

## Memorandum

Date: June 1, 2023

To: West Linn Planning Commission

From: Darren Wyss, Planning Manager

Subject: HB2003 Implementation

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[HB2003](#), passed by the Oregon Legislature in 2019 in response to the state's housing crisis, requires jurisdictions to update their Housing Capacity Analysis and develop an associated Housing Production Strategy. The aim is to help communities meet the housing needs of Oregonians. The City has approached implementation of HB2003 as a two phase process. Phase 1 was completed in 2021. To complete Phase 1, the City secured grant funding from the Department of Land Conservation and Development (DLCD) to conduct the technical analysis that led to recommendations on actions the City will need to take in order to meet the requirements put in place by HB2003. As part of the Phase 1 work, the City Council appointed a limited duration [Project Advisory Committee](#) to review consultant work products and provide feedback. The committee met five times from December 2020 to May 2021 and reviewed all tasks associated with the project.

The outcome of HB2003 Phase 1 was a [Housing Capacity Analysis \(HCA\)](#) compliant with Oregon Revised Statutes and Oregon Administrative Rules, recommended Comprehensive Goal 10 policy amendments, and [recommended strategies](#) the City could implement to encourage development of needed housing in the future. The primary substance of the HNA is a housing need forecast and a buildable lands inventory. Comparing the two shows the City has enough capacity overall but lacks available land to meet multi-family housing needs (5 acres deficient). The HNA analysis also showed the City was deficient in meeting the minimum residential density allocation for new construction requirements (8 units/acre) of the Metropolitan Housing Rule (OAR 660-007-0035).

The City is now commencing Phase 2 and has secured additional grant funds from DLCD to hire a consultant team to help update comprehensive plan goals/policies and identify properties to rezone to rectify the deficiencies found in Phase 1. City Council appointed the Planning Commission (PC) as the Phase 2 working group, so staff will be bringing proposed amendments to the PC for review and comment.

The City is required to adopt the HCA by the end of 2023, including necessary amendments to its comprehensive plan and zoning maps to rectify the deficiencies. The City will then have an additional year to adopt the associated Housing Production Strategy required by HB2003.

The focus of the June 7<sup>th</sup> work session will be a second review of [proposed Comprehensive Plan Goal 10 amendments](#) (see attached). Minor changes were made based on PC feedback at the April 5<sup>th</sup> work session. Staff and the consultant team utilized the information found in the HCA to help inform the proposed amendment language, as well as responses to two surveys conducted during Phase 1. The survey questions focused on [Housing Needs and Conditions](#) and [Housing Strategies](#). Staff recommends reviewing the HCA and both surveys.

The second item for the PC to review is compliance with the Metropolitan Housing Rule. The consultant team completed an analysis and has recommended an approach that will bring the City into compliance. The consultant memo is under final review and revisions and will be emailed to the PC in advance of the meeting.

Staff is targeting Summer 2023 to begin the legislative adoption process, which will include the following documents:

1. Housing Capacity Analysis
2. Proposed West Linn Comprehensive Plan Goal 10 Amendments
3. Proposed West Linn Comprehensive Plan Map Amendments
4. Proposed West Linn Zoning Map Amendments

If you have questions about the meeting or materials, please feel free to email or call me at [dwyss@westlinnoregon.gov](mailto:dwyss@westlinnoregon.gov) or 503-742-6064. As always, please submit questions before the meeting to increase the efficiency and effectiveness of the discussion as it allows staff to prepare materials and distribute them for your consideration. Thanks, and hope to see everyone at the meeting.

## Goal 10 - HOUSING

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### BACKGROUND AND FINDINGS

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Having affordable, quality housing in safe neighborhoods with access to community services is essential for all Oregonians. 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, the City has undertaken and will continue to implement and update a variety of activities to meet current and future housing needs:

- Conduct and periodically update an analysis of current and future housing conditions and needs. The City most recently conducted this analysis in 2021. The results are summarized in this element of the Comprehensive Plan and described in more detail in a supporting Housing and Residential Land Need Assessment Report.
- Conduct and periodically update an inventory of buildable residential land to ensure that the City has an adequate supply of land zoned for residential use to meet projected future needs. The City most recently conducted this analysis in 2021. The results are summarized in this element of the Comprehensive Plan and described in more detail in a supporting Buildable Lands Inventory Report.
- Adopt a set of amended housing-related Comprehensive Plan policies to address future housing needs and continue to update them, as needed.
- Regularly update and apply regulations in the City's Zoning and Subdivision Ordinances to meet housing needs identified in the Comprehensive Plan and supporting documents.
- Implement additional strategies to address housing needs in partnership with state and county agencies and other housing organizations. Potential strategies are described in more detail in a Housing Strategies Report prepared as part of the Housing Capacity Analysis in 2020-2021.
- Coordinate with Metro and other surrounding jurisdictions regarding future amendments to the Portland Metro area urban growth boundary.

West Linn is a City of 27,420 people (in 2022) located in Clackamas County on the southern edge of the Portland metropolitan area. Based on estimated population, West Linn is the 20th largest city in the state by population, similar in size to other regional cities such as Tualatin, Wilsonville, and Forest Grove. The City has grown by over 3,700 people since 2000 or 17%. As of 2020, the city has an estimated 9,948 households. Since 2000, West Linn has added an estimated 2,200 households. This is an average of roughly 110 households annually during this period. The growth since 2000 has outpaced the growth in new housing units, which have been permitted at the rate of roughly 90 units per year.

There has been a general trend in Oregon and nationwide towards declining household size as birth rates have fallen, more people have chosen to live alone, and the Baby Boomers have become empty nesters. While this trend of diminishing household size is expected to continue nationwide, there are limits to how far the average can fall. West Linn's average household size of 2.6 people is similar to the Clackamas County average and slightly higher than the statewide average of 2.5.

In addition, between 2000 and 2020, middle age cohorts generally decreased as share of total population, while the share of older residents grew. This is in keeping with the national trend caused by the aging of the Baby Boom generation. Overall, West Linn has a younger population than the county, with a greater share of children, but a smaller share of those aged 25 to 34 years. In 2018, the local median age in West Linn was 42 years old, compared to 38 years old in Oregon. Compared to state and national averages, West Linn has a higher share of households with children. At 16%, the share of population over 65 is similar to the state and national figures. West Linn is a relatively affluent community and its estimated median household typically has been higher than in Clackamas County, and was almost double the statewide median in 2020. In 2020, 53% of households earned more than \$100,000, while only 23% of households earn less than \$50k per year.

Housing is generally one of a household's largest living costs, if not the largest. The ability to find affordable housing options, and even build wealth through ownership, is one of the biggest contributors to helping lower income households save and build wealth. Over 24% of West Linn households pay more than 30% of income towards housing costs (American Community Survey 2018). Households with lower incomes tend to spend more than 30% of their income on housing, while incrementally fewer of those in higher income groups spend more than 30% of their incomes on housing costs.

Even if renting, lower housing costs allow for more household income to be put to other needs, including saving. Renters have disproportionately lower incomes relative to homeowners. Housing cost burdens are felt more broadly for these households. West Linn has an income distribution skewed towards higher income levels, there are relatively few households in these lower income segments, compared to most other cities, however, there is still a need for more affordable rental units in West Linn, as in most communities.

West Linn had a housing vacancy rate of 5% (includes ownership and rental units) in 2020. The housing stock increased by roughly 20% between 2000 and 2020. West Linn had a much greater share of homeowner households than renter households. The 2018 American Community Survey estimates that 79% of occupied units were owner occupied, and only 21% renter occupied. The ownership rate has held steady since 2000 (78%). This is significantly higher than the estimated ownership rate across Clackamas County (69%) and statewide (61%).

A large share of owner-occupied units (90%) are detached homes, which is related to why owner-occupied units tend to have more bedrooms, compared to other community averages. Renter-occupied units are much more distributed among a range of structure types. About 32% of rented units are estimated to be detached homes or manufactured homes, while the remainder are some form of attached unit. An estimated 29% of rental units are in larger apartment complexes.

The future housing needs projection shows a need for 1,005 new housing units by 2040, which is less than the estimated total housing capacity of 1,205 units. Of the new units needed, roughly 68% are projected to be ownership units, while 32% are projected to be rental units. This represents more renters than the estimated tenure split, but it is projected that more rental units will need to be added to balance the larger share of ownership units in the current inventory.

While cities typically do not directly provide housing, they can influence several factors that impact the availability of housing. These can include the supply of available residential land; the availability of public services; development regulations (density and design), and support for low- and moderate-

income housing through funding or incentives. The City also can assist in providing information to non-profit and private developers about housing opportunity sites, state and federal funding opportunities and design and development practices that promote construction of accessible, sustainable, attractive and affordable housing.

In the Portland metropolitan region, only land included in the Metro Urban Growth Boundary (UGB), an invisible line that separates resource land from presently developable areas, can be developed at residential densities requiring urban services. At the local level, each county and city must inventory its buildable land, which is defined as vacant and re-developable land suitable for residential use, to determine housing capacity. West Linn updated its buildable land inventory in 2020. Buildable land supply in West Linn shows ample capacity for low-density housing, and medium-density housing, while the amount of land zoned for “high-density housing” is insufficient for the projected demand for high-density housing types. There is a projected deficit of 5 acres of land in this zone to accommodate the forecasted number of multi-family apartment units. The City will need to undertake steps to address this deficiency as a follow-up measure to adopting amendments to this Comprehensive Plan chapter.

In addition, given the shortage of High-density Residential-zoned land in West Linn and recent changes to Development Code provisions, it becomes more likely that available land in lower-density zones may be developed with attached forms of housing, as other lands to accommodate these units is scarce. At the same time, there is capacity in the Medium Density Residential zones to accommodate demand for most of the attached types.

- Several state and regional policies also affect how West Linn plans for and encourages the production of housing. These include:
- House Bill 2003, passed in 2021, and related administrative rules requiring West Linn and other cities in the Portland Metro region to update their Housing Needs Analyses and adopt Housing Production Strategies every six years. Several other recent legislative actions related to housing allowed in commercial areas, conversion of motels to temporary housing, required density bonuses for affordable housing projects, and others also will affect the City’s approach to regulating specific types of housing.
- The Metro Urban Growth Management Functional Plan which also requires cities in the Metro area to determine its housing capacity and adopt minimum density requirements. West Linn must require that new developments be built at densities that are at least 80% of the maximum density allowed.

House Bill 2001 (HB2001, 2019) and associated administrative rules require West Linn and other Metro-area cities to allow for additional housing types in low-density residential zones and the City already has adopted amendments to its Community Development Code to do this. This includes attached single-family homes (townhomes), duplex-to-fourplex, and compact small-unit “cottage cluster” developments. These amendments will increase the variety of housing that can be developed throughout the City. They also affect compliance with related state rules and regulations.

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## GOALS, POLICIES, AND RECOMMENDED ACTION MEASURES

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Goals, Policies, and Recommended Action Measures are to address the housing needs identified in West Linn. In addition to ensuring consistency with regional, state and federal requirements, these aim to support partnerships among housing providers and stakeholders in West Linn and to promote opportunities for a wide range of housing choices, efficient land use, and development of housing affordable to people with low and moderate incomes.

### Goals<sup>1</sup>

1. Preserve and provide a high level of residential livability while also considering the character and identity of established neighborhoods and in balance with other local goals, as well as state and regional requirements.
2. Provide opportunities for a variety of housing types at a range of price levels to accommodate the diverse housing needs of current and future residents. ~~Assure good functional and aesthetic design of multi-family and clustered single-family developments.~~
3. Encourage the development of affordable housing for West Linn residents of all income levels, especially including for low- and moderate-income households.

### Policies

1. Support Statewide Planning Goal 10 by ensuring for the availability of adequate numbers of needed housing units.
2. Ensure that the Comprehensive Plan and Community Development Code are is consistent with federal, state, and regional housing rules and policies. ~~LCDC's Metropolitan Housing regulations.~~
3. Provide the opportunity for development of detached and attached single-family units, duplexes, triplexes, quadplexes, cottage clusters, garden apartments, town houses, row houses, multiplex units and boarding houses, lodging or rooming houses, and manufactured housing.
4. Provide the opportunity for a wider range of rental and ownership housing choices in West Linn.
5. Allow manufactured housing, subject to state building code requirements, in all residential zones.

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<sup>1</sup> Potential amendments to existing (May 2021) Comprehensive Plan Goals, Policies and Action Measures are shown in underline/~~strikethrough~~ format.

6. Require design review approval for all multi-family developments and manufactured home parks.
7. Allow for flexibility in lot design, size, and building placement to promote housing variety and protection of natural resources.
8. Allow accessory dwelling units, subject to City development and building regulations, in all residential zones.
9. Preserve and enhance, through design review, the Historic District in Willamette and landmark structures throughout the City.
10. Adhere to clear and objective standards to promote timely and predictable plan review.
- ~~11. Encourage new housing to incorporate the following design elements (except in the case of infill lots, where existing patterns shall take precedence):~~
  - ~~a. Location of garages behind the primary building line of a house, side-loading garages, or garages in the rear; and,~~
  - ~~b. Provisions for front porches.~~
12. Encourage use of energy efficient building materials and practices in the design, construction, and remodeling of housing.
13. Encourage installation of fire prevention equipment, such as sprinklers, in new developments and implement sprinkler requirements for multi-family construction.
14. 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 stay in their homes.
15. 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.
16. Encourage residential uses mixed with other compatible uses in the same building or on the same site within the City's mixed-use zones.
17. Employ strategies that support the Fair Housing Act and affirmatively further fair housing.
18. The City shall prepare, regularly monitor, and periodically update an inventory of buildable residential land.
19. Encourage maintenance and rehabilitation of the existing housing stock and support local or regional programs that help provide funding for this purpose.

## Recommended Action Measures

1. Evaluate how West Linn can meet its share of the regional need for affordable housing.
2. Identify constitutionally justifiable measures policies and programs to encourage the development provision of affordable housing projects.
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.~~
3. Regularly update the City’s buildable land inventory.
4. Complete a Housing Production Strategy and regularly update the strategy to address community need and priorities.
5. Review the City’s System Development Charges (SDC) structure and consider tiered fees based on home size and affordability targets.
6. Coordinate with the Housing Authority of Clackamas County, private non-profit housing providers, and other federal, state, and regional agencies for the provision of affordable housing programs.
7. Encourage the development of affordable housing when opportunities arise to redevelop publicly owned properties.
8. Engage West Linn residents in public policy decisions, programs, and projects to improve neighborhood quality of life.
9. Evaluate policies and programs, such as density transfers and allowance of smaller lot sizes, to protect natural areas and significant trees and tree groves.