by the TIF.

The City of West Linn currently does not have tax increment financing in place, however it has been considered as a tool to establish a new waterfront district along the Willamette River. This tool could be leveraged to increase affordable housing or a mix of housing types in the area, or it could be replicated for other districts in the City. If a TIF district is established, there may be opportunities to allocate future TIF funds to support other strategies outlined elsewhere in this report.

13. Land Acquisition and Banking

Initial Priority: Medium

Land acquisition is a tool to secure sites for prioritized housing types such as affordable housing or mixed-use housing. Public agencies can identify locations where prices are going up and acquire land before the market becomes too competitive, with the intention to use the land for affordable housing. The ability to identify promising sites within these locations and act quickly and efficiently in acquiring them can tip the scales to make an affordable housing development financially feasible. Planning ahead ensures that there will be housing opportunities in neighborhoods where the rest of the properties may appreciate quickly. Access to a ready funding source such as TIF funding is important to take advantage of these opportunities.

Land banking is the acquisition and holding of properties for extended periods without immediate plans for development, but with the intent that properties eventually be developed for affordable housing. Land banks are often quasi-governmental entities created by municipalities to effectively manage and repurpose an inventory of underused, abandoned, or foreclosed property. Public agencies or larger nonprofits may be better equipped than small community development corporations to do both land acquisition and banking.

Key challenges for **land acquisition** include reliably identifying future areas where land value will climb before prices go up, developing the resources necessary to purchase the land, creating mechanisms for easy land transfer and removing the liability associated with holding land. **Land banking** requires significant up-front investment to acquire land, which typically requires grants, and funding partnerships—with non-profits, public entities, and private financing—to reach necessary funding levels. In addition, while this technique can help address the long-term need for affordable housing, it will not address the current need in the short-term.

A full land banking or acquisition program may not be practical for a jurisdiction the size of West Linn. However, a potentially feasible way to implement this strategy in West Linn would be to assess the potential for any existing City-owned properties to be used for affordable or workforce housing development and then seek non-profit or other affordable housing developers to lead the actual development efforts. In exchange for donating or selling City-owned land at a nominal price, the City would require a commitment to long-term affordability of any housing units developed. The City has a small number of City-owned properties that could be candidates for this strategy and staff has discussed and considered them in the past. Continued consideration is recommended if a low-cost sale could result in development of housing units affordable to low or moderate-income households.

14. Construction Excise Tax

Initial Priority: Medium

A construction excise tax (CET) is a tax on construction projects. In 2016, the Oregon Legislature passed Senate Bill 1533 authorizing Oregon cities and counties to establish a CET for affordable housing. According to state statutes, the tax may be imposed on improvements to real property that result in a new structure or additional square footage in an existing structure. Cities and counties may levy a CET on residential construction for up to 1% of the permit value; or on commercial and industrial construction, with no cap on the rate of the CET.

The allowed uses for CET funding are defined by the state statutes. For a residential CET, uses include funding incentives (e.g. fee and SDC waivers, tax abatements, etc.) and affordable housing programs. A portion must also flow to the Oregon Housing and Community Services (OHCS) for homeowner programs. For a commercial or industrial CET, a portion of funds must be used for allowed developer incentives and the rest is unrestricted.

To date, at least eight jurisdictions (Portland, Corvallis, Cannon Beach, Hood River County, Hood River City, Newport, Eugene, and Tigard) have passed local CETs for affordable housing, and many others are considering adopting the tool. Jurisdictions can exempt certain types of development from the CET, such as public facilities and improvements, as well as development under a specified value.

The City of West Linn does not currently have a CET. This may be one of the most promising strategies to help fund affordable housing programs, including related development incentives and other initiatives in the City.

15. Public-Private Partnerships (PPPs) and Community Land Trusts

Initial Priority: Low

Public-private partnerships (PPPs) are arrangements between public and private entities, which can be implemented to create more housing and/or affordable housing. PPPs can promote a variety of affordable housing programs or projects and include partnerships from multiple from multiple entities (public, private, and non-profit). These efforts typically involve utilization of a variety of other housing measures or strategies, including those described in this report.

Supporting a **Community Land Trust (CLT)** is one example of a PPP to support housing. With the CLT model, a community organization owns land and provides long-term ground leases to low-income households to purchase the homes on the land, agreeing to purchase prices, resale prices, equity capture, and other terms. This model allows low-income households to become homeowners and capture some equity as the home appreciates, but ensures that the home remains affordable for future homebuyers. CLTs may also lease land to affordable housing developers for the development of rental housing or may develop and manage rental housing themselves. Land trusts are typically run as non-profits, with support from the public sector and philanthropy, and could be linked to a land bank. Land trusts can be focused on homeownership or rental units.

At this time, the City of West Linn has limited capacity to implement these types of programs directly. However, the City would be receptive to partnering under the right circumstances should they be approached by an established organization. The City could also consider supporting existing CLTs through incentives such as tax abatements.

16. Financial Assistance Programs

Initial Priority: High

A range of tools that can be used to maintain housing affordability or to help keep residents in their homes. Possible tools include rent assistance, loans for homeowners, or assistance to low-cost apartment owners for repairs and upgrades.

A range of financial assistance programs can be used to maintain housing affordability, help keep residents in their homes, or assist in the acquisition of land for housing. Possible tools include rent assistance, loans for new homeowners, assistance to low-income homeowners for repairs and upgrades, and land acquisition.

The City currently has a low-income utility assistance program, but very few other financial assistance programs for housing is available to residents. Additional financial assistance programs or strategies would likely be necessary to maintain or create more affordable housing opportunities. And while the City of West Linn may have limited capacity to implement some additional programs on their own, the City could support other regional or local organizations that implement these measures.

Anti-Displacement Strategies and Plan

Some tools noted above can have unintended consequences, despite their intent to provide more affordable housing and housing options generally. Many of the strategies, such as rezoning or upzoning (i.e. increasing density) and Tax Increment Financing (TIF), can trigger property value appreciation in the area, and therefore increase displacement risk for current low-income residents. The City should consider how to maintain existing affordable housing stock and avoid/minimize displacement risk that some of these strategies may cause.

While anti-displacement plans and strategies are relatively new, some cities have adopted anti-displacement action plans to help counteract displacement risks caused by public improvements and investments. The City of Portland is currently developing an Anti-Displacement Action Plan that could offer some guidance for tools that are appropriate for West Linn. In addition, DLCD is currently commissioning work by Portland State University researchers to develop anti-displacement policies and strategies as part of the Department's Housing Production Strategies requirements. The City should consider incorporating the recommendations from that work to help inform implementation of some of these housing measures.

V. CONSISTENCY WITH METRO AREA REQUIREMENTS

Cities within the Portland Metropolitan region must comply with two requirements related to the capacity of buildable land. Both requirements are found in Oregon Administrative Rule (OAR) 660-007. The two rules state that:

Jurisdictions other than small developed cities must either designate sufficient buildable land to provide the opportunity for at least 50 percent of new residential units to be attached single family housing or multiple family housing or justify an alternative percentage based on changing circumstances. (OAR 660-007-0030 (1))

Clackamas and Washington Counties, and the cities of Forest Grove, Gladstone, Milwaukie, Oregon City, Troutdale, Tualatin, West Linn and Wilsonville must provide for an overall density of eight or more dwelling units per net buildable acre. (OAR 660-007-0035 (2))

The City of West Linn is *not in compliance* with either of these requirements, as described below.

50/50 Housing Split

Approximately 70% of the City's buildable capacity is in residential zones that currently do not allow multi-family or attached housing. The R-10 Single-Family Detached zone alone accounts for over half of West Linn's unconstrained capacity at an estimated 727 units out of 1,205 (~60%). The R-7, R-5, R-4.5, and R-2.1 all allow attached housing types (R-3 and R-2.1 allow multi-family). Combined, these zones have capacity for 364 units, which accounts for about 30% of the City's total residential capacity.

Table 7: Share of Capacity for Housing Types by Zone in West Linn

Zone	Vacant	Infill	Grand Total	% of Total
Detached/Single-Family	313	528	841	69.8%
R-20	1		1	0.1%
R-15	25	5	30	2.5%
R-10	254	473	727	60.3%
LD	33	50	83	6.9%
Attached/Multi-Family	93	271	364	30.2%
R-7	26	63	89	7.4%
R-5	34	71	105	8.7%

R-4.5	33	101	134	11.1%
R-2.1		36	36	3.0%
Grand Total	406	799	1,205	

Density Requirement

The overall average density of buildable land across all residential zones in West Linn is approximately 6 units per acre. This is based on a total capacity of 1,205 units across roughly 282 buildable acres.¹² The following table describes these calculations in more detail. The table shows capacity in terms of dwelling units and density in terms of dwelling units per net acre.

Zone	Vacant	Infill	Total
R-20 (Capacity)	1		1
<i>Buildable acres</i>	0.01		0.01
<i>Density (du/acre)</i>	1.00		1
R-15 (Capacity)	25.00	5.00	30.00
<i>Buildable acres</i>	6.00	1.25	7.25
<i>Density (du/acre)</i>	4.17	4.01	4.14
R-10 (Capacity)	254.00	473.00	727.00
<i>Buildable acres</i>	30.76	102.93	133.70
<i>Density (du/acre)</i>	8.26	4.60	5.44
R-7 (Capacity)	26	63	89
<i>Buildable acres</i>	3.49	10.31	13.81
<i>Density (du/acre)</i>	7.44	6.11	6.45
R-5 (Capacity)	34	71	105
<i>Buildable acres</i>	2.96	9.25	12.21
<i>Density (du/acre)</i>	11.49	7.68	8.60
R-4.5 (Capacity)	33	101	134
<i>Buildable acres</i>	2.75	10.89	13.64
<i>Density (du/acre)</i>	12.01	9.27	9.82
R-2.1 (Capacity)		36	36
<i>Buildable acres</i>		1.89	1.89

¹² Note that these average density calculations are based on capacity and density assumptions from the BLI analysis that assumed a slightly higher density than what the City currently allows. As a result, the overall average density is likely an overestimate.

<i>Density (du/acre)</i>		19.04	19.04
LD (Capacity)	33	50	83
<i>Buildable acres</i>	8.63	10.39	19.02
<i>Density (du/acre)</i>	3.83	4.81	4.36
Grand Total (Capacity)	406	799	1,205
<i>Buildable acres</i>	54.60	146.92	201.52
<i>Density (du/acre)</i>	7.44	5.44	5.98