

Memorandum

Date: November 11, 2024

To: Housing Production Strategy Project Working Group

From: Darren Wyss, Planning Manager

Subject: Meeting #3 – November 13, 2024

Thanks again on volunteering your time to participate on the working group. This memo is intended to provide background information on the Meeting #3 Agenda topics that will be reviewed and ultimately lead to a Final Housing Production Strategy (HPS) to fully comply with [HB2003 \(2019\)](#). Meeting #1 was held on June 10, 2024 and a link to the [meeting materials is found here](#). The Meeting #2 was held on October 8, 2024 and a link to the [meeting materials is found here](#). Meeting #3 agenda topics have been addressed individually below and we encourage you to become familiar with the subject matter in advance of the meeting. We also encourage you to ask clarifying questions in advance. Both will help the meetings be more efficient and effective at getting to group consensus and a final recommendation. Feel free to email me dwyss@westlinnoregon.gov or call 503-742-6064 at any time with questions or to get clarification on the materials.

Welcome and Introductions (Agenda Item 1)

The following items are included in the packet:

1. Working Group Purpose, Goals, and Membership
2. Meeting Guidelines
3. Meeting Schedule and Topics

Approve Meeting 2 Summary Notes (Agenda Item 2)

The following items are included in the packet:

1. West Linn HPS Working Group Meeting #2 Summary Notes

Project Status and Timeline (Agenda Item 3)

The MIG consultant team (the City received grant funding from the Department of Land Conservation and Development for assistance in developing the HPS) will provide a brief update on the project status/timeline, including a discussion on the table below that identifies how the recommended strategies were updated based on feedback from the Working Group.

Old #	New #	Strategy	Change
1.1	1.1	Rezone Land (A02)	No Change
1.2	1.2	Use Tax Increment Financing (TIF) to support affordable housing development (D10)	No Change
1.3	1.3	Modify System Development (SDC) fee schedule (C02)	Combine with “SDC Exemptions and Deferrals” – now “SDC Updates”
1.4	1.4	Surplus Land for Affordable Housing (F12 & F18)	Combine with “Land Acquisition/Banking”
1.5	1.5	Fair Housing Education, Referral, and Other Services (F20)	No Change
1.6	1.6	Small Dwelling Unit Development (A17)	No Change
1.7	1.7	Public-Private Partnership (PPP) for Affordable Housing (F04)	No Change
2.1	1.8	Low Income Rental Housing Tax Exemption (E01 and/or E02)	No Change
2.2	1.9	Multiple Unit Property Tax Exemption (MUPT) (E04)	No Change
2.3	1.10	Homebuyer Opportunity Limited Tax Exemption Program (HOLTE) (E06)	No Change
2.4	2.2	Promote ADUs (A05)	Move to “Not Recommended”
2.5	1.11	Zoning Incentives for Workforce and Affordable Housing (A03)	No Change
2.6	1.3	SDC Exemptions or Deferrals (C01 and C03)	Combine with “Modify SDCs” – now “SDC Updates”
2.7	N/A	Land Use Permit Fee Reductions	May be accomplished through strategy CET if funds can be used to pay down permit fees.
2.8	2.5	Expedited Development Review (B03 & B06)	Move to “Not Recommended”
2.9	1.12	Construction Excise Tax (CET) (D09)	Combine “Land Use Permit Fee Reductions”
2.10	2.3	Accessible Design (A23)	Move to “Not Recommended”
2.11	1.4	Land Acquisition and Banking (F01)	Combine with “Surplus Land” and clarify that this strategy may only be possible if paired with CET or TIF funding.
2.12	2.4	Financial Assistance and Homebuyer Education Programs	Move to “Not Recommended”
4.1	2.1	UGB Amendments and Planning	No Change

Evaluation and Refinement of Selected Strategies (Agenda Item 4)

The attached Evaluation and Refinement of Selected Strategies document dated November 4, 2024, is the primary focus of this meeting. The consultant team and staff have narrowed the previous list of seven (7) recommended strategies and twelve (12) strategies needing further discussion based on Working Group feedback. The list presented in the document now includes twelve (12) recommended strategies and five (5) not recommended.

Working Group Meeting #3 will focus on finding consensus on the recommended strategies to include in the Draft Housing Production Strategy document. This document is also being presented to the City Council and Planning Commission for feedback at a meeting on November 18, 2024.

The focus of the discussion for each strategy will be:

1. Summary of Recommendation
2. Rationale for Recommended Strategy
3. Housing Need Met (from CHNA)
4. Partners
5. Timeline
6. Rationale for Not Recommended Strategy
7. Final Working Group Consensus

The following items are included in the packet:

1. Evaluation and Refinement of Selected Strategies Document dated November 4, 2024

If you have questions about Meeting #3 or materials, please feel free to email or call me at 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. Thank you and hope to see everyone on the 13th.

Agenda Item #1 Materials

HB2003 Housing Production Strategy

Working Group

Adoption of a West Linn Housing Production Strategy (HPS) will complete the City's immediate obligations to comply with House Bill 2003 (2019) requirements. The HPS is a follow-up process to the City's adoption of the 2021 West Linn Housing Capacity Analysis (HCA). The HCA projected needed housing units over the next 20-years, including by type of housing and income levels. The HPS will identify strategies the City will implement over the next six years to help meet the projected housing needs in the community.

Working Group Purpose

Provide input on the City's Housing Production Strategy by reviewing, discussing, and recommending strategies for City Council to consider.

Working Group Goals

1. Review draft documents and make recommendations.
2. Facilitate meetings to be efficient and effective.
3. Review final draft Housing Production Strategy document.
4. Consider equity, conservation, and preservation when reviewing strategies.
5. Make recommendation to City Council on final Housing Production Strategy.

Working Group Membership

City Council	Kevin Bonnington
Planning Commission	Tom Watton
NA Presidents Group	Michelle Goldberg
Clackamas County Health, Housing, and Human Services	Gloria LaFleur, Housing Developer Devin Ellin, Director of Housing Development (Alternate)
Fair Housing Council of Oregon	Samuel Goldberg, Education & Outreach Specialist
Habitat for Humanity Portland Region	Erin Maxey, Director of Homeownership Programs
DevNW (Affordable Housing Provider)	Karen Saxe, Dir. of Policy, Advocacy & Strategic Relationships Nora Cronin, Real Estate Development Director (Alternate)
Local Development Representative	Darren Gusdorf, Icon Construction and Development
Home Builders Assoc. of Metro Portland	Preston Korst, Director of Policy and Government Affairs
Community-at-Large	Bayley Boggess

Housing Production Strategy Working Group Meeting Guidelines

1. Meetings will be scheduled at least a month in advance. They will typically be held in the late afternoon. **Meetings will start and end on time.**
2. Staff will provide agendas and all supplemental meeting materials to the members one week in advance of the meeting.
3. Staff will record the meetings.
4. Members accept the responsibility to come to the meetings prepared for the discussions.
5. To promote efficient and effective meetings, members should make a reasonable attempt to provide questions to staff in advance of meetings to allow time for research and distribution of answers/materials to the group before the meeting.
6. The Chair will manage meetings by keeping discussions focused, ensuring all points of view are heard, maintaining civility, and adhering to the agenda.
7. Members will fully explore the issues and search for creative solutions before forming conclusions. When members have divergent perspectives on topics under discussion, members should identify where they disagree as well as where they agree and identify the rationale for their position.
8. Each member is an equal participant in the process and will have an equal opportunity to voice opinions and contribute ideas.
9. Members shall make a concerted effort to focus on the topics under discussion.
10. The Working Group will strive to achieve consensus on recommended housing production strategies. If consensus cannot be achieved, a vote of members present will be taken. The majority recommendation and dissenting opinions will be forwarded as appropriate.
11. Requests for information from staff will be limited to items that can reasonably be provided.
12. Members may not present themselves as speaking for the Working Group unless authorized to do so by a majority vote of the Working Group. Members are welcome to participate in any public meetings and discussions as private community members.
13. Time shall be allotted at the end of each meeting to allow members of the public to comment.
14. Any written comments received from the public by staff will be provided to all members.

Housing Production Strategy Working Group

Tentative Meeting Schedule

The working group is scheduled to meet four times from June 2024 to February 2025.

Meeting Date	Topics of Discussion
June 10, 2024	Role of Working Group and Meeting Logistics Election Chair/Vice-Chair Project Overview Contextualized Housing Needs Assessment Stakeholder Interview Summary
October 8, 2024	Meeting 1 Summary Notes Project Status and Timeline Evaluation and Refinement of Selected Strategies Next Steps
November 13, 2024	Meeting 2 Summary Notes Project Status and Timeline Evaluation and Refinement of Selected Strategies Draft Recommended Strategies Next Steps
February 2025 (day/time TBD)	Meeting 3 Summary Notes Draft HPS Community Feedback Housing Consumer and Producer Survey Summary Draft HPS Recommendation

Agenda Item #2 Materials



Housing Production Strategy Working Group Meeting 2 Meeting Notes for October 8, 2024

Members:	Kevin Bonnington (City Council), Tom Watton (Planning Commission), Gloria LaFleur (Housing Authority of Clackamas County), Samuel Goldberg (Fair Housing Council of Oregon), Erin Maxey (Habitat for Humanity), Darrren Gusdorf (Icon Construction), Nora Cronin
Members Absent:	Bayley Boggess (Community-at-Large), Michelle Goldberg (NA Presidents), Karen Saxe (DevNW), Preston Korst (Home Builders Assoc.)
Project Team:	Darren Wyss (Planning Manager), Lynn Schroder (Mngt. Analyst), Matt Hastie (MIG), Brandon Crawford (MIG), Brendan Buckley (Johnson Economics), Mari Valencia-Aquilar (DLCD)

The meeting recording is available [here](#).

1. Welcome and Introductions

Planning Manager Darren Wyss welcomed the group and led a round of introductions.

2. Project Status and Timeline

Darren Wyss provided updates on the project status and timeline, discussing the work that has been to date and what the team has completed since the last Working Group meeting. He also provided a brief summary of the off-street parking amendments that were completed for compliance with the Climate Friendly Equitable Communities (CFEC) rules. Darren also briefed the group on the Middle Housing Two-Year Check-in Report.

3. Evaluation and Refinement of Initial Strategies.

Matt Hastie provided an overview of the recommended strategies and discussion strategies and asked for comments and questions about the strategies, with a focus on the appropriateness or priority for including specific strategies in the West Linn HPS for future implementation. Group members had the following comments and questions about the strategies.

Recommended Strategies

- Most members generally supported all the strategies.
- How will SDCs be implemented and what would the timeline look like?
 - Implementation primarily will be determined once the City adopts the strategy. An implementation approach may be a little more clearly defined in later phases of this project as well.
 - The SDC methodology would likely re-evaluate the approach for determining SDC rates and how they relate to the size or type of housing units. For example, the SDCs could be tied to the square footage or number of bedrooms in a given housing unit.
- The City should consider accessibility. Buildings with four or more units already require accessibility features. The City should consider tailoring this requirement based on type of housing.
- The City should consider increasing height limits, which may help promote housing production.

- Does tax increment financing (TIF) require a set aside for affordable housing?
 - The City only has one adopted TIF district and it does not currently include a set aside for affordable housing. However, the City likely will revisit whether the existing TIF district should include funding directly for affordable housing. The City also is going to do a TIF feasibility study for Vision43 corridor, and affordable housing will be a part of the evaluation.
 - Rental and ownership housing should be considered for that affordable housing set aside from TIF revenue.
- If the City adopts SDC waivers or deferrals for affordable housing, the income eligibility threshold should be below 80% AMI (instead of 50% AMI), which is in-line with the State's Lift program.

Discussion Strategies

Accessory Dwelling Units (ADU)

- The City adopted several amendment to promote ADUs a couple years ago. Has the city seen any uptick in ADU development since those updates?
 - The City has seen several more ADU applications in the last couple of years, which is largely the result of removing the "30% of primary dwelling" area restriction and the half street improvements requirement.
 - SDCs are now the biggest impediment for constructing ADUs.
 - Several cities have adopted pre-approved plan sets for ADUs. Eugene is a good example where other cities have replicated their pre-approved ADU programs from.
 - If the City adopts pre-approved ADU plan sets, they should incorporate accessibility features.
 - Any pre-approved ADU model that the City replicates would have to be adapted for consistency with West Linn's Development Code.

Financial Assistance Programs and Education

- The Clackamas County Housing Authority has some financial assistance programs and refers people to DevNW for implementation of selected programs. The City could do something similar by referring residents to DevNW or the County Housing Authority. The City could also consider a savings matching program (e.g., similar to the County's FSS).
 - The City could either promote the County's program or adopt their own program. The County's program only applies to homes/properties in the county outside the incorporated cities.

Home Owner Limited Tax Exemption (HOLTE)

- Habitat for Humanity uses the HOLTE program to help connect clients to housing. The program provides eligible users a lot of buying power without having to provide subsidies. 70% of buyers who used HOLTE in Portland are under 60% AMI.
 - The time limit for HOLTE in Portland is 10 years, which is consistent with state statute. There is no annual renewal requirements.
 - The reason there is no annual renewal is because the assumption is that a buyer's finances will improve over time which is part of the intent of the program.
 - The HOLTE exemption follows the unit, not the buyer. If the unit is sold before the 10-year period ends, the new buyer must qualify for the HOLTE exemption based on their income in order for the exemption to continue.

Construction Excise Tax (CET)

- Does the 1% tax include SDCs and/or permit fees?
 - The tax is based on the value of the development at the time.
- CET doesn't reduce the cost to the end user. It is typically passed on from the developer to the homeowner.
- CET benefits different end users. The purpose is to benefit low-income renters or owners. The amount of money that goes into a CET goes back into the community for affordable housing

and can help subsidize homeownership. It has significant benefits for creative affordable housing development.

- The idea is to redistribute costs from higher-income households to lower-income/affordable households to allow for those lower cost units to be built.
- The City is primarily residential and therefore does not generate much tax revenue associated with commercial or industrial development, so a CET may not generate much revenue. The City is unique in how they need to find funding, so some of the CET examples from other cities may not apply to West Linn.

Land Acquisition and Banking

- CET could be used for land acquisition.
- Land acquisition is a huge incentive and significantly improves the feasibility for affordable housing development.

4. Next Steps

Matt Hastie briefly discussed the next steps, including drafting a “Required Strategy Elements” memo and meeting again in November to discuss the strategies further.

Darren Wyss suggested each group member send a list of which strategies they think will be the most impactful, which will help the project team narrow down the list of strategies to be included in the HPS.

5. Public Comment

None.

6. Adjourn

Chair Watton recommended the group visit the Vision43 Project Website and then adjourned the meeting at 4:00 pm.

Agenda Item #3 Materials

Old #	New #	Strategy	Change
1.1	1.1	Rezone Land (A02)	No Change
1.2	1.2	Use Tax Increment Financing (TIF) to support affordable housing development (D10)	No Change
1.3	1.3	Modify System Development (SDC) fee schedule (C02)	Combine with “SDC Exemptions and Deferrals” – now “SDC Updates”
1.4	1.4	Surplus Land for Affordable Housing (F12 & F18)	Combine with “Land Acquisition/Banking”
1.5	1.5	Fair Housing Education, Referral, and Other Services (F20)	No Change
1.6	1.6	Small Dwelling Unit Development (A17)	No Change
1.7	1.7	Public-Private Partnership (PPP) for Affordable Housing (F04)	No Change
2.1	1.8	Low Income Rental Housing Tax Exemption (E01 and/or E02)	No Change
2.2	1.9	Multiple Unit Property Tax Exemption (MUPTE) (E04)	No Change
2.3	1.10	Homebuyer Opportunity Limited Tax Exemption Program (HOLTE) (E06)	No Change
2.4	2.2	Promote ADUs (A05)	Move to “Not Recommended”
2.5	1.11	Zoning Incentives for Workforce and Affordable Housing (A03)	No Change
2.6	1.3	SDC Exemptions or Deferrals (C01 and C03)	Combine with “Modify SDCs” – now “SDC Updates”
2.7	N/A	Land Use Permit Fee Reductions	May be accomplished through strategy CET if funds can be used to pay down permit fees.
2.8	2.5	Expedited Development Review (B03 & B06)	Move to “Not Recommended”
2.9	1.12	Construction Excise Tax (CET) (D09)	Combine “Land Use Permit Fee Reductions”
2.10	2.3	Accessible Design (A23)	Move to “Not Recommended”
2.11	1.4	Land Acquisition and Banking (F01)	Combine with “Surplus Land” and clarify that this strategy may only be possible if paired with CET or TIF funding.
2.12	2.4	Financial Assistance and Homebuyer Education Programs	Move to “Not Recommended”
4.1	2.1	UGB Amendments and Planning	No Change

Agenda Item #4 Materials

Evaluation and Refinement of Selected Strategies

City of West Linn Housing Production Strategy

Date November 4, 2024
To City of West Linn
From Matt Hastie and Brandon Crawford, MIG
CC Brendan Buckley, Johnson Economics

INTRODUCTION

This memo provides an evaluation and initial recommendations for the housing strategies that the City of West Linn may consider as part of its Housing Production Strategy (HPS). These are potential strategies that the City and its partners can employ to address West Linn’s current and future housing needs, as identified in the recently-completed Housing Capacity Analysis (2023 HCA).¹ This memo builds on previous HPS tasks, including the Contextualized Housing Needs Analysis (CHNA), stakeholder interviews, Project Work Group (PWG) input, and a memo summarizing “Existing Measures, Previously Identified Strategies, and Additional Strategies.” For more information and background on the project, visit the [HPS page on the City’s website](#).

Memo Organization

This memo is organized into two sections:

- 1. Recommended Strategies**

The project team’s initial recommendation is to include these strategies in the HPS. These strategies were recommended in the City’s previous Housing Capacity Analysis (HCA); are being considered for implementation as part of other city planning processes; have a relatively low barrier to implementation; and/or are expected to have a moderate to high impact on housing production. These strategies also generally were rated as higher priorities identified by Project Working Group members, City staff and the consulting team. Note that many of the recommended strategies rely on one another in order to be successfully implemented.

- 2. Not Recommended**

These strategies were either addressed in the HCA or were previously considered as a part of this HPS project. The project team does not recommend these strategies for inclusion in the HPS because they were identified as lower priority by the project team and the Project Work Group.

¹ HB 2003 Housing Capacity Analysis. <https://westlinnoregon.gov/planning/hb-2003-housing-capacity-analysis>

The City has limited resources to implement every strategy that has been considered within the HPS planning and implementation timeline (6 years).

Strategy Evaluation

This report provides additional background information for each of the housing strategies included in the “Existing Measures, Previously Identified Strategies, and Additional Strategies” memo and takes a closer look at the potential impacts to housing supply/affordability, benefits and burdens on priority populations, feasibility, and actions needed for implementation.

The summary of each housing strategy includes the following information:

Description	What is the strategy? How can the strategy work to address identified housing needs in West Linn? What are potential outcomes?
Considerations	What potential options, funding needs, challenges, etc. are applicable to the strategy? Are there potential trade-offs or negative externalities to consider? How feasible is this strategy, given other considerations?
Anticipated Impact	<p>What is the anticipated impact of the strategy? The following types of impacts are considered:</p> <ul style="list-style-type: none"> • Housing need addressed – Housing need identified in the HCA that is addressed by the strategy • Populations served by the strategy • Income levels addressed by the strategy • Benefits and burdens that priority populations may receive from the strategy. Priority populations include low-income households, people of color, people with disabilities, seniors, and other state or federal protected classes. • Housing tenure (either owner or renter) • Magnitude of the action for producing new housing: <ul style="list-style-type: none"> ○ Low impact: The strategy is unlikely to meet the relevant housing need. A low impact strategy does not mean an action is unimportant. Some actions are necessary but not sufficient to produce new housing. ○ Moderate impact: The strategy either may have a moderate impact on meeting the relevant housing need or be designed to target that need. ○ High impact: The strategy may directly benefit a certain housing need and is likely to be most effective at meeting that need relative to other strategies.
Time Frame	<p>Implementation: When does the City expect the action to be adopted and implemented over the 6 year planning period? For this draft, strategies are identified as Near Term (1-3 years), Medium Term (within 3-5 years), and Longer Term (>5 years) actions. The final HPS will include a more detailed timeline that includes more targeted timeframes for adoption (if applicable) and implementation for each strategy.</p> <p>Impact: Over what time period will the impact occur?</p>
Implementation Actions	What actions will the City and other stakeholders need to take to implement the strategy?

- Lead & Partners** Who will be responsible for implementing the strategy? What partnerships might be necessary or beneficial to the strategy?
- Recommendation** Identifies specific actions recommended for implementation. (Not applicable to all strategies).

Summary of Housing Strategies

1. Recommended Strategies

1.1	Rezone Land (A02)	A. Zoning and Code Changes	Medium Term
1.2	Use Tax Increment Financing (TIF) to support affordable housing development (D10)	D. Financial Resources	Medium Term
1.3	Update SDCs (C01 – C03)	C. Financial Incentives	Longer Term
1.4	Surplus Land, Land Acquisition, and Land Banking Affordable Housing (F01, F12 & F18)	F. Land, Acquisition, Lease, and Partnerships	Medium Term
1.5	Fair Housing Education, Referral, and Other Services (F20)	F. Land, Acquisition, Lease, and Partnerships	Medium Term
1.6	Small Dwelling Unit Development (A17)	F. Zoning and Code Changes	Near Term
1.7	Public-Private Partnership (PPP) for Affordable Housing (F04)	F. Land, Acquisition, Lease, and Partnerships	Medium Term
1.8	Low Income Rental Housing Tax Exemption (E01 and/or E02)	E. Tax Exemption and Abatement	Near Term
1.9	Multiple Unit Property Tax Exemption (MUPT) (E04)	D. Tax Exemption and Abatement	TBD
1.10	Homebuyer Opportunity Limited Tax Exemption Program (HOLTE) (E06)	E. Tax Exemption and Abatement	Near Term
1.11	Zoning Incentives for Workforce and Affordable Housing (A03)	A. Zoning and Code Changes	TBD
1.12	Construction Excise Tax (CET) (D09)	D. Financial Resources	TBD
2. Not Recommended			
2.1	UGB Amendments and Planning	N/A	N/A
2.2	Promote ADUs (A05)	A. Zoning and Code Changes	N/A
2.3	Accessible Design (A23)	A. Zoning and Code Changes	
2.4	Financial Assistance and Homebuyer Education Programs	N/A	N/A
2.5	Expedited Development Review (B03 & B06)	B. Reduce Regulatory Impediments	N/A

*DLCD Category refers to the type of action each strategy entails, according to DLCD’s [Housing Production Strategy Guidance Document](#)²:

- A. Zoning and Code Changes
- B. Reduce Regulatory Impediments
- C. Financial Incentives
- D. Financial Resources
- E. Tax Exemption and Abatement
- F. Land, Acquisition, Lease, and Partnerships
- Z. Custom Options

² For each strategy, the corresponding strategy number from DLCD’s List of HPS Tools, Actions, and Policies is indicated in (parentheses).

1) Recommended Strategies

The following strategies are recommended for inclusion in the HPS. These strategies were either identified as “High Priority” in the Housing Strategies Report³; are being considered for implementation as part of other city planning processes; have a relatively low-barrier to implementation; were prioritized by the Project Working Group (PWG); and/or are expected to have a moderate to high impact on housing production.

1.1 Rezone Land (Z02)

Description This strategy involves rezoning commercial, mixed-use, or other non-residentially zoned properties for residential uses, especially multi-family housing. It could also involve rezoning lower-density areas to allow higher-density housing or increasing allowed density in certain zones.

- Considerations**
- The HCA identified a need for additional capacity in high density residential or multifamily zones. Although the City recently rezoned multiple properties from lower density to higher density designations, further rezoning would expand capacity and help boost overall housing production.
 - If nonresidential land is considered for rezoning, it would be important to ensure there is still adequate land available for employment and commercial/industrial needs in the city. West Linn’s Economic Opportunities Assessment identifies the city’s future employment land needs.
 - In considering the most appropriate locations for City-initiated rezoning of land, the following criteria or factors should be considered:
 - Proximity to existing residential and higher-density areas.
 - Proximity to services (e.g., transit, schools, parks, etc.).
 - Size and ownership – larger properties will be more attractive for development.
 - There may be neighborhood resistance to rezoning, especially “upzoning” single-family residential areas. This strategy would need significant community engagement.
 - The City also may rezone areas within the Waterfront area and Highway 43 corridor from commercial to mixed use designations as part of current Vision43 and Waterfront projects. This also will expand opportunities for development of higher density housing in these areas.
 - Certain areas of the City have zoning designations that do not align with residential Comprehensive Plan designations that may be rezoned to residential for consistency with the Comprehensive Plan.

³ West Linn Housing Strategies Report.

https://westlinnoregon.gov/sites/default/files/fileattachments/planning/page/55328/west_linn_housing_strategies_final.pdf

Anticipated Impact

- **Housing need addressed:** Rezoning would expand the city’s supply of land that is available for housing production overall by increasing the future housing capacity of those properties. The strategy also would increase the amount of land available for potentially lower cost forms of housing. Despite the recent rezoning of multiple properties to high density, the city has a very narrow surplus of housing capacity.
- **Population served:** Low to higher income households
- **Income level:** All income levels
- **Benefits and Burdens:** Rezoning can increase the availability of land zoned for residential development. Additional capacity for more housing development can include opportunities for multi-family housing that is generally more affordable to low- and moderate-income households. A potential burden from this strategy is the possibility of lower-income households being displaced if rezoning leads to increased development pressures or increased property values. Rezoning commercial areas, or impacts of increased property values, can also lead to commercial displacement of small businesses. Rising commercial rents or pressures to redevelop for residential uses may have a larger impact on small-scale entrepreneurs and immigrant or minority-owned businesses. The characteristics of areas being considered for rezoning should be carefully considered as part of implementation to avoid displacement impacts.
- **Housing tenure:** For rent or sale
- **Magnitude:** Moderate to High – The impact of rezoning might be relatively high given the limited supply and high demand for buildable residential land in the community. The effectiveness of rezoning will depend on the physical and infrastructure characteristics of the rezoned land for residential use. The density of housing under the new zone will also depend on the physical constraints (e.g., steep slopes) that might limit the buildable portion of a site.

Time Frame **Implementation:** Near to Medium Term
Impact: Land inside city limits will become available for development immediately after rezoning. Land outside city limits can also be developed, but will need to overcome the additional hurdle of annexation. The impact on housing development is expected to be long-term.

Implementation Actions

- Use the criteria listed above to identify potential areas for rezoning. Prioritize sites with the best potential for housing production and access to services.
- Further assess and potentially implement this strategy as part of the Vision43 and Waterfront planning processes.
- Consider the demographic characteristics of potential rezoning areas to avoid potential displacement impacts.
- Engage with property owners as well as the broader community in targeted areas.

- Work with West Linn’s Planning Commission and City Council to adopt Zoning and Comprehensive Plan Map amendments.
- City Council action: Legislative Zoning Map and Comprehensive Plan Map amendment.

Lead & Partners **Lead:** West Linn Community Development

Partners: Property owners

Recommendation Prioritize rezoning in areas with the greatest potential for housing development or redevelopment, particularly for higher density multifamily or mixed-use development. Specifically, rezoning should be targeted for areas along the Highway 43 Corridor and the Waterfront area. The Vision43 and Waterfront projects will likely include adoption of new mixed-use zones that will likely allow higher density multifamily as a component of mixed-use development.

1.2 Tax Increment Financing (TIF) to support affordable housing development (D10)

Description This strategy involves using TIF funds to support affordable housing development. This could involve creating one or more new TIF districts and incorporating affordable housing into new TIF district plans. For example, the City could create a TIF set-aside for affordable housing development programs within the district.

TIF is a funding mechanism in which future tax revenues in targeted development or redevelopment areas (TIF districts / urban renewal areas) are diverted to finance infrastructure improvements and/or development.

At the time of adoption, the tax revenue 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 that area. TIF is a good tool to use in areas where new development or redevelopment is anticipated.

While many different types of projects are eligible for TIF funds, for the most part, TIF funds are used to pay for physical improvements in the district itself. These projects can include participating in public/private partnerships with developers—including for affordable, workforce, or market-rate housing—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 also can be used to purchase land.

TIF can be a direct source of funding for projects that meet public goals such as providing affordable housing, increased density, or mixed-use buildings that might not otherwise be feasible. In return for some public funding through TIF, private sector or non-profit developers agree to provide these benefits. Urban Renewal can also be used to purchase and reserve a key building site in the district to ensure that the development that takes place there meets public goals. The site can be offered to a development partner at reduced cost to provide the incentive.

Considerations

- The City recently adopted a TIF district in its waterfront area and will evaluate the feasibility of a TIF district in the Highway 43 corridor as part of implementation of plans being prepared for those areas. The total amount of the City that can be included TIF districts is limited to 25% of land area, and 25% of assessed value.
- TIF results in forgone tax revenue for the City and any other overlapping taxing districts for several decades, although it can (and should) grow the tax base in the long-term by supporting development that would not otherwise have occurred.
- If a new TIF district were established, it would likely be several years before there would be sufficient revenue in the district to make significant investment in housing.
- Coordination and agreement with other taxing districts is also important, as they will forgo some revenue with the TIF district in place.
- This strategy may be integrated with the Land Acquisition and Banking strategy to the extent that TIF money is used to acquire land for future housing.
- There are many examples of the use of TIF revenue for housing-related projects in Oregon.
 - In the Downtown Tigard TIF district, projects include the Atwell Off-Main project, which includes 165 market rate apartments, along with commercial space; and the current mixed-use development underway on Main Street near Fanno Creek, which will include a coffee roaster, office space, and 22 new apartments.
 - The City of Portland has participated in many housing projects in its districts over decades. For instance, over the last decade Prosper Portland agency has contributed to the creation of hundreds of mostly affordable and workforce housing units in multiple buildings in the Lents Town Center. TIF also contributed to many of the early projects in the Pearl District.
 - The City of Beaverton Urban Renewal Agency’s (BURA) budget allocates \$300,000 to \$3.3M per year in tax increment set aside for joint investment in affordable housing. This amounts to approximately 10% of the City’s 5-year URA budget.⁴

Anticipated Impact

- **Housing Need Addressed:** Government-subsidized affordable housing.
- **Population served:** Low-income households
- **Income level:** 0-80% AMI
- **Benefits and Burdens:** This strategy would primarily benefit low-income households by increasing the City’s capacity to support production of subsidized affordable housing.

An intended outcome of urban renewal is increased property values and redevelopment within the district. If not balanced by adequate investment

⁴ Beaverton BURA Annual Report and Five-Year Action Plan, 2020. <https://www.beavertonoregon.gov/1017/The-Beaverton-Urban-Redevelopment-Agency>

in housing production, urban renewal can lead to displacement of existing residents facing increased property taxes and development pressures. This can be a burden on existing low-income residents and should be considered carefully when designating new TIF districts.

- **Housing tenure:** For rent or sale
- **Magnitude:** High – New TIF districts and programs focused on housing have the potential to have a large impact on specific new projects. The impact of a TIF program on housing production will depend on the revenue-generating potential of the district in question and the prioritization of housing projects among the broader range of projects eligible for urban renewal funding (e.g., general infrastructure projects, beautification, economic development, etc.). If housing is prioritized for funding, and development opportunities are available within the district, it can directly support housing production. TIF is one of the few sources of city-controlled funding to apply directly to affordable housing, as opposed to regulatory approaches or cost incentives.

Time Frame **Implementation:** Medium Term
Impact: Analysis and planning for a new TIF district can take several years. Once a TIF district is established, it is expected to take several more years before adequate revenues are accrued to begin spending the urban renewal funds. The impact on housing production is expected over the medium or longer term.

- Implementation Actions**
- Evaluate the potential for creation of one or more new TIF districts.
 - Incorporate land acquisition, funding support for affordable housing projects, infrastructure funding, and/or other housing-supportive projects into new district plans.
 - Integrate this strategy with other HPS strategies where appropriate (e.g., Land Acquisition and Banking, Rezoning, etc.).
 - City Council to adopt URA boundaries and plan via ordinance.

Lead & Partners **Lead:** West Linn Community Development
Partners: Development stakeholders

Recommendation Incorporate affordable housing into the TIF planning for the Highway 43 Corridor. The City must include affordable housing as an approved “project” in the TIF district in order for it to be eligible for TIF funding.

1.3 Update SDCs (C01 – C03)

Description SDCs are one-time charges assessed on new development to pay for the costs of expanding public facilities to serve the new households or businesses the development will house. The City of West Linn charges SDCs for water, sewer, surface water management, parks, and transportation. This strategy involves a combination of modifying the City’s SDC schedule for certain housing types and also exempting or deferring SDCs for affordable housing or ADUs.

Modify SDC Schedule (C02)

This strategy involves updating the City's SDC fee schedule so it is tied more directly to dwelling size. Currently, the City charges the same rates for all single-family homes regardless of size. Each unit of a townhouse is also charged the same single-family fee. Multi-family and middle housing is charged a lesser fee per unit for parks and sewer SDCs.⁵

Scaling SDC fees to dwelling size would better match a development's charges to its actual cost or impact on the system. Smaller housing units, including some middle housing types, typically have less impact on water, sewer, or transportation facilities, given the reduced average size and occupancy of these units. This is not fully reflected in West Linn's current SDC schedule, although the current schedule does include lower fees for multi-family and middle housing units.

The City could consider charging fees on a per-square-foot basis, rather than per-unit.

SDC Exemptions or Deferrals

This strategy may include reducing, deferring, or waiving (exempting) SDC fees for subsidized affordable housing or ADUs. The City currently does not provide any SDC-related incentives for affordable housing. Reduction, exemption, or deferral of SDC would assist affordable housing developers by reducing their development costs when building affordable housing. For ADUs, this strategy would significantly reduce development costs for individual property owners interested in constructing an ADU on their property. Affordable housing developers benefit from this strategy levied by the City only when their projects meet assistance program requirements.

SDC deferrals typically allow a development to delay payment of the fees for a specified period of time or until the certificate of occupancy is issued, rather than at the time 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. The City could offer a lower interest rate (e.g., 0.25% above the Oregon Prime rate) and/or allow the lien to be in second position for affordable housing developments. The City could work with other service providers to such an SDC deferral and financing program for certain types of housing developments.

With deferral or financing for SDCs, the fiscal impacts to the City and its partners is significantly reduced since charges are eventually paid. The period of repayment should not be a detriment to public agencies that operate on indefinite timelines. A financing program can be more beneficial to the property owner because SDCs are paid gradually, rather than in a lump sum soon after the completion of the project.

Considerations

- This strategy would reduce barriers to construction of more affordable, smaller-scale homes, including small single-family homes, ADUs, and middle housing.

⁵ City of West Linn Fee Schedule. <https://westlinnoregon.gov/finance/current-fee-schedule>

- The City may also consider modifying SDC schedule based on housing type or affordability level. The City has expressed interest in modifying SDC calculations for ADUs, middle housing, and affordable housing.
- The City sets its SDC fee schedule based on projected needs for system construction and improvements. Modifying the SDC methodology might involve increased fees for larger homes to make up for the reduced fees for smaller units.
- West Linn has higher SDCs than neighboring jurisdictions and other larger Metro cities (see Figure 1).
- Exempting or deferring SDCs for affordable housing and ADUs would reduce barriers to construction of more affordable housing and/or ADUs.
- Exemptions for ADUs should be coupled with restrictions on use of those ADUs for short-term rental housing.

Anticipated Impact

- **Housing need addressed:** Modifying SDCs based on unit size will facilitate development of smaller, more attainable housing units that may be affordable to moderate-income and smaller households. The HCA indicates that 15% of new needed housing units over the next 20 years will be needed by those earning 80-120% AMI. Reducing or waiving SDCs for affordable housing may help incentivize affordable housing development in West Linn. In addition, approximately 18% of new needed housing units will be needed by those who earn less than 50% AMI, which is typically the target demographic for subsidized affordable housing. Applying this strategy to ADUs will help meet workforce and renter housing needs.
- **Population served:** Low to higher income households; first-time homebuyers; single or two-person households; seniors
- **Income level:** > 80% AMI and above for SDC modification; < 80% AMI for SDC waivers or reductions; 80%-120% for ADUs
- **Benefits and Burdens:** SDC modifications based on unit size can increase production of smaller and lower-cost units which may benefit lower-income households, but is more likely to benefit moderate- or higher-income households. Smaller unit sizes may be of particular benefit to seniors due to lower maintenance and lower housing costs.

SDC modification will not burden priority populations. However, reducing SDCs for smaller units would likely need to be offset by increased SDCs for larger units, the cost of which would be passed onto homebuyers. It is anticipated that homebuyers that can afford larger units likely can also afford the increased cost.

SDC waivers/reductions for affordable housing will directly benefit priority populations by improving opportunities for housing production that is affordable to low- and very-low income households. SDC waivers or deferrals for ADUs will primarily benefit renters, workforce, and property owners interested in developing ADUs. This strategy will not burden any other demographic.

- **Housing tenure:** For rent or sale

- Magnitude:** Moderate to High – Modifying SDC schedules may have a moderate impact in incentivizing additional smaller housing units incentivizing some projects to produce a greater number of marginally smaller units, thus increasing density and unit production somewhat. As most affordable housing is multi-family housing, SDCs charged per unit can amount to a large total cost to the project, reducing feasibility. SDC waivers or deferrals may have a moderate impact on incentivizing ADUs, but a high impact on affordable housing production. It may encourage affordable housing development by reducing overall costs as well as signaling to regional housing partners that West Linn is offering incentives for affordable housing. It would also decrease development costs for ADUs, thereby improving opportunities for ADU development for individual property owners.

Time Frame **Implementation:** Medium to Longer Term

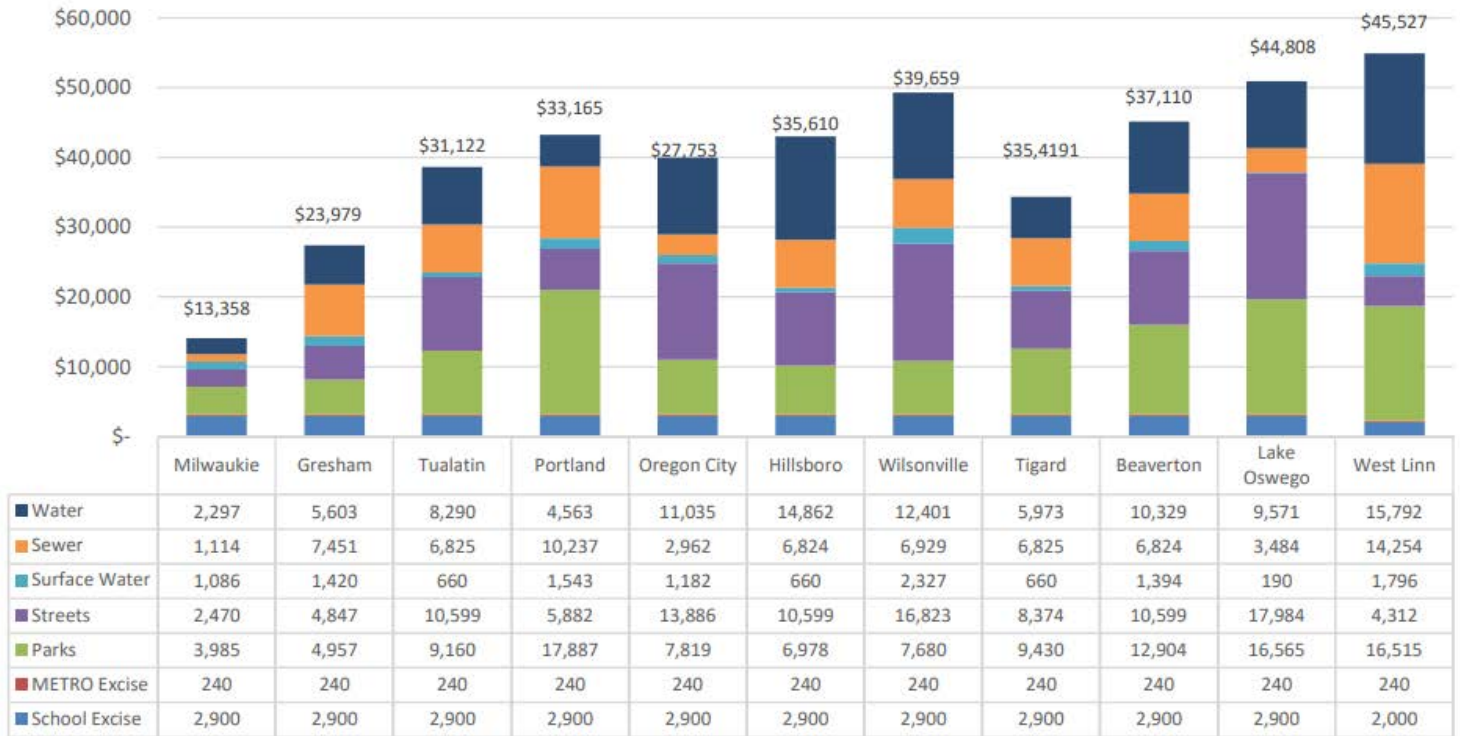
Impact: The process of modifying a city’s SDC methodology can be lengthy, as it is necessary to analyze projected needs for system construction and improvements and ensure that SDC revenues will be adequate to meet projected needs. Once a new SDC schedule is implemented, the impact to housing development is expected to be longer-term. Waivers for specific types of housing units could be put into effect more quickly (e.g., in the medium term) although implementation of that aspect of the strategy also will take further analysis and community discussion.

- Implementation Actions**
- Work with City Council, other departments (Public Works, Finance, Parks, etc.), and development stakeholders on policy discussions around modifying the SDC schedule and/or exempting or deferring SDCs for affordable housing and ADUs.
 - Potentially work with a consultant to develop an updated SDC methodology.
 - City Council action: Adopt modified SDC schedule by resolution or ordinance that scales SDCs by housing type and waives or defers SDCs for affordable housing and ADUs.

Lead & Partners **Lead:** West Linn Public Works
Partners: Development stakeholders

Figure 1. West Linn SDC Comparison*

Comparison of Neighboring Cities' New Single-Family SDC Fees
Based on a 2,000sqft home with 500sqft garage, \$200,000 value



**This chart is outdated by a few years, however SDCs in West Linn have increased since the chart was published, and the city continues to have some of the highest SDCs in the region, with SDCs in West Linn currently close to \$60,000 per single family home.*

1.4 Surplus Land, Land Acquisition, and Banking for Affordable Housing (F01, F12 & F18)

Description Surplus Land for Affordable Housing

Over the past few decades, faith institutions across the country have been declining. This has prompted conversations within different faith communities about how to refocus their mission of social change. The housing affordability crisis in many cities around the country has brought these institutions into the work of creating affordable housing in their communities. This strategy would:

- 1) Identify faith and community-based organizations that are interested in offering their available land for development of affordable housing
- 2) Provide design and finance consultation for three organizations to prepare them for future affordable housing development projects
- 3) Determine barriers to development and how those can be addressed and/or streamlined.

The City may also consider utilizing public property for affordable housing development to the extent such properties are available and suited to residential use. This would involve selling City-owned (or potentially county or state-owned) property at below-market costs to developers of affordable housing.

Land Banking and Acquisition

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, and this approach is perhaps most often seen to acquire key sites in TIF districts.

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. **Both land banking and acquisition would need to be directly tied to CET or TIF, as the City currently faces budget constraints that would be a barrier to implementing this strategy.**

Considerations

- Surplus land for affordable housing should be considered in tandem with land acquisition and banking. The City may consider any surplus public or state-owned land for land banking.
- The City has a significant need for land that is available for affordable housing.
- The City has expressed interest in building relationships with regional affordable housing providers.
- This strategy may help facilitate partnerships between the City, faith-based organizations, and affordable housing providers while also identifying opportunity sites for affordable housing development.
- SB 8 (2021 session, encoded as ORS 197A.445) requires cities to allow affordable housing on property that is publicly owned, as defined by ORS 174.109, and on any property that is owned by a religious non-profit.⁶ Cities are also required to allow affordable housing on any property that is zoned to allow religious assembly or zoned for public use.

⁶ Senate Bill 8, 2021. <https://olis.oregonlegislature.gov/liz/2021R1/Downloads/MeasureDocument/SB8/Enrolled>

- Land banking can be used as an anti-displacement strategy. Land banks can acquire land in high-opportunity areas where prices are going up and develop affordable housing before the market becomes too competitive.
- Key challenges for **land acquisition** includes 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 a City funding source or grants and funding partnerships.
- Land acquisition or banking will only be possible if it is coupled with other strategies that are intended to raise revenue for affordable housing, such as TIF or CET. The City does not have the finances to fund these types of programs without a supplemental source of revenue.
- Most land banks rely on property tax-related revenue streams, although some have relied on private foundation or federal grants. Tax Exemptions can be applied to land held for the purpose of developing low-income housing. Therefore, tax exemptions can help make land banking more financially feasible as an affordable housing strategy.
- The City could manage its own land bank or acquisition strategy, or work in concert with a non-profit or non-governmental entity at a larger, regional scale that manages a portfolio of properties to support affordable housing development over many years. Ideally, the land bank would be set up to manage financial and administrative resources, including strategic property disposal, for the explicit purpose of supporting affordable housing development. The City can consider contributing funds or land to an existing non-profit land bank or participating in the formation of a new non-profit land bank if one does not exist with sufficient capacity to serve West Linn.
- The land bank would purchase vacant, or “surplus” land in high-opportunity areas, schools, and other important amenities and require that the land be used for the development of affordable housing.
- In most cases, land banking programs have focused on properties in tax foreclosure, but West Linn’s program could explore voluntary donation or purchase on the open market.
- Land banking requires political commitment over time and across market cycles. Purchasing new land requires agencies to find and secure the property and fund land acquisition and due diligence. Administering a land bank can be costly. The City should evaluate use of existing GIS tools to inventory publicly and privately owned properties in areas well suited for a land bank purpose.

Anticipated Impact

- **Housing Need Addressed:** Government-subsidized affordable housing for low-income households. The HCA indicates that 33% of future needed housing units by 2040 will be needed by low-, very low-, or extremely low-income households, and also identified a current gap in supply of affordable units.

- **Population served:** Low income households and all other priority populations.
- **Income level:** 0-80% AMI
- **Benefits and Burdens:** This strategy would benefit low-income households by increasing the feasibility of affordable developments, thereby enabling more of these projects to be built and potentially enabling more units to be included within each project.
No burdens on priority populations are anticipated.
- **Housing tenure:** For rent
- **Magnitude:** Moderate to High – These strategies would lead to an increase in the number of units that are possible for affordable housing developments. This incentive or initiate new affordable housing projects that were not previously under consideration. While the developer and property manager must demonstrate compliance, the administrative burden should be kept to a minimum to reduce added time and cost, both for the applicant and the City. Partnerships with affordable housing developers or non-profit housing agencies are very often a key component of a City contributing to new housing production. Few City governments directly build housing. A parcel of land is a high-value incentive that can be granted or sold at a discount to these partners, who undertake the projects often with a development agreement to ensure the public goals are met.

Time Frame **Implementation:** Medium Term or Long Term
Impact: The action can begin to have an impact after it is implemented in the CDC. For “Surplus Land,” statutory bonuses under SB 8 (ORS 197A.445) are already available. The impact on supply of affordable housing is expected to be longer-term.
 For land banking/acquisition, timing of impact depends on the nature of the partnerships. Given availability of funds, impact to housing production would be expected to occur over the longer term.

- Implementation Actions**
- Partner with local religious institutions and regional affordable housing providers to understand their needs, development opportunities, and potential barriers.
 - Identify/inventory public land that may be suitable for affordable housing development.
 - Incorporate publicly owned land into a bank or acquire new land to incorporate.
 - One way the City could support a land bank is to assist with creating an inventory of suitable sites for housing development, based on infrastructure conditions, location, and other factors.
 - Use funds generated from TIF and/or CET to implement a land banking or acquisition strategy.

Lead & Partners **Lead:** West Linn Community Development
Partners: Local religious institutions and regional affordable housing providers; other public agency landowners with potential surplus property in West Linn

1.5 Fair Housing Education, Referral, and Other Services (F20)

Description This strategy involves the City actively promoting fair housing policies and programs. Fair Housing laws protect individuals in “protected classes” from housing discrimination. Protected classes in Oregon include race, color, national origin, religion, disability, sex (includes pregnancy), sexual orientation, gender identity, age, and marital status. The City could add additional protected classes, such as ancestry, ethnicity, or occupation.

The City could also pursue the following types of actions to affirmatively further fair housing and work to reverse discrimination, exclusion, and concentrations of wealth in West Linn:

- Create an Analysis of Impediments to Fair Housing.
- Conduct fair housing training for Council, Planning Commission, and other relevant policymakers.
- Provide residents, property owners, property managers, realtors, lenders, and others involved with real estate transactions with access to fair housing information and referrals.
- Ensure that City staff know how to identify potential fair housing violations and make referrals to the Fair Housing Council of Oregon and state and local enforcement agencies.
- Partner with and fund Fair Housing Council of Oregon to provide periodic Fair Housing Audit Testing, customized outreach and education and other specialized services.

In addition, other strategies identified in this list can also generally serve the purpose of affirmatively furthering fair housing to the extent they expand housing opportunities or choices for people in protected classes.

Considerations

- This strategy would not necessarily contribute to housing production except when it is implemented through other strategies described in this document that result in housing production. However, in all cases it would demonstrate the City’s commitment to working towards fair housing outcomes.
- Training and education would require staff time and resources to implement.
- The City recently adopted a Comprehensive Plan policy to “Employ strategies that support the Fair Housing Act and affirmatively further fair housing.”
- This strategy will help the City build partnerships with regional housing stakeholders and help ensure that community members are protected from Fair Housing violations. It will benefit a variety of people and groups who have been historically underserved or disadvantaged by the housing market in West Linn.

Anticipated Impact

- **Housing Need Addressed:** This strategy would not directly address identified housing needs in most cases, but it would help prevent housing discrimination against protected classes.
- **Population served:** Protected classes

- **Income level:** All income levels
- **Benefits and Burdens:** This strategy is intended to benefit priority populations by formalizing the City’s commitment to fair housing goals, better understanding fair housing issues in the community, and by educating City staff, housing stakeholders, and community members about fair housing laws and residents’ rights.
No burdens on priority populations are anticipated.
- **Housing tenure:** For sale or rent
- **Magnitude:** Low – Fair housing policy and education will not directly contribute to housing production, but it could provide additional protections against housing discrimination. It could also bolster the City’s focus on prioritizing housing equity and affordability in its housing programs and investments.

Time Frame	Implementation: Medium Term Impact: Impact on community understanding of fair housing can be in the short term. Impact on fair housing outcomes is expected to be longer term.
Implementation Actions	<ul style="list-style-type: none"> • Partner with organizations such as the Fair Housing Council of Oregon on training. • Develop informational materials. • Provide training to current staff and new hires.
Lead & Partners	Lead: West Linn Community Development Partners: Fair Housing Council of Oregon

1.6 Small Dwelling Unit Development (A17)

Description This strategy would involve zoning/subdivision provisions that encourage or enable development of small single-family dwellings. This strategy would likely include minimum lot size reductions or exceptions along with other development standards that ensure development of single-family homes, such as maximum footprint or floor-area-ratio (FAR) standards. The City would calculate density differently for the dwelling units due to their limited size.
Density example:

- Dwelling units 600 square feet or smaller: 0.25 of a dwelling unit.
- Dwelling units 601 to 1,200 square feet: 0.50 of a dwelling unit.

Local and regional stakeholders have indicated a lack of housing that meets the price points for first time homebuyers in West Linn. This strategy may help with production of starter level homes.

Considerations	<ul style="list-style-type: none"> • The City allows detached duplexes, triplexes, and quadplexes. Local developers have utilized this allowance along with the City’s Middle Housing
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Land Division (MHDL) process to effectively develop single-family homes on lots that are below minimum lot size requirements. Given the relatively large lot sizes in the City, these MHDLs for detached plexes have not produced small single-family homes that are affordable to first time homebuyers or middle-income residents. The City may consider specific standards that will help ensure detached plexes help meet West Linn’s needs for starter homes.

- The City may consider reviewing existing maximum floor area or floor area ratio (FAR) to help ensure houses on smaller lots remain relatively small.
- The City may consider lot size reductions below the existing minimum lot size, provided the proposed development meets max floor area or FAR requirements set specifically for “small lot development.”

Anticipated Impact

- **Housing Need Addressed:** Homeownership options for moderate-income households. The HCA indicates a need for 679 new ownership units (68% of new needed housing) over the 20-year period. The HCA also indicates that 15% of all new needed units will need to be affordable for moderate-income households (80-120% AMI).
- **Population served:** Moderate-income households
- **Income level:** 80-120% AMI
- **Benefits and Burdens:** This strategy would be expected to benefit moderate-income households by increasing affordable homeownership opportunities. This would especially benefit first-time homebuyers that would otherwise be challenged to purchase a home in West Linn, and potentially seniors looking to purchase a downsized home. This strategy also has the potential to benefit communities that have historically faced structural barriers to homeownership – particularly people of color and other marginalized communities.
No burdens on priority populations are anticipated.
- **Housing tenure:** For sale
- **Magnitude:** Moderate – This strategy would improve feasibility and/or opportunities for smaller single-family developments. Given the demand for starter homes that meet the price points for moderate income households, this strategy could help the City meet one of West Linn’s key housing needs.

Time Frame

Implementation: Near term
Impact: This strategy will immediately improve development opportunities for small single family homes. The impact on housing development is expected to be long-term.

Implementation Actions

- Determine which code amendments will remove barriers and improve opportunities for small single-family homes.
- City Council action: Adopt code amendments.

Lead & Partners

Lead: West Linn Community Development
Partners: Development stakeholders

Recommendation Prepare and adopt amendments to the Development Code that are intended to facilitate small lot, single unit development. Draft amendments that also ensure the unit size is relatively small.

1.7 Public-Private Partnerships (PPP) for Affordable Housing (F04)

Description Public-private partnerships (PPPs) are arrangements between public and private entities to develop housing, especially affordable housing. PPPs have the capacity to bring resources to the table that would otherwise not be available if each institution were to provide housing on its own.

The City could partner with organizations to support their affordable housing efforts in a variety of ways:

- Acquire land and/or donate city-owned land;
- Provide grants or low-interest loans for specific development or rehabilitation projects;
- Provide direct funding; and/or
- Leverage federal, state, and regional resources.

Additionally, the City can pursue specific types of PPPs such as:

- **Partnering to convert underutilized non-residential properties into housing.** The City could work with landowners to evaluate opportunities for adapting vacant/underused buildings for new housing or mixed-use development. Implementing this strategy may depend, in part, on use of tools such as TIF funding (Strategy 1.2) to address infrastructure deficiencies or support development of affordable housing.
- **Utilizing surplus land owned by faith-based organizations for affordable housing.** The City could work with faith organizations to utilize their excess land for affordable housing (Strategy 1.4). The City could assist such organizations with favorable zoning, permitting, and financial incentives.
- **Community Land Trust (CLT).** CLT (DLCD Strategy F03) is a model wherein a community organization owns land and provides long-term ground leases to low-income households to purchase 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. Cottage clusters or condo developments are a common development type for CLT as it allows for the sponsoring organization to maintain ownership of the land.

NOTE: PPP is an “umbrella” strategy that overlaps significantly with other strategies in this document (funding support for affordable housing, tax incentives, community land trusts, etc.). Implementing a PPP strategy could take many forms. In the final HPS, it will be important for the City to be clear about

the specific actions it will take to pursue and support PPPs for affordable housing.

Considerations

- PPPs are often opportunity-driven and may be spearheaded by the City or by private developers or partner agencies.
- Cities are often asked to provide land, financial assistance, and or technical assistance, with potentially moderate costs. **More significant financial assistance would depend on a new funding source, such as construction excise tax.**
- Proud Ground is an example of a CLT working in the region. Proud Ground partners with other organizations to build the homes, then manages the sales, ground leases, and other programs. Habitat for Humanity uses a similar approach to CLT to maintain the affordability of the homes it builds—largely through volunteer labor and limiting resale prices, while allowing owners to accrue home equity. Portland Region Habitat for Humanity is the local affiliate organization.
- Cities can support CLT and other models for affordable homeownership by providing land, grants/loans, direct funding, or leveraging state/regional resources.

Anticipated Impact

- **Housing Need Addressed:** Government-subsidized affordable housing for low-income households.
- **Population served:** Low-income households
- **Income level:** 0-80% AMI
- **Benefits and Burdens:** This strategy is intended to benefit low-income households by increasing the City’s involvement in development of affordable housing.
No burdens on priority populations are anticipated for this strategy.
- **Housing tenure:** For rent or sale
- **Magnitude:** High – Partnerships with private developers or non-profit housing agencies are very often a key component of a City contributing to new housing production. Few City governments directly build housing. The incentives and funding offered are aimed at these partners, who undertake the projects often with a development agreement to ensure the public goals are met. The magnitude of impact is high, and in a sense these partnerships are necessary for most successful City-based housing initiatives.

Time Frame

Implementation: Near Term
Impact: Timing of impact depends on the nature of the public/private partnership. Given availability of funds, impact to housing production would be expected to occur over the longer term.

Implementation Actions

- More clearly define the relationship to other HPS strategies and which types of actions would be proactively undertaken by the City vs more opportunistic actions based on proposals from potential partners.
- Work with nonprofit, faith-based, or other organizations to discuss opportunities in West Linn.

- Potentially provide on-going financial support through development/rehabilitation grants, homeownership grants/loans, donation of City-owned land, and/or an annual funding set-aside.
- Take action on partnership models and programs that best benefit the organization and the City’s financial and/or administrative capacity.
- Partnership activities depend on the project, organization, and available resources.

Lead & Partners **Lead:** West Linn Community Development
Partners: Possibilities include landowners and organizations with excess land, as well as nonprofit affordable housing providers.

Recommendation The following specific partnership actions are recommended for implementation:

- Consider donating surplus city-owned land for affordable housing as it becomes available (Strategy 4).
- Leverage federal, state, and regional resources – such as the Metro Affordable Housing Bond – to fund affordable housing in West Linn.
- Work with faith organizations to utilize excess or underutilized land for affordable housing. Assist with favorable zoning, permitting, and financial incentives (strategy 4).
- If a new TIF district is established (Strategy 2), use TIF funds to support affordable housing partnerships. This could include addressing infrastructure deficiencies or contributing funding to affordable housing more directly.
- Provide tax abatements or incentives to housing partner projects through the abatement strategies described in this memo (i.e., Non-Profit and Low-Income Rental exemption, MUPTe and HOLTE strategies).

1.8 Low Income Rental Housing Tax Exemptions (E01 and/or E02)

Description **Low-Income Rental Housing** is a 20-year tax exemption for any entity that provides income-restricted rental housing, including nonprofits and for-profit developers. Eligible properties must be offered for rent to low-income persons (at or below 60% AMI) or held for the purpose of developing low-income rental housing. Jurisdictions may adopt additional eligibility criteria for the exemption, provided they don’t conflict with state statutes.

(Authorized by ORS 307.515-537)

Nonprofit Low-Income Rental Housing can provide a simplified way for affordable housing owned and operated by a nonprofit (as well as land held by a nonprofit for future affordable housing development) or Community Land Trusts (at least in land value) to qualify for a property tax exemption. Work should be done to make it easier for projects/land to qualify; minimizing the number of taxing authorities needed to grant an approval.

While these two exemption programs appear similar, they do have some key distinctions.

	Nonprofit Low-Income Housing	Low-Income Rental Housing
Eligible Developers	Nonprofits only	Nonprofit or for-profit
Income Levels	Up to 60% AMI	Up to 60% AMI
Tenure	For rent or for sale	For rent only
New vs. Acquired Housing	New construction or acquisition of existing housing	New construction only
Annual Renewal Required?	Yes	No
Time Limit	No limit	20 years

NOTE: The project team does not see any issues with adopting both exemption programs. Each program has different opportunities and challenges, and it may be beneficial for housing developers to be able to choose which program best suits their project needs.

Considerations

- Key advantages of this abatement are that it is available to more than just non-profits and it does not require annual renewal. This can significantly reduce an organization’s administrative burden in implementing the exemption.
- However, this abatement has less flexibility compared to the Nonprofit Exemption because it is not available for ownership housing, cannot be used for acquisition of existing housing, and is limited to 20 years.
- West Linn has a very small supply of subsidized affordable housing. As identified in the HCA, West Linn will continue to have a need for housing that is affordable to low income residents over the next 20-years. The HCA also identified a continued need for rental housing. This strategy may help incentivize production of low-income rental housing.

Anticipated Impact

- **Housing need addressed:** Government-subsidized affordable housing for low-income households.
- **Population served:** Low-income households
- **Income level:** 0-60% AMI (for residents’ initial year of tenancy; after the first year, up to 80% AMI)
- **Benefits and Burdens:** This strategy would primarily benefit low-income households by increasing the City’s capacity to support production of subsidized affordable housing.
No burdens on priority populations are anticipated.
- **Housing tenure:** For rent
- **Magnitude:** High – Like the Nonprofit Exemption, this abatement can have a large impact on new affordable housing production. As noted above, an abatement of property taxes is a strong incentive and improves feasibility considerably. This abatement is available to for-profit developers and therefore may generate more new housing than the Non-Profit Exemption.

While not open-ended, a 20-year exemption matches the period in which a property would otherwise undergo significant depreciation. However, at the end of the 20-year period, this housing often reverts to market-rate status. When used, a tax abatement can make a large difference in a subsidized affordable housing project operating cost, and in some cases may facilitate some affordable housing that wouldn't otherwise be feasible.

Time Frame	Implementation: Near Term Impact: The tax exemption can be used once it is adopted, and for as long as the City offers the exemption. The impact on supply of affordable housing is expected to be longer-term.
Implementation Actions	<ul style="list-style-type: none"> • Work with other taxing jurisdictions to gain approval. • Develop application standards and guidelines. • City Council action: Adopt tax exemption policy by resolution or ordinance.
Lead & Partners	Lead: West Linn Community Development Partners: West Linn Finance Department; overlapping taxing jurisdictions
Recommendation	Adopt exemption programs by resolution or ordinance and work with housing providers to implement the program through completion of specific qualifying housing projects. Also, consider supplementing the Multiple Unit Property Tax Exemption (MUPTEx) described below to offer more options and flexibility for projects that would not be eligible for the Non-Profit and Low-Income Rental exemption programs.

1.9 Multiple Unit Property Tax Exemption (MUPTEx) (E04)

Description This exemption can be used to encourage multi-family or middle housing with particular features or at particular price points by offering qualifying developments a partial property tax exemption over the course of several years. It can be offered to new development or existing housing that is converted to meet the eligibility criteria.

MUPTEx is a flexible tax abatement that can be used in various ways to encourage needed housing. The City has broad discretion as to how to structure the program. Eligibility criteria could include requirements for affordability, accessibility/universal design, unit size, or other desirable features.

The City must designate specific areas where the MUPTEx applies, unless including affordability as a criterion, in which case the whole city could be eligible.

(Authorized by ORS 307.600-637)

Considerations	<ul style="list-style-type: none"> • Could incentivize multi-family developers to incorporate desirable features in their projects, such as accessible units or family-size units. Affordability to lower-income households could also be an eligibility criterion, if desired. • As noted below, this strategy could outcompete affordable housing tax incentives with for-profit developers who would rather build market-rate housing in some cases.
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Anticipated Impact

- **Housing Need Addressed:** As identified in the HCA, West Linn has a very low supply of land that is available for multi-family housing. This strategy has the potential to increase development of multi-family housing in targeted areas of the city. Depending on how it is structured, this program could also encourage apartments with family-sized units (2-3 bedrooms) and accessible housing options for seniors.
- **Population served:** Depends on how the program is structured; could be targeted to benefit low-income households, people with disabilities, larger families, etc.
- **Income level:** Depends on how the program is structured.
- **Benefits and Burdens:** This strategy has the potential to benefit various priority populations by encouraging housing needed by those communities (accessible units, family units, affordable units, etc.). The City could also target a MUPTE program to specific geographies to target housing development in neighborhoods where it is most needed, or best supported by transit or services. A challenge for the City will be to determine how best to balance those various needs to determine what housing types or features are most appropriate to include as criteria for the MUPTE abatement. This should be considered in the broader context of the HPS to ensure that the City’s actions benefit all priority populations in equitable ways.
No burdens on priority populations are anticipated for this strategy, provided it is implemented in the ways described above.
- **Housing tenure:** Typically for-rent.
- **Magnitude:** Moderate – This strategy could encourage production of more multi-family units that meet housing needs not currently being met by the private market. However this program does not necessarily require the provision of affordable housing; therefore, it may outcompete affordable housing tax incentives with for-profit developers who would rather build market-rate housing. This program should be carefully considered as possibly competitive with the low-income tax exemptions. However, the MUPTE can also be designed to require affordable units as well.

Time Frame **Implementation:** To be determined based on further discussion
Impact: The MUPTE can be used once it is adopted, and for as long as the City offers the exemption. The impact on housing supply is expected to be longer-term.

Implementation Actions

- Further evaluate the various options for structuring the MUPTE program to determine whether—and how—it should be implemented.
- Consult with developers and housing providers to determine their level of interest.
- Determine desired eligibility criteria (e.g., affordability, accessibility, etc.).
- Seek input from overlapping taxing districts on their willingness to support the exemption.
- City Council Action: Adopt tax exemption program by resolution or ordinance.

Lead & Partners **Lead:** West Linn Community Development
Partners: West Linn Finance Department; overlapping taxing jurisdictions

Recommendation Determine how to most effectively structure the MUPTTE to complement other abatement programs and address potentially unmet housing needs prior to adopting and implementing a MUPTTE program.

1.10 Homebuyer Opportunity Limited Tax Exemption Program (HOLTE) (E06)

Description The purpose of this program is to encourage homeownership among first time homebuyers and low- and moderate-income households and to stimulate the purchase, rehabilitation, and construction of residences in certain areas as a form of infill development.

The program allows a limited 10-year property tax exemption to owner-occupied single-unit housing that has a market value upon completion of no more than 120% of median sales price of dwelling units located within the city (or a lesser value adopted by the jurisdiction). The tax exemption can be granted for up to 10 successive years, and only applies to the value associated with property improvements, not the land value.

While not required by statute, local governments can establish income criteria for eligible homebuyers. For example, the City of Portland limits eligible homebuyers to those earning no more than 100% of the area median income.⁷

Single-family housing units, townhomes, multi-family homeownership units (i.e., condos), and manufactured housing are eligible for the exemption. Eligible units can be new construction or rehabilitated existing homes. The housing must be in an area defined and designated by the City. The City also would create criteria and establish required design elements or public benefits that would be applied to properties using the exemption.

(Authorized by ORS 307.651-687)

- Considerations**
- Strategy to facilitate homeownership among moderate-income households. HPS stakeholders have indicated that homeownership opportunities for moderate-income households and first-time homebuyers is one of the city’s key housing challenges.
 - Effectiveness depends on the local housing market and land costs. The recent median sale price in West Linn is approximately \$790,000, so this program could in theory apply to home values of \$948,000 (120% of median). An income of about \$200k is needed to afford the median home with a 20% down payment. With less of a down payment, even higher incomes would be needed. The HCA found that the number of homes selling at the lower end (less than \$500k for instance) was only 17% of the overall inventory.

⁷ City of Portland, HOLTE Program. <https://www.portland.gov/phb/holte/sale-requirements>

- The City could consider lower sales price limits (below 120% of median sales price), but this may be less enticing to developers given the profit potential of market-rate development in West Linn. The tax incentive ultimately is to the benefit of the homebuyer, rather than the builder. For this reason, the HOLTE is often used by the clients of nonprofit agencies that specialize in providing affordable ownership housing (e.g. Habitat for Humanity, or community land trusts).

Anticipated Impact

- **Housing Need Addressed:** Homeownership options for moderate-income households. The HCA indicates a need for 679 new ownership units (68% of new needed housing) over the 20-year period. The HCA also indicates that 15% of all new needed units will need to be affordable for moderate-income households (80-120% AMI).
- **Population served:** Moderate-income households
- **Income level:** 80-120% AMI
- **Benefits and Burdens:** This strategy would be expected to benefit moderate-income households by increasing affordable homeownership opportunities. This would especially benefit first-time homebuyers that would otherwise be challenged to purchase a home in West Linn, and potentially seniors looking to purchase a downsized home. This strategy also has the potential to benefit communities that have historically faced structural barriers to homeownership – particularly people of color and other marginalized communities.
No burdens on priority populations are anticipated.
- **Housing tenure:** For sale
- **Magnitude:** Low – This program is expected to have low impact due to the land and housing costs that prevail in West Linn. Unfortunately, there will be few opportunities for appropriate homes for lower-income first-time homebuyers. While this exemption would certainly help with homebuyer finances, it would not apply to land cost, and there are few homes or neighborhoods in the community that are low-cost candidates for rehabilitation. At the same time, this mechanism could have a significant impact on the relative feasibility of individual development projects, including those carried out by non-profit developers.

Time Frame

Implementation: Near Term
Impact: The HOLTE can be used once it is adopted, and for as long as the City offers the exemption. The impact on housing supply is expected to be longer-term.

Implementation Actions

- Define eligibility and design criteria.
- Work with other taxing jurisdictions to gain approval.
- City Council action: Adopt tax exemption program by resolution or ordinance.

Lead & Partners

Lead: West Linn Community Development
Partners: West Linn Finance Department; overlapping taxing jurisdictions

Recommendation Adopt a program by resolution or ordinance and work with housing providers to implement the program through completion of specific qualifying housing projects. Through implementation and discussions with housing providers, determine how best to integrate this program with other tax abatement or exemption programs adopted as part of the HPS.

1.11 Zoning Incentives for Workforce and Affordable Housing (A03)

Description This strategy involves allowing additional height, density, bonus floor area ratio (FAR), or relaxing other zoning standards for affordable housing. The City currently does not have any zoning incentives for workforce or affordable housing.

- Considerations**
- Zoning incentives likely would not incentivize private developers to include affordable units in their projects. These types of bonuses typically don't lead to mixed-income development on their own unless the base entitlements are very low and there's a lot of demand for more density.
 - Incentives would more likely be a way to allow affordable developers to make more efficient use of land and potentially better compete for land with market-rate developers. Non-profit housing providers have indicated that such bonuses can be very effective in improving the financial feasibility of their developments.
 - Senate Bill 8 (2021 session, encoded as ORS 197A.445) requires cities to allow affordable housing that meets specific criteria on a wide range of sites and provides height and density bonuses. If the height/density bonus exceeds local bonuses for affordable housing, the SB 8 bonus will apply directly. Potential bonus provisions in West Linn could be crafted to be consistent with or go above and beyond SB 8 requirements.

- Anticipated Impact**
- **Housing need addressed:** Government-subsidized affordable housing for low-income households. The HCA indicates that 33% of future needed housing units by 2040 will be needed by low-, very low-, or extremely low-income households, and also identified a current gap in supply of affordable units.
 - **Population served:** Low-income households and all other priority populations.
 - **Income level:** 0-80% AMI
 - **Benefits and Burdens:** This strategy would benefit low-income households by increasing the feasibility of affordable developments, thereby enabling more of these projects to be built and potentially enabling more units to be included within each project.
No burdens on priority populations are anticipated.
 - **Housing tenure:** For rent or sale
 - **Magnitude:** Low to Moderate – This strategy might lead to a small percent increase in the number of units that are possible for affordable housing developments. This incentive may help increase affordable production in

projects that are already being pursued but is unlikely to initiate new projects on its own. While the developer and property manager must demonstrate compliance, the administrative burden should be kept to a minimum to reduce added time and cost, both for the applicant and the City.

Time Frame	<p>Implementation: To be determined based on further discussion</p> <p>Impact: The action can begin to have impact after it is implemented in the CDC. The statutory bonuses under SB 8 (ORS 197A.445) are already available. The impact on supply of affordable housing is expected to be longer-term.</p>
Implementation Actions	<ul style="list-style-type: none"> • Consult with affordable housing providers to determine what type(s) of incentives would be most beneficial in supporting their work. • Evaluate SB 8 to determine how the statutory bonuses compare to the potential new bonuses. • Determine how to best integrate with other potential amendments to the CDC. • City Council Action: Implement through CDC updates.
Lead & Partners	<p>Lead: West Linn Community Development</p> <p>Partners: Affordable housing providers</p>

2.9 Construction Excise Tax (CET) (D09)

Description CET is a one-time tax on construction projects and is a potential funding source for affordable housing. Cities and counties may levy a CET on **residential** construction for up to 1% of the project’s permit value; or on **commercial and industrial** construction with no cap on the rate of the CET. The CET may be applied to development that results in a new structure of increased square footage in an existing structure.

The allowed uses for CET funding are defined by state statute⁸ and can include support for a variety of housing-related projects and programs.

- **Residential CET** revenues must be allocated as follows:
 - Up to 4% can be used to cover administrative expenses incurred from implementation of the CET.
 - 50% must be spent on developer incentives (e.g., permit fee and SDC reductions, tax abatements, or finance-based incentives).
 - 35% may be used flexibly for affordable housing programs.
 - 15% flows to Oregon Housing and Community Services (OHCS) for homeownership programs. OHCS’s policy is to spend the revenue in communities where it’s collected.
- **Commercial/industrial CET** has fewer restrictions on how revenues are spent:

⁸ Oregon Revised Statutes 320.192-195.

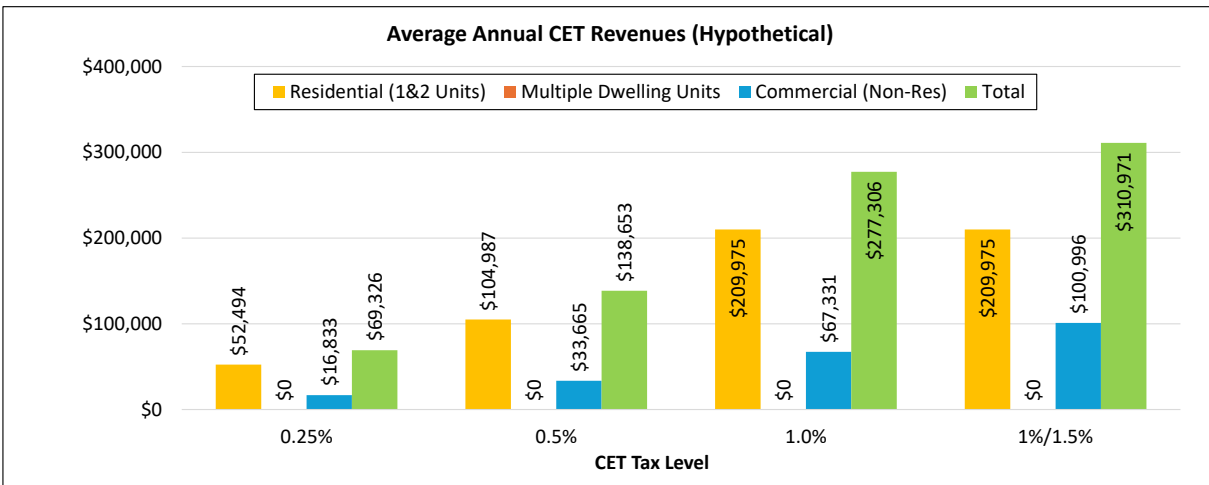
- 50% must go towards housing-related programs (not necessarily limited to affordable housing).
- 50% is unrestricted and can be used as the City sees fit.

Some cities have used CET to pay for gap financing of new affordable development, backfilling SDC waivers, acquisition of properties for affordable housing preservation, and down payment assistance for first-time homebuyers.

As an example, the City of Eugene adopted a CET in 2019, and has used \$2.2 million in revenues to leverage \$45 million to fund the construction of 178 new affordable homes.⁹

An analysis of permit valuations in West Linn over the prior five years indicates that a hypothetical CET could build significant funds to assist in affordable housing projects. The following figure uses the average annual value of residential and commercial permits over the last five years to estimate what hypothetical CET revenue generation would have been annually. The CET rates tested range from 0.25% for both residential and commercial development to 1% for residential and 1.5% for commercial.

Examples from other Oregon cities indicate that to be most effective, a CET fund needs a few years to grow. The funds should be used as one contribution to a project that helps leverage funding from larger sources, such as state programs.



Considerations

- CET is one of the few available sources of a locally-controlled funding stream for affordable housing.
- Several other strategies under consideration for the HPS would depend on adoption of a new funding source. Without a new funding stream, the City could not participate meaningfully in those strategies.
- CET is a tax on development, meaning that it raises costs for construction of commercial, industrial, and/or market-rate residential housing. The statute exempts regulated affordable housing, public buildings, hospitals, and certain other types of facilities.

⁹ City of Eugene, Affordable Housing Trust Fund. <https://www.eugene-or.gov/4232/Affordable-Housing-Trust-Fund>

The City can also choose to exempt other types of development (e.g., multi-family housing, accessible housing, or small housing units) or exclude residential development altogether. For example, the City of Tigard exempts ADUs of 1,000 sq ft or less and projects valued at less than \$50,000; and allows cottage clusters, courtyard units, and quadplexes to be exempted from 75% of the CET.¹⁰

- Alternatively, by structuring a policy with offsetting incentives or tools for housing to reduce development barriers, the City could potentially limit the impact on feasibility for certain housing projects. This strategy can be paired with other complementary strategies to increase its effectiveness.
- Because CET revenue is development-derived, it will fluctuate with market cycles.
- Funds generated from a CET may have an immediate impact if they are used to pay down reduced permit fees, SDC exemptions or reductions, or public improvement costs and help support land acquisition or banking over a longer timeframe.

Anticipated Impact

- **Housing need addressed:** Government-subsidized affordable housing for low-income households. CET implementation can be tailored to prioritize certain income levels or other housing needs, such as extremely low-income households (earning below 30% AMI) or residents needing housing with wrap-around support services.
- **Population served:** Low-income households
- **Income level:** 0-80% AMI
- **Benefits and Burdens:** This strategy would primarily benefit low-income households by increasing the City’s capacity to support production of subsidized affordable housing and other housing programs. Because CET funds offer flexibility for the local government to choose which projects and programs to support, the City has opportunities to direct funding toward projects that benefit priority populations that need additional support. A CET has the potential to inhibit some development, including housing development (if a residential CET is pursued). However, the City has options to avoid impacts to the types of housing most needed by priority populations, thereby limiting burdens on these communities. Affordable housing already must be exempt. As noted above, the City could also exempt multi-family housing, small units, ADUs, housing that meets Universal Design criteria, and other types. This is a way to address or mitigate potential burdens.
- **Housing tenure:** For rent or sale
- **Magnitude:** High – The revenue potential of a CET in West Linn is potentially quite high. As cited in other cities (e.g., Eugene), CET programs have generated substantial revenue, which was in turn dedicated to affordable housing development. CET can be a valuable source of funding for a City

¹⁰ Tigard Municipal Code, Chapter 3.90 Construction Excise Tax.
https://library.qcode.us/lib/tigard_or/pub/municipal_code/item/title_3-chapter_3_90

contribution to a project that can be leveraged to access greater amounts of funding from state or federal sources. It may be more useful as a multiplier rather than directly paying for housing development.

The CET is a tax on new development activity, and thus has the impact of raising costs on developers. However, other Oregon cities that have adopted a CET do not report a noticeable impact on development once adopted.

Time Frame **Implementation:** To be determined based on further discussion
Impact: This strategy may take several years for funds to accumulate to an amount that could be used to support development of housing. However, cities that have adopted a CET have seen real results in terms of housing production within 4 to 5 years. See above for the City of Eugene example.

- Implementation Actions**
- Evaluate a potential approach. Include projections of potential revenue and determine what programmatic goals could be accomplished with revenue. Consider both residential and commercial/industrial options.
 - Analyze potential impacts to development.
 - Engage with the development community—including both housing providers that could benefit from CET funds, and developers that might be impacted by the tax.
 - City Council could impose the CET by adoption of an ordinance or resolution that conforms to the requirements of ORS 320.192–ORS 320.195.
 - If directed, create a plan for the use of CET funds, in collaboration with housing providers, low-income communities, and other historically marginalized communities.

Lead & Partners **Lead:** City of West Linn Community Development
Partners: Finance Department; local developers; non-profit housing partners could implement funded programs

Recommendation Further evaluate and define the approach to this strategy and if warranted and supported by city decision-makers, move forward to adopt and implement a CET.

2) Not Recommended

The following strategies were either addressed in the Housing Strategies Report for the HCA or were previously considered as part of this HPS project. The project team does not recommend these strategies for inclusion in the HPS because they were identified as lower priority by the project team and the Project Work Group. The City has limited resources to implement every strategy that has been considered within the HPS planning and implementation timeline (6 years), and therefore the City should focus on strategies that were identified as higher priority for the HPS.

UGB Amendments and Planning

Description * *This strategy is not recommended for inclusion in the HPS because the HCA did not demonstrate an overall deficit of residential land and because future UGB planning will occur through the regional UGB planning process led by Metro.*

Adjust the city’s UGB to make up for a deficit of land within the boundary, if needed. Metro manages this process in coordination with local jurisdictions in the Portland Metro region.

This strategy typically needs to be undertaken if a City’s HCA indicates a deficit of land to meet future housing needs. The findings of the HCA do not indicate the need for a UGB expansion to accommodate the projected housing need 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. To the extent this strategy is considered in the future, the City would need to show that more land is needed to meet housing needs to justify an expansion of the City’s UGB. The City also would first have to consider and evaluate strategies for using land within the existing boundary more efficiently. Because the City is unlikely to be able to justify the need for a UGB expansion within the implementation period of the HPS, it is likely not appropriate to include this as an HPS strategy. Given these findings, it is not appropriate to commit the City to expanding its UGB within the six-year HPS implementation period at this time.

- Considerations**
- The administrative and cost burdens associated with implementing this strategy are relatively high. It would be a long and expensive undertaking by the City (or consultants) to prepare the applications and supporting documents and work through the hearing process. Community support for adjusting the land in the UGB may be mixed.
 - While the HCA 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. This work would be done as part of the UGB coordination process with Metro and would fall outside of implementation of the HPS.

- Anticipated Impact**
- **Population served:** All populations
 - **Income level:** 0 to 120%+ AMI
 - **Benefits and Burdens:** N/A
 - **Housing tenure:** For rent or sale
 - **Magnitude:** Large – A UGB expansion or amendment would substantially increase the supply of residential land that is available to the City.

Time Frame **Implementation:** Long Term

	Impact: Long Term
Implementation Actions	<p>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:</p> <ul style="list-style-type: none"> • 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’s 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.
Lead & Partners	<p>Lead: West Linn Community Development</p> <p>Partners: Property owners, Metro, Clackamas County, Oregon Department of Land Conservation and Development (DLCD)</p>

Promote ADUs (A05)

Description **The project team does not recommend this strategy at this time. Based on PWG input, promoting ADUs is a lower priority than other proposed strategies. In addition, some of the other recommended strategies will help reduce barriers to ADUs, such as SDC updates for ADUs.*

ADUs are smaller, ancillary dwelling units located on the same lot as a primary residence. They are typically complete dwellings with their own kitchen, bathroom and sleeping area.

ADUs are a viable housing option with several benefits:

- ADUs offer flexibility for homeowners to either rent the unit or to host a family member.
- 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 small detached unit rather than an apartment or other attached housing.

This strategy involves adjusting standards for accessory dwelling units to allow more flexibility for their siting on single-family lots. In addition, the City also can encourage ADU development through reduced fees, exemptions from selected planning requirements, use of pre-approved site or building plans, or other measures.

Given that ADUs are usually built by individual homeowners with limited

experience or financial resources, code provisions can have a significant influence on the feasibility of their development and enable more widespread production (i.e., easing occupancy requirements, allowing more ADUs on a lot, and expanding maximum size requirements).

More flexibility in siting, design, construction, and lower fees are also needed to achieve feasibility in many cases.

The City already allows ADUs in all of its residential zones. Standards for the size and siting of ADUs are generally consistent with state requirements and guidelines. Some additional development code amendments could provide additional flexibility to build ADUs, including the following:

- Allow more than one ADU on a lot if the second ADU is internal or attached to the primary dwelling.
- Allow ADUs with other housing types, such as middle housing.
- Reduce allowed rear yard setbacks for ADUs that are below a specific height.
- Reduce front yard setbacks for ADUs.
- Increase the allowed lot coverage for a lot with an ADU.

Considerations

- The City allows detached duplexes, triplexes, and quadplexes. Detached plexes are functionally the same as single-family detached houses, especially on larger lots. Therefore, the City should consider allowing ADUs on lots with these housing types.
- The City recently passed an Ordinance exempting ADUs from half-street improvements, which was identified as a primary barrier to their development.
- The City is considering other strategies that may help promote ADUs, including modifying SDC schedule and SDC exemptions or deferrals.
- The City may also consider other ADU strategies from the DLCD HPS List, including “Reduce or Exempt SDCs for ADUs” (C03) or “Pre-Approved Plan Sets for ADUs” (A21).

Anticipated Impact

- **Housing Need Addressed:** Rental and workforce housing.
- **Population served:** Low- to Moderate-income households, seniors, students, people of color, people with disabilities
- **Income level:** 80-120% AMI
- **Benefits and Burdens:** This strategy would be expected to primarily benefit low and moderate-income households, renters, and the local workforce by increasing the supply of smaller units that are available for rent. This may also benefit seniors who are looking to downsize or live near family. This strategy also benefits homeowners who are seeking a secondary source of income.
No burdens on priority populations are anticipated.
- **Housing tenure:** For rent

- **Magnitude:** Moderate – This strategy could significantly improve opportunities and flexibility for ADU development. However, implementation of this strategy is unlikely to result in a significant increase in housing production, as ADU development typically represents a small portion of overall housing production, regardless of how flexible or permissive land use regulations are.

Time Frame	N/A
Implementation Actions	<ul style="list-style-type: none"> • Determine which code amendments will remove barriers and improve opportunities for ADU development. • City Council action: Adopt code amendments.
Lead & Partners	<p>Lead: West Linn Community Development</p> <p>Partners: West Linn Planning Commission and City Council; Property owners</p>

Accessible Design (A23)

Description **The project team does not recommend this strategy at this time. Although an important issue, financial incentives for affordable housing and production of needed housing is a higher priority for the City at this time. In addition, accessible design is often a requirement for a certain percentage of units for development that is receiving federal or state subsidies for affordable housing.*

This strategy involves evaluating incentives or mandates to increase development of housing that is accessible for seniors and people with disabilities or mobility challenges.

Potential **incentives** could include:

- Bonuses for height, density, lot size, or floor area ratio (similar to Strategy 2.1).
- Tax abatements, e.g., MUPTE (see Strategy 2.4).

Potential **mandates** could include:

- **Requiring visitability in middle housing development—this would ensure that anyone using a wheelchair can visit the subject homes.** Visitability is most relevant for buildings with fewer than four units, townhouses, and detached homes that aren’t subject to ADA requirements.
- **Requiring housing that receives public funding to provide more accessible units or more universal design features than required under federal standards.** This could mean applying the standards to a higher percentage of units than would otherwise be required (above 5%) and/or requiring units to meet higher Universal Design or Lifelong Housing Certification standards.

- **Requiring elevators in some or all multi-story buildings.**¹¹ Requiring elevators in one or more multi-family buildings would provide access to all levels of that building. It would also make all units “covered” units under the Fair Housing Act, meaning all units would need to have baseline accessibility features.

Accessibility Standards. Eligible units (for either incentives or mandates) could be required to meet certain standards – which would go beyond minimum federal requirements or could target housing not subject to these requirements (e.g., single-family homes and middle housing).¹² Options include:

- **Universal Design** is a building concept that incorporates design layouts and characteristics into residences to make them usable by the greatest number of people and respond to the changing needs of the resident. Universal Design incorporates standards for features such as hallways, doorways, bathrooms, and kitchens that make these features usable for people with disabilities or adaptable for that purpose.¹³
- **Lifelong Housing Certification** is a program developed by the Rogue Valley Council of Governments (RVCOG) in partnership with AARP Oregon as a voluntary certification process for evaluating the accessibility and/or adaptability of homes. Residences can be certified at three levels based on the extent of their accessibility: (1) Visitable (basic accessibility for visitors); (2) Fully Accessible (accessible for a person in a wheelchair on the main floor); and (3) Enhanced Accessibility (customized for specific accessibility needs).¹⁴
- **Visitability** is a design approach for new housing that allows anyone who uses a wheelchair or other mobility device to visit the home. A visitable home typically includes:
 - A zero-step entrance;
 - Wide interior doors; and
 - An accessible half bathroom on the main floor.

Considerations

- This strategy would help address housing disparities for people with disabilities and provide more options for aging in place.
- Strategies to promote accessible housing received support from the Middle Housing Code Advisory Committee as part of the House Bill 2001 code updates.

¹¹ Oregon Structural Special Code Section 1104.4 requires at least one accessible route for multi-story buildings with over 3 levels, and Section 1104.5 includes elevator requirements.

<https://codes.iccsafe.org/content/ORSSC2022P2/chapter-11-accessibility>

¹² Multi-family developments are subject to the Fair Housing Act; for buildings with an elevator, all units must be accessible; for those without an elevator, all ground floor units must be accessible. Housing projects receiving public funding are subject to federal laws (Section 504 of the Rehabilitation Act of 1973 and/or Title II of the ADA), which require 5% of units to be mobility-accessible. Source: Disability Law Handbook, Southwest ADA Center.

<http://www.southwestada.org/html/publications/dlh/housing.html>

¹³ Universal Design Standards, West Virginia Housing Development Fund. <https://tinyurl.com/yx63h792>

¹⁴ Lifelong Housing Program, RVCOG. <https://rvcog.org/home/sds-2/lifelong-housing-program/>

- Accessibility features can add to the cost of construction for a development, which can make affordable housing projects less financially feasible. Elevators, in particular, add significant cost to a project.
- While mandates may provide more accessible units, they could prevent some affordable housing projects from being developed.
- Incentives must be calibrated effectively to be attractive to both a nonprofit and for-profit developer. The benefit of using the incentive should outweigh the costs associated with implementing accessible design features.

Anticipated Impact

- **Housing Need Addressed:** Housing for people with physical disabilities and mobility challenges. The HCA indicates that an estimated 8.4% of the population of West Linn, or 2,268 people, report having some form of disability. However, the number of people that would benefit from physical accessibility in housing – especially amongst the senior population – likely exceeds these numbers. Seniors make up about 18.4% of West Linn’s population.
- **Population served:** Seniors; people with disabilities
- **Income level:** All income levels
- **Benefits and Burdens:** This strategy is anticipated to benefit seniors and people with disabilities by increasing the stock of accessible housing units in the city. However, a potential trade-off of *mandating* accessibility features—especially for subsidized housing—is that it would reduce the total number of units that could be provided in a building (because bathrooms and other areas would need to be larger). While this may provide more accessible units, it could make some affordable housing projects less feasible. This could be a potential burden on low-income households by limiting the opportunity for production of housing they can afford. Incentive-based strategies would not carry the same burden. This will be an important consideration for implementation.
- **Housing tenure:** For rent or sale
- **Magnitude:** Moderate – Depending on how the strategy is structured, it could lead to production of a significant number of new units with accessibility features. However, the strategy could also have the effect of deterring housing production if requirements are too onerous. To improve feasibility, requirements may be applied to some but not all of the units in new multi-family development. New elevator requirements may significantly deter new development, due to high cost.

Time Frame N/A

Implementation Actions

- **Code bonus.**
 - Evaluate a potential new height/FAR bonus with input from housing stakeholders.
 - Consider whether a bonus should apply in all zones or only certain zones.
 - A potential accessibility bonus should be carefully considered in conjunction with any other potential bonus provisions (see Strategy 2.5).
 - Implement via CDC updates.

- **Code requirement.**
 - Evaluate potential new accessibility requirements, working closely with non-profit and market-rate housing developers to understand how their projects might be impacted.
 - Conduct a pro forma analysis to evaluate potential impacts to project costs.
 - Implement via CDC updates.
- **Financial incentive.**
 - Evaluate an incentive program (e.g., MUPTE, Strategy 2.2) to increase the number of dwelling units designed accessibly.
 - Work with developers to gather feedback on program parameters and interest.
 - Implement incentive program through Council action.

Lead & Partners **Lead:** West Linn Community Development
Partners: Home Building Association of Greater Portland; Fair Housing Council of Oregon; AARP; Rogue Valley COG; non-profit and for-profit housing developers.

Financial Assistance and Homebuyer Education Programs

Description **The project team does not recommend this strategy at this time. This strategy may be addressed by non-profits who operate locally and regionally and it may also be partially accomplished through implementation of the “Fair Housing Education, Referral, and other Programs” strategy.*

Rental assistance program can help eligible low-income households with their past due rent and protect them from eviction risk. On the other hand, city can promote stable homeownership opportunities with a range of tools such as foreclosure prevention guidance, down payment assistance loans, Homebuyer Opportunity Limited Tax Exemption, etc. City can also provide services to help homeowners or fund community organizations to help homeowners repair and retain their homes.

A homebuyer education program helps homebuyers have a better understanding of what’s involved in the home-buying process, what is needed from the borrower to be approved for a mortgage loan, the benefits / challenges of homeownership, and mortgage and lending terms, etc.

- Considerations**
- These types of programs require relatively significant administrative time and resource to efficiently reach out to potential homebuyers and tenants in the area and to administer the programs themselves.
 - 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.
Anticipated Impact	<ul style="list-style-type: none"> • Population served: Low- and Moderate-income levels • Income level: 30% to 120% AMI <p>Benefits and Burdens: Low-income households, People Experiencing Homelessness, Seniors, Students, People of Color, People with Disabilities No burdens on priority populations are anticipated.</p> <ul style="list-style-type: none"> • Housing tenure: For rent or sale • Magnitude: Low – while this strategy may help residents retain or secure housing, it will have little to no impact on housing production. However, helping residents maintain current housing prevents emergencies such as homelessness and evictions which can exacerbate housing conditions in the community.
Time Frame	N/A
Implementation Actions	<ul style="list-style-type: none"> • Explore which programs are most appropriate for the City to promote. • Study/analyze financial feasibility for the City to create a financial assistance program. • Establish and maintain relationships with regional organizations that offer housing assistance and education programming. • Potentially provide on-going financial support through rental assistance, homeownership grants/loans, and/or an annual funding set-aside.
Lead & Partners	<p>Lead: West Linn Community Development</p> <p>Partners: Portland Housing Center, Oregon Housing and Community Services, Fair Housing Council of Oregon, Clackamas County</p>

Expedited Development Review (B03 & B06)

Description	<p><i>The project team does not recommend this strategy at this time. Development review timelines and processes were not identified as a major barrier to affordable housing developers who work in the region and implementation of this strategy therefore is a lower priority. In addition, certain aspects of this strategy are already being implemented via state statute (Middle Housing Land Divisions and Expedited Land Divisions).</i></p> <p>Reduce review and processing times for affordable housing development by formally adopting shortened review timelines for applications or giving priority in scheduling hearings and meetings with staff. <i>(Strategy already partially implemented via SB 458 implementation)</i></p> <p>Expedited permitting will help to reduce costs of development of needed housing as identified. The City may consider projects with direct or indirect funding from local government as essential and projects with long term affordability covenants through tax abatement or inclusionary requirements as</p>
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high priority and/or only expedite housing according to the identified needed housing types. The City might also consider assigning a staff person to shepherd projects through the land use and/or building permitting processes in order to expedite the permitting process. However, given the limited size of the City’s staff, this may not be a practical approach.

Considerations

- Creating an expedited review process for affordable and high need housing development has Low legal risk and relatively low cost burden. The administrative burden would be moderate, due in part to the need for focused resources to quickly review applications as they come in. Other entities involved in permitting (i.e., building, utilities, roads) either by jurisdiction or contract would need to agree and have capability of expedited review. Community support for this strategy may be high as permitting often is seen as a barrier to development.
- Several stakeholders and developers have indicated the City’s development review process is unclear. Lack of clarity in the development review process will likely increase review times, increase overall development costs, and may ultimately deter housing production under certain circumstances.
- Stakeholders indicated that communities that are successful in attracting affordable housing development often have staff and resources that are dedicated to shepherding affordable housing projects from beginning to end.

Anticipated Impact

- **Housing need addressed:** Multifamily housing, middle housing, affordable and workforce housing.
- **Population served:** Low-income households, People Experiencing Homelessness, Seniors, Students, People of Color, People with Disabilities
- **Income level:** 0 to 120+% AMI
- **Benefits and Burdens:** Expedited development review for affordable housing will directly benefit priority populations by improving opportunities for housing production that is affordable to low- and very-low income households. Expedited development review for other needed housing types, such as ADUs, middle housing, or multifamily housing, will primarily benefit renters, workforce, and individual property owners. This strategy will not burden any other demographic.
- **Housing tenure:** For sale or rent
- **Magnitude:** Moderate – This strategy may be low- to moderate-impact in incentivizing housing production. It may encourage affordable housing development by reducing overall costs as well as signaling to regional housing partners that West Linn is offering incentives for affordable housing. It would also decrease development costs for other types of housing.

Time Frame

Implementation: Medium Term
Impact: Long term

Implementation Actions

- Work with Planning Commission, City Council, and other review agencies to determine appropriate review timelines for needed housing types.

- City Council action: adopt code amendments that set new criteria for submittal requirements and review/approval timelines for affordable housing and other needed housing types.

Lead & Partners **Lead:** West Linn Community Development
Partners: Other City Departments