



**Housing Production Strategy Working Group Meeting 4  
Draft Meeting Notes for February 11, 2025**

**Members:** Kevin Bonnington (City Council), Tom Watton (Planning Commission), Gloria LaFleur (Housing Authority of Clackamas County), John Miller (Fair Housing Council of Oregon), Darren Gusdorf (Icon Construction), Karen Saxe (DevNW), Preston Korst (Home Builders Assoc.),

**Members Absent:** Bayley Boggess (Community-at-Large), Nora Cronin (DevNW), Erin Maxey (Habitat for Humanity)

**Project Team:** Darren Wyss (Planning Manager), Lynn Schroder (Mngt. Analyst), Matt Hastie (MIG), Brandon Crawford (MIG), Kelly Reid (DLCD)

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

**Project Status and Timeline**

Matt Hastie provided updates on the project status and timeline, discussing the completion of the Public Review Draft HPS, appendices, and the stakeholder survey.

**Strategy Discussion**

Brandon Crawford discussed the changes that were made to the HPS strategies since the last time the PWG met. The changes are summarized in the table below:

Strategy #	Strategy	Change
3	Update SDCs	<ul style="list-style-type: none"> <li>Consider SDC reductions/deferrals for accessibility features</li> <li>Additional context re: funding/revenue, capital improvements, and taxing districts</li> </ul>
4	Tax Increment Financing	Addresses Riverfront TIF plan
8	Low Income Rental Housing Tax Exemption	Added info regarding applicability and taxing districts
10	Construction Excise Tax (CET)	Clarify flexibility for applicability and exemptions

Brandon also summarized strategy implementation with a specific focus on the implementation timeframe. He also summarized the PWG/Stakeholder survey input, noting that respondents generally supported most strategies and their implementation recommendations. Most of the responses focused on additional SDC Update recommendations, and participants expressed mixed support for CET. Those opposed to CET suggested the strategy would negatively impact all housing production, whereas supporters shared examples of

successful implementation in other Oregon cities and noted that CET can be an important strategy for helping to leverage funding from other sources.

Brandon briefly shared CET examples from other cities and an estimated annual revenue if CET were adopted by West Linn. The CET examples included recent affordable housing developments in Corvallis and Milwaukie.

Comments and questions:

- One PWG member noted that residential developers are generally opposed to CET on principle. He stated that this strategy will act as a disincentive to build housing in West Linn and incentivize developers to build in other communities. It might also not be accurate to suggest that \$400k in CET revenue helped to leverage all the other funding sources that were cited in the presentation (e.g., Metro bonds, LIFT grants, etc.). Metro also has CET program, and the City could explore whether some portion of Metro's CET revenue can be allocated to support affordable housing in West Linn.
- Another PWG member supports all the HPS strategies except for CET. He noted that development costs are currently very high and profit margins are at an all-time low for all types of housing products. The burden of a CET would be borne by the developers, which they cannot afford when combined with all the other costs associated with the housing development process. If West Linn does adopt a CET program, then the City should work with the state to explore financial incentives or exemptions for developers paying into a CET program to help offset losses, such as a tax credit.
- One PWG member doesn't fully oppose CET but shares some of the same concerns that were raised by the other PWG members who are opposed to this strategy.
- Another PWG member noted that CETs are a critical tool for supporting affordable housing production in the cities where this strategy has been adopted. Affordable housing developers also face many of the same high-costs and challenges as market-rate developers in the communities with CET, but they still manage to make projects pencil. This strategy can be effective when it is bundled with the other HPS strategies that are recommended and the total set of strategies should be considered as an integrated package of tools.
- One PWG member expressed support for the HOLTE strategy, noting that it is one of the most effective tools to incentivize builders without adding costs to the City. He applauded the City and group for including it in the HPS.
- Matt asked the PWG if they support all the other HPS strategies aside from CET. The group unanimously supports all the other HPS strategies.
- Matt asked each PWG member to share whether they support CET with a thumbs up (support) or thumbs down (oppose).
  - Support: 3
  - Oppose: 3
  - Abstain: 3 (or 2?)
- Matt suggested that the team will keep the CET strategy in the current draft of the HPS and share the comments/concerns that were raised for CET at the upcoming Planning Commission-City Council work session.
- The project team will follow up with the PWG with the exact dates for work sessions and adoption hearing.
- A PWG member said he is excited for the HPS strategies to support the new TIF districts the City is currently exploring.

## Next Steps

Matt Hastie briefly discussed the next steps, including the following:

- Joint Planning Commission-City Council Work Session – February 19
- Planning Commission Work Session – March 5
- City Council Work Session – tentatively March or April
- Finalize HPS based on Planning Commission, City Council, and DLCD input – April/May
- HPS adoption – May/June

## Public Comment

None.



# West Linn Housing Production Strategy

PROJECT WORK GROUP MEETING #4

FEBRUARY 11, 2025

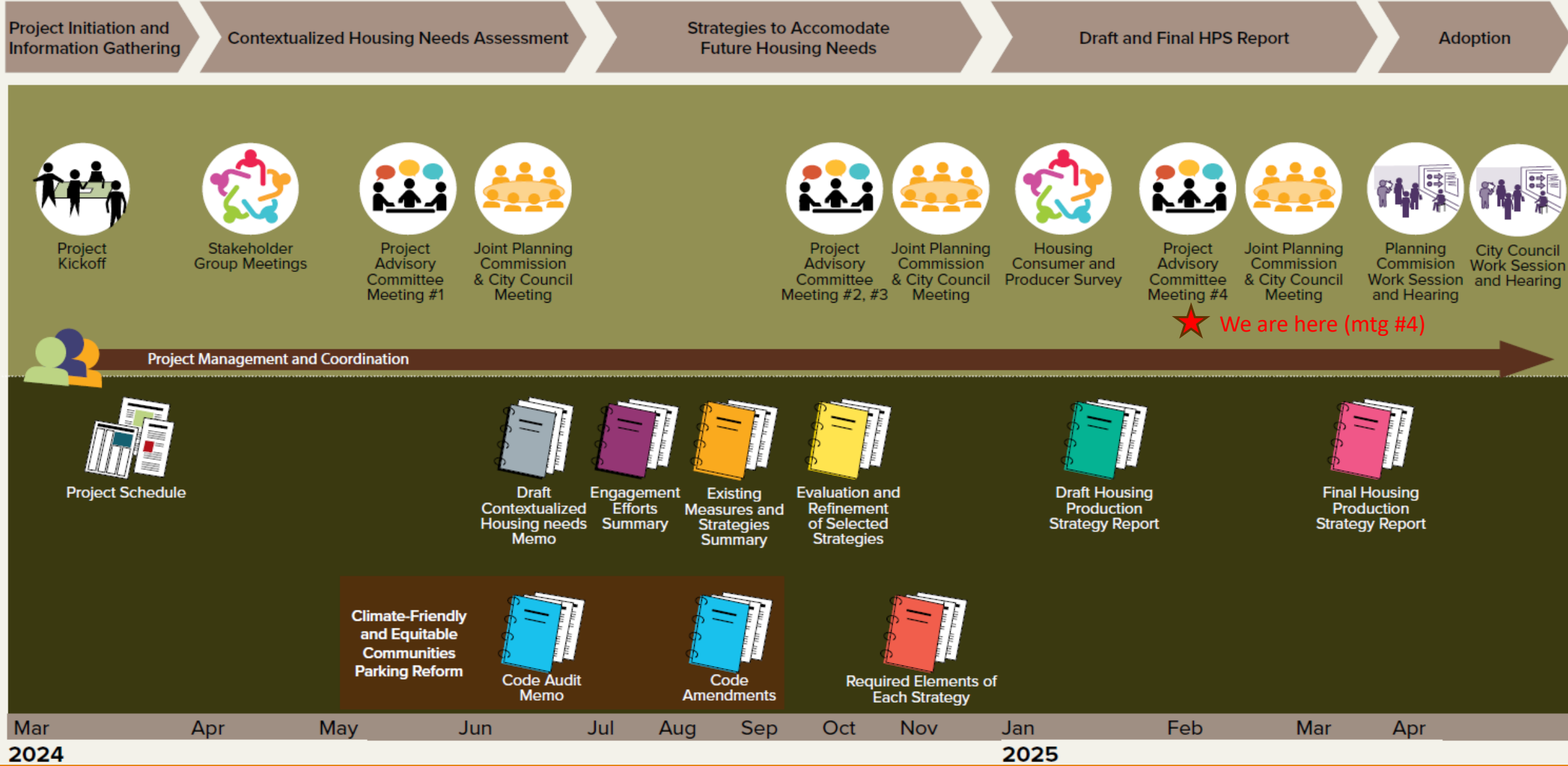
10:30 AM – 12:00 PM

# Agenda

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1. Project Status and Timeline
2. Strategy Evaluation and Discussion
  1. Changes to Strategies
  2. Strategy Implementation Summary
  3. Summary of Survey Responses
  4. CET Case Studies
  5. Group Consensus/Recommendations for Final HPS
3. Next Steps

# West Linn Housing Production Strategy Process and Schedule



# HPS Status

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- HPS Public Review Draft (published on city website January 17)
  - Summarizes housing needs and HPS community engagement
  - Identifies more refined strategy implementation timelines and effort
  - Evaluation of fair and equitable housing outcomes
  - Summarizes HPS monitoring and outcomes
- “Not Recommended” strategies moved to “Future Strategies to Consider” (Appendix B)
- CET and Tax Abatement memo (Appendix C)
- HPS Stakeholder Survey – gather detailed input on strategy implementation from work group and project stakeholders

# Strategy Discussion



# Changes to Strategies

Strategy #	Strategy	Change
3	Update SDCs	<ul style="list-style-type: none"> <li>• Consider SDC reductions/deferrals for accessibility features</li> <li>• Additional context re: funding/revenue, capital improvements, and taxing districts</li> </ul>
4	Tax Increment Financing	Addresses Riverfront TIF plan
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# Strategy Implementation Summary

		IMPLEMENTATION TIME FRAME			
	Strategy	Begin	Complete	Cost	Effort
<b>Housing Options and Choices Strategies</b>					
1.	Rezone Land	2025	2027	\$\$	● ● ●
2.	Small Dwelling Unit Development	2025	2027	\$\$	● ● ○
3.	Update SDCs	2026	2030	\$\$\$	● ● ●
4.	Multiple Unit Property Tax Exemption (MUPTEx)	2028	2029	\$\$	● ● ○
<b>Affordable Housing Strategies</b>					
5.	Tax Increment Financing (TIF) for Affordable Housing	2026	2030	\$\$\$\$	● ● ●
6.	Surplus Land, Land Acquisition, and Banking for Affordable Housing	2025	2026	\$\$\$\$	● ● ●
7.	Public-Private Partnerships (PPP) for Affordable Housing	2026	2031	\$\$	● ● ●
8.	Low Income Rental Housing Tax Exemptions	2025	2026	\$\$	● ● ○
9.	Zoning Incentives for Workforce and Affordable Housing	2025	2027	\$\$	● ● ○
10.	Construction Excise Tax (CET)	2026	2028	\$\$\$\$	● ● ●
<b>Equitable Housing Opportunities</b>					
11.	Homebuyer Opportunity Limited Tax Exemption	2025	2026	\$\$\$	● ● ○
12.	Fair Housing Education, Referral, and Other Services	2026	Ongoing	\$	● ● ○

# PWG/Stakeholder Survey Summary

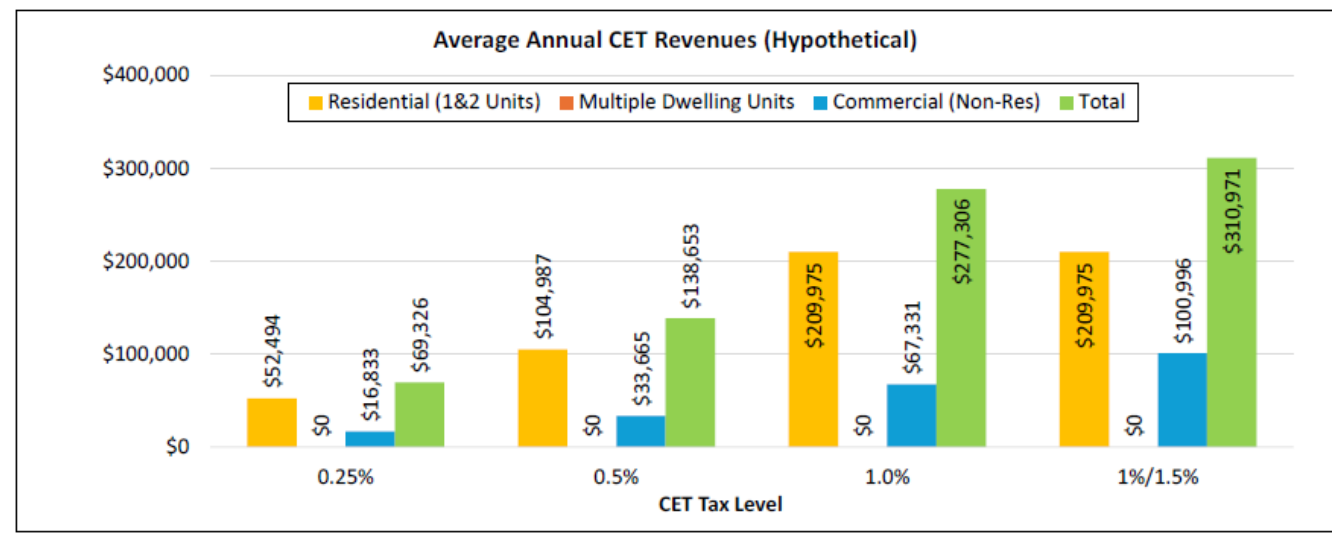
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- General agreement and support for most strategies and strategy implementation
- Key comments and suggestions:
  - Avoid lot coverage/FAR to limit home sizes for small homes
  - Strong support for updating SDCs, including:
    - Charge by square foot
    - Defer until Certificate of Occupancy
    - Remove SDCs for ADUs and affordable housing
  - Mixed support for CET – some opposition and some support
  - Consider Moderate-Income Revolving Loan fund as a Public-Private Partnership tool

# CET Examples and Estimated Revenue

*OR Cities that have adopted CET*

	Residential	Commercial	Adoption
Bend	0.33%	0.33%	2006
Corvallis	1%	1.5%	2016
Eugene	0.5%	0.5%	2019
Grants Pass	0.5%	1%	2021
McMinnville	1%	1%	2022
Medford	0.33%	0.33%	2018
Milwaukie	1%	1%	2017
Newburg	1%	1%	2020
Newport	1%	1%	2017



# CET Case Studies

## *Rivergreen Apartments, Corvallis*

**Description:** 60-units, 60% AMI, 5.5 acre site

**Cost:** \$22.6 million

**Incentives:** CET funds \$400k leveraged \$6.4 million in LIFT funds and \$6 million in LIHTC



## *Hillside Park Redevelopment, Milwaukie*

**Description:** 275 units, 30-80% AMI,

**Cost:** \$147.6 million

**Incentives:** CET funds helped leverage \$40 million of Metro Regional Affordable Housing Bonds along with funding from LIFT and LIHTC



# Next Steps

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- PC Work session – 3/5
- CC Work session – March/April
- Finalize HPS – March/April
- Adoption – April/May