

## Memorandum

Date: February 5, 2025

To: Housing Production Strategy Project Working Group

From: Darren Wyss, Planning Manager

Subject: Meeting #4 – February 11, 2025

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Thanks again on volunteering your time to participate on the working group. This memo is intended to provide background information on the Meeting #4 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 was held on November 13, 2024 and a link to the [meeting materials is found here](#). Meeting #4 (the last scheduled meeting of the group) 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](mailto: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

### Approve Meeting #3 Summary Notes (Agenda Item 2)

The following items are included in the packet:

1. West Linn HPS Working Group Meeting #3 Summary Notes

### Project Status (Agenda Item 3)

Meeting #4 is the last scheduled meeting of the Working Group. The goal is to find consensus on a Final Housing Production Strategy to recommend bringing forward into the adoption process. The Planning Commission and City Council have a joint meeting on February 18<sup>th</sup> to discuss the final draft. Any final changes by the Working Group, PC, and CC will be incorporated. The PC will then hold a work session and public hearing, followed by a CC work session and public hearing to adopt the West Linn Housing Production Strategy. The document must be adopted by June 30, 2025.

Strategy Evaluation and Discussion (Agenda Item 4)

The consultant team will provide a summary of stakeholder survey responses, address changes to recommended strategies from the November meeting, and lead a discussion on the final list of recommended strategies and move towards group consensus on a recommendation.

The following items are included in the packet:

1. [West Linn Housing Production Strategy \(Public Review Draft\) – January 2025](#)
2. [Appendix A – Contextualized Housing Needs Assessment](#)
3. [Appendix B – Future Strategies to Consider](#)
4. [Appendix C – CET and Tax Abatements Background](#)

If you have questions about Meeting #4 or materials, please feel free to email or call me at [dwyss@westlinnoregon.gov](mailto:dwyss@westlinnoregon.gov) or 503-742-6064. As always, please submit questions before the meeting to increase the efficiency and effectiveness of the discussion as it allows staff to prepare materials and distribute them for your consideration. Thank you and hope to see everyone on the 13<sup>th</sup>.

# **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.

## **Agenda Item #2 Materials**



**Housing Production Strategy Working Group Meeting 3  
Meeting Notes for November 13, 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), Darren Gusdorf (Icon Construction), Michelle Goldberg (NA Presidents), Karen Saxe (DevNW), Preston Korst (Home Builders Assoc.),

**Members Absent:** Bayley Boggess (Community-at-Large), Nora Cronin

**Project Team:** Darren Wyss (Planning Manager), Lynn Schroder (Mngt. Analyst), Matt Hastie (MIG), Brandon Crawford (MIG), Brendan Buckley (Johnson Economics), 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 work that has been to date and what the team has completed since the last Working Group meeting.

**Summary of Strategies.**

Matt Hastie 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:

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

## Strategy Evaluation and Discussion.

### NOT Recommended Strategies

- *UGB Amendments and Planning*
- *Promote ADUs*
- *Expedited Development Review*
- *Accessible Design*
- *Financial Assistance and Homebuyers Education Program*

### Comments and questions:

- One member mentioned the potential staffing issues for implementing “Accessible Design” and was curious if the staffing issue extends to SDC updates. Could SDC reductions apply to accessibility improvements or features?
  - Accessible design is specific to code updates, which can be a big effort for city staff to undertake within the HPS planning timeline in addition to the other strategies.
  - The city should take caution that most accessible units that are supported by federal funding will likely be in multifamily development, which could exacerbate segregation of types of accessible housing between apartments and single-family homes.
  - The project team noted that the City could potentially explore opportunities to provide SDC credits or reductions for housing that goes above and beyond state or federal accessibility requirements as part of the SDC update strategy. The team will discuss that further as they refine the strategies and prepare the draft HPS report.
- For UGB planning, even though the West Linn HCA shows enough buildable land, taking a regional approach is important. The City and Council can play a pivotal role in coordinating with the County and the other cities that are party to the three-City IGA for the Stafford Triangle to continue to move forward with concept planning in that area even if West Linn doesn’t want to expand at this time it would allow the other cities to begin the planning process. This would



signal to the development community that the City is thinking about its place in the region and not just within the city limits.

- The city will continue to be part of discussions for UGB expansion and coordination in the region. The Stafford area has a role in the regional housing efforts and the city will continue discussions with Lake Oswego and Tualatin on the three-City IGA and how/when any concept planning moves forward.
- A UGB expansion would be politically difficult. Councilor Bonnington indicated a willingness to discuss with Council and advocate for working with the IGA parties to discuss concept planning, including in the Stafford Triangle area.

***PWG supports removal of selected strategies.***

- One member supported removal of the selected strategies with the modification for UGB planning. Although UGB planning will be moved to the “Not Recommended” category, the HPS should emphasize that the City will continue as an active participant in the regional coordination and planning for UGB expansion in areas adjacent to West Linn, even if West Linn is not the epicenter of development.

### Zoning and Land Use Strategies

- *Rezone Land*
- *Small Dwelling Development*
- *Zoning Incentives for Affordable and Workforce Housing*

Comments and questions: None

***PWG supports Zoning and Land Use strategies.***

### Financial Incentives and Education

- *SDC Updates*
- *Fair Housing Education, Referral, and Other Services*

Comments and questions:

- One member mentioned that they agree with deferring SDCs for affordable housing but they disagree with updating the SDC schedule. Updating the SDC schedule will increase SDCs for more expensive and larger housing products or other housing which is not subject to a reduction in SDCs.
- Another member agreed with that comment and suggested that SDCs should be deferred for all housing types, regardless of size or cost. They also suggested that SDCs should be deferred until certificate of occupancy, and they noted that other cities are successfully deferring SDCs. They suggested that the City consider this as a short-term action.
- The City struggles with generating revenue, so there may be reluctance to reduce SDCs. But the City should explore SDC reductions nonetheless.

- SDCs are high in West Linn because of low property taxes. Due to state laws, the City is barred from increasing property tax rates, and SDCs help the City recoup lost revenue from low property taxes.
- The City has a very high parks SDC, and an SDC schedule modification could be used in part to reconsider the types of projects the City should collect SDCs on.
- SDC reductions should include accessibility incentives.

**All PWG members support the Fair Housing Strategy and most PWG members support the SDC Updates strategy.**

- A few members support the SDC updates with modifications – see comments above.

### Financial Resources

- *Tax Increment Financing (TIF)*
- *Construction Excise Tax (CET)*

#### Comments and questions:

- A couple of members are opposed to CET, noting that Metro already has a CET and that this strategy adds to construction costs.
- CET can be re-invested back in the community for down payment assistance.
- Residents should also be aware of the Moderate-Income Loan Revolving Fund.

**Most PWG members support Financial Resource strategies.**

### Land Acquisition and Partnerships

- *Surplus Land, Acquisition, and Banking*
- *Public Private Partnerships*

#### Comments and questions: None

**PWG supports Land Acquisition and Partnerships strategies.**

### Tax Abatements and Exemptions

- *Low Income Rental Housing Tax Exemption*
- *Multiple Unit Property Tax Exemption (MUPTTE)*
- *Homebuyer Opportunity Limited Tax Exemption (HOLTE)*

#### Comments and questions: None

**PWG supports Land Acquisition and Partnerships strategies.**

### Complete Package of Recommended Strategies

- Does the project team see these strategies working in tandem with the Vision43 or Waterfront projects?

- Yes, the team anticipates that some of these strategies will be used or targeted for these areas. It usually takes a few years for development to catch up with these types of planning projects.
- If a strategy is included in the HPS, is the City obligated to implement the strategy or just consider the strategy?
  - Once adopted, it goes to DLCD for review. If anything changes that prevents implementation the City would be expected to determine whether other strategies in the HPS are adequate to address the same types of housing needs. If other existing strategies in the HPS are not adequate to address that need, the City may need to look at including other strategies in the HPS to address the need. There is a mid-point check-in to evaluate how implementation is going and whether the City needs to change course on any strategies.
  - The HPS is a commitment to taking actions to address the housing needs identified in its Housing Capacity Analysis. However, it may be modified based on changing circumstances.
- Can City Council select which strategies to adopt and remove others, or does the HPS need to be adopted as a complete package?
  - The project team will be meeting with City Council and Planning commission to brief them and get their input before adoption, so ideally would have council support for complete HPS at time of adoption. But Council ultimately has the decision authority on what does and doesn't move forward and they are able to modify the HPS as part of the adoption process.

***PWG generally supports the complete package of strategies with the concerns and caveats described above for specific strategies.***

## Next Steps

Matt Hastie briefly discussed the next steps, including meeting with the City Council and Planning Commission to discuss the recommended strategies and brief them on the project on November 18. The project team will prepare a draft HPS over the next couple of months and meet with the PWG one more time to discuss the draft HPS in January or February. City staff will follow up with members of the PWG in the next few weeks to set a date for that meeting.

## Public Comment

None.

## **Agenda Item #4 Materials**

# HOUSING PRODUCTION STRATEGY

WEST LINN, OREGON

PUBLIC REVIEW DRAFT – JANUARY 2025



CITY OF

West Linn

CITY HALL & ADULT COMMUNITY CENTER

*Welcome To The*



CITY OF

West Linn

# Acknowledgements

## CITY COUNCIL

Mayor Rory Bialostosky  
Mary Baumgardner  
Leo Groner  
Carol Bryck  
Kevin Bonnington

## PLANNING COMMISSION

John Carr, Chair  
Joel Metlen, Vice Chair  
Gary Walvatne  
Tom Watton  
David D. Jones  
Kathryn Schulte-Hillen  
Jason Evans

## CITY STAFF

Darren Wyss, Planning Manager  
Lynn Schroder, Community Development  
Management Analyst

## PROJECT TEAM

Matt Hastie, MIG  
Brandon Crawford, MIG  
Sun-Gyo Lee, MIG  
Brendan Buckley, Johnson Economics

## PROJECT WORKGROUP

Kevin Bonnington (City Council)  
Tom Watton (Planning Commission)  
Michelle Goldberg (Neighborhood Associations President)  
Gloria LaFleur (Housing Authority of Clackamas County)  
Samuel Goldberg (Fair Housing Council of Oregon)  
Erin Maxey (Habitat for Humanity)  
Karen Saxe (DevNW)  
Darren Gusdorf (Icon Construction)  
Preston Korst (Home Builders Association Portland Metro)  
Bayley Boggess (Community-at-Large)

## PROJECT STAKEHOLDER ADVISORS

Devin Ellin (Housing Authority of Clackamas County)  
Carol White (West Linn Alliance)  
JJ Portlock (Local Developer)  
Matt Ortiz (Local Real Estate Agent/Developer)  
Jim Edwards (Retired Developer)  
Patrick McLaughlin (Metro)

## DEPARTMENT OF LAND CONSERVATION AND DEVELOPMENT

Mari Valencia-Aguilar  
Kelly Reid

# Table of Contents

<b>Executive Summary</b> .....	<b>1</b>
<b>Project Overview</b> .....	<b>3</b>
Purpose and Background .....	3
West Linn’s Housing Needs .....	3
Engagement Summary .....	5
<b>Strategies and Actions</b> .....	<b>7</b>
Summary of Strategies and Implementation .....	9
Implementation Timeline.....	10
Housing Options and Choices Strategies.....	10
Affordable Housing Strategies.....	19
Equitable Housing Opportunities .....	35
<b>Achieving Fair and Equitable Housing Outcomes</b> .....	<b>38</b>
Affordable Homeownership and Affordable Rental Housing.....	39
Gentrification, Displacement, and Housing Stability .....	40
Housing Choice.....	40
Location of Housing .....	41
Housing Options for Residents Experiencing Homelessness .....	41
Fair Housing .....	42
<b>Monitoring Progress and Outcomes</b> .....	<b>43</b>
Permitted/Constructed Housing Units.....	44
Economic and Demographic Data .....	44
Programs and Adoption Actions .....	44
Outreach and Community Input .....	45

## Appendices

- A. Contextualized Housing Needs Assessment
- B. Future Strategies to Consider
- C. Construction Excise Tax (CET) Memo

# EXECUTIVE SUMMARY

## Overview

Oregon Statewide Planning Goal 10 requires cities to plan for the housing needs of all community members. As a city within the Portland Metro area, West Linn must complete a Housing Capacity Analysis (HCA) every six years as well as a Housing Production Strategy (HPS) to implement specific actions that address the identified needs.

West Linn’s Housing Production Strategy outlines a range of strategies the City plans to implement to address housing needs within the community. The HPS prioritizes current and future housing needs identified in the HCA and outlines actionable policies, actions, and implementation steps to encourage the production of housing. These include things like changes to how the City zones land and regulates development of housing, financial incentives, funding sources, partnerships, and other tools and policies.

This HPS Report includes information about the City’s critical housing needs and summarizes public engagement activities that informed and shaped the housing strategies recommended for implementation. The document also summarizes how the HPS will help achieve fair and equitable housing outcomes for the community – especially for low-income households, communities of color, people with disabilities, and other state and federal protected classes. Lastly, this document describes how West Linn will monitor the implementation and progress of the strategies recommended in the HPS.





# Recommended Strategies and Actions

The strategies are organized by the primary housing need that they address. However, some strategies address housing needs across multiple categories.

<b>HOUSING OPTIONS AND CHOICE</b>	Enable and encourage production of housing that can meet a full range of household needs and preferences. This includes producing a wider variety of housing types and sizes, and housing to meet particular needs such as aging in place and accessibility.
<b>AFFORDABLE HOUSING</b>	Facilitate development of government-subsidized housing that meets the needs of low- and moderate-income households.
<b>EQUITABLE HOUSING OPPORTUNITIES</b>	Provide resources and support to help ensure equitable access to the housing opportunities that are available in West Linn.

More details about the implementation time frames and cost/effort estimates in the table below are provided in the **Strategies and Actions** section of this report.

Strategy	IMPLEMENTATION TIME FRAME			Cost	Effort
	Begin	Complete			
<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	\$\$\$\$	● ● ○	

# PROJECT OVERVIEW

## Purpose and Background

Oregon Statewide Planning Goal 10 requires cities to plan for the housing needs of all community members. As a city within the Portland Metro area, West Linn must complete a Housing Capacity Analysis (HCA) every six years as well as a Housing Production Strategy (HPS) to implement specific actions that address the identified needs.

The West Linn City Council adopted an updated HCA in 2023. The HCA looks at the community's 20-year housing needs and whether there is enough residential land in the city to meet those needs. Under Goal 10 and state statutes and administrative rules, the City is required to adopt measures that will increase the likelihood that development of needed housing will occur and to work towards addressing any deficiencies in land capacity necessary to meet its housing needs. As a Metro jurisdiction, West Linn is also part of a regional process that ensures there is a 20-year supply of land to accommodate future growth in the region.

The Housing Production Strategy outlines a range of strategies the City of West Linn plans to implement to address housing needs within the community. The HPS prioritizes current and future housing needs identified in the HCA and outlines actionable policies, actions, and implementation steps to encourage the production of needed housing. These include things like changes to how the City zones land and regulates development of housing, financial incentives, funding sources, partnerships, and other tools and policies.

The HPS process focuses on strategies related to the production of new housing, recognizing the significant shortfall of housing produced in Oregon during the last two decades. However, it also will be important for the City to work with its community partners to help conserve, maintain, and rehabilitate existing housing in West Linn, particularly where such housing also is affordable to people with low and moderate incomes.

## West Linn's Housing Needs

The project team used the findings from the HCA, as well as additional information from the Census, other data sources, and from stakeholders involved in housing production in the city, to put West Linn's housing needs into context with current demographic and development trends. Below are some key findings from the HCA and Contextualized Housing Needs Assessment (Appendix A).

## Current Housing Needs

**While West Linn is generally considered an affluent community, not all households are wealthy.** Approximately 40% of households in the city earn less than \$100k and nearly 20% of households earn less than \$50k per year.

**Homeownership costs have increased significantly in West Linn, consistent with national trends.** The median home sale price in West Linn has risen sharply in the last few years, increasing from \$585k in 2021 to \$790k in 2024.



**Nearly 20% of households earn less than \$50k per year**



**Nearly half of renters are cost burdened**

**Over half of the existing housing need in West Linn is for low- to extremely low-income households.** Approximately 30% of the units needed are for low-income households, 16% for very low-income households, and 9% for extremely low-income households.

**Nearly three-quarters of renter households in West Linn are cost burdened,** meaning they pay more than 30% of their income for housing. Approximately one-third of all households in West Linn, including renter and owner, are cost burdened.

## Future Housing Needs

**Based on the City's adopted HCA, West Linn will need approximately 1,000 new housing units over the next 20 years to meet projected demand.** Housing will need to be produced across the income spectrum to meet these needs. Future projections prepared as part of the Oregon Housing Needs Analysis (OHNA) process and Metro may indicate the need for even more units.



**1,000 new housing units needed**



**One-third of new housing will be needed by low-income households**

**A range of housing types are needed to meet the range of household sizes and incomes.** Approximately one-third of new needed homes are projected to be attached housing – this includes about 23% as middle housing units (townhomes and “plexes” with two to four units) and about 14% as multi-family housing (e.g., apartments).

**Approximately one-third of new housing units over the next 20 years will be needed by “low-income” households –** those earning at or below 80% of the area median income (AMI).

**The private market will not deliver housing that is needed by low-income households on its own.**

Housing that is affordable to those earning below 80% MFI typically requires government subsidy and partnerships with affordable housing providers.

## Key Housing Gaps

Based on the results of the HCA and input from key stakeholders involved in local housing production, the following housing types have been identified as key gaps in West Linn’s housing market. The HPS will work toward meeting these housing needs and filling these gaps.

- Affordable housing for low-income households.
- Greater housing choices within neighborhoods, including middle housing (e.g., townhomes, duplexes, cottage clusters).
- Homeownership opportunities for middle-income and low-income residents (e.g., small single-family homes, condos, and middle housing).
- Multi-family housing and housing in mixed-use developments.

## Engagement Summary

The City of West Linn is committed to reaching a broad range of community members to consider all perspectives related to housing within the city. The City values openness and transparency, recognizing that successful public engagement leads to better local decisions and outcomes.

The public engagement for the West Linn HPS allowed community members, stakeholders, and interested parties to share their perspectives and input. This project was developed through a collaborative process among the community, City staff and decisionmakers, stakeholders, and consultants to ensure that multiple points of view were considered and understood. These engagement efforts provided initial guidance related to a variety of housing strategies that were evaluated during the HPS process. Below is a summary of engagement activities and outcomes for the HPS.



**Housing Production Strategy Project Work Group (PWG).** This advisory group included a variety of housing stakeholders, producers, and consumers. This included realtors, local and regional home builders, affordable housing developers, and representatives of the City’s Planning Commission, City Council, neighborhood associations, Fair Housing Council of Oregon, and Clackamas County, among others.

The PWG met a total of four times and was instrumental in shaping the City’s approach to the HPS and the strategies ultimately selected. They reviewed materials created by the project team at each step of the process and provided important information and feedback. This was especially beneficial in informing decisions by the Planning Commission and City Council.



**Stakeholder Interviews.** The project team conducted interviews with a variety of key stakeholders involved with the provision of needed housing in West Linn. The interviews were conducted with 10 individuals, with a focus on the diverse housing needs, underrepresented communities, and affordable housing development.

The stakeholder input helped inform strategies included in the HPS. For example, stakeholder feedback on the demand for moderate income homeownership opportunities supported identification of the Small Dwelling Unit Development and Homebuyer Limited Opportunity Tax Exemption (HOLTE) strategies, among others. A major barrier that was raised by several stakeholders includes high SDC costs in

West Linn, which influenced identification and refinement of the Update SDCs strategy. Also, incentives and other strategies that support affordable housing development (tax abatements, CET, TIF funding, partnerships) were informed by these interviews.



**City Council and Planning Commission meeting and hearings.** The project team held joint work sessions with the City Council and Planning Commission at key points in the project. Adoption hearings with both bodies were held in spring 2025.

Planning Commission and City Council provided important direction to the project team at key points in the HPS development. Work sessions with both bodies were used to review, refine, and prioritize specific strategies included in the HPS. Each of these meetings provided opportunities for public comment as well. Ultimately, the Planning Commission and City Council provided direction on which strategies to include in the draft HPS and approved the final HPS via adoption hearings.



# STRATEGIES AND ACTIONS

The Housing Production Strategy identifies strategies and actions that the City of West Linn and community partners can take to promote housing development that meets the needs of the community. All strategies recommended in this report were supported by the HPS Project Working Group (PWG), City Council, and Planning Commission.

The strategies are organized by the primary housing need that they address. However, some strategies address housing needs across multiple categories.

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## HOUSING OPTIONS AND CHOICE

Enable and encourage production of housing that can meet a full range of household needs and preferences. This includes producing a wider variety of housing types and sizes, and housing to meet particular needs such as aging in place and accessibility.

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## AFFORDABLE HOUSING

Facilitate development of government-subsidized housing that meets the needs of low- and moderate-income households.

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## EQUITABLE HOUSING OPPORTUNITIES

Provide resources and support to help ensure equitable access to the housing opportunities that are available in West Linn.

The HPS report summarizes key information for each of the recommended strategies and identifies steps 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** What is the anticipated impact of the strategy? The following types of impacts are considered:

- **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:
  - **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 is intended to directly benefit a certain housing need and is likely to be most effective at meeting that need relative to other strategies.

**Time Frame Implementation:** When does the City expect the action to be adopted and implemented over the six (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.

**Impact:** Over what time period will the impact occur?

**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 Strategies and Implementation

The table below shows the time frames, relative cost, and level of effort associated with each strategy.

### Key

Cost		Effort	
\$\$\$\$	Minimal Investment	● ○ ○	Minimal Effort
\$\$\$\$	Moderate Investment	● ● ○	Moderate Effort
\$\$\$\$	Significant Investment	● ● ●	Significant Effort
\$\$\$\$	Major Investment		

Strategy	IMPLEMENTATION TIME FRAME		Cost	Effort
	Begin	Complete		
<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	\$\$\$\$	● ● ○

The HPS also includes discussion on a few additional strategies that were either addressed in the Housing Strategies Report for the HCA or were previously considered as a part of this HPS project. The project team and the Project Work Group does not recommend these strategies for inclusion in the HPS because they were identified as lower priority by project participants. 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. However, it is worth addressing these strategies for the City to potentially consider in the future or through a separate process. These strategies are summarized in Appendix B.



# Implementation Timeline

	2025	2026	2027	2028 (Midpoint)	2029	2030	2031
1. Rezone land							
2. Small dwelling unit development							
3. SDC updates		Exemption		Modify Schedule			
4. Multiple Unit Property Tax Exemption (MUPTE)							
5. TIF to support affordable housing							
6. Surplus Land, Land Acquisition, and Banking							
7. Public-private partnerships for affordable housing				Ongoing			
8. Low-income Rental Housing Tax Exemption							
9. Zoning incentives for workforce/affordable housing							
10. Construction Excise Tax (CET)							
11. Homebuyer Opportunity Limited Tax Exemption (HOLTE)							
12. Fair Housing education, referral, and other services				Ongoing			

\* Refer to the strategy descriptions for details about phasing.

## Housing Options and Choices Strategies

### 1. Rezone Land

**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.

**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: 2025 to 2027

**Adoption:**

- Areas associated with Vision43 and Waterfront Projects: 2026
- Other areas: 2027

**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.

## 2. Small Dwelling Unit Development

**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**
- The City allows detached duplexes, triplexes, and quadplexes. Local developers have utilized this allowance along with the City’s Middle Housing 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:** 2025 – 2027  
**Adoption:** 2027  
**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.

### 3. Update SDCs

**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.<sup>1</sup>

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

<sup>1</sup> City of West Linn Fee Schedule. <https://westlinnoregon.gov/finance/current-fee-schedule>

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.
- 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.
- The City may also consider SDC reductions or deferrals for housing that provides accessibility features that exceed the minimum state or federal accessibility requirements (where applicable).
- It is worth noting that SDCs are one of the key tools that the City uses to fund capital facilities improvements or expansion. This strategy should be carefully implemented to mitigate impacts to the revenue sources that SDCs fund.
- The City may review and update the capital improvements plans (CIPS) associated with its SDCs. If some existing CIP projects are found to no longer be needed and are eliminated from the CIP, this could reduce the SDC fee.
- SDC modification may also include reducing SDCs for certain taxing districts. The City would need to work with those districts to make adjustments to SDC rates.

### 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.

SDC reductions or deferrals for housing with accessibility features will directly benefit people with disabilities by increasing housing options in the community that meet their needs. SDC updates for accessibility features 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: 2026 - 2030

**Adoption:**

- Exempt for affordable housing and/or ADUs: 2027
- Modify SDC Schedule 2030



**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.

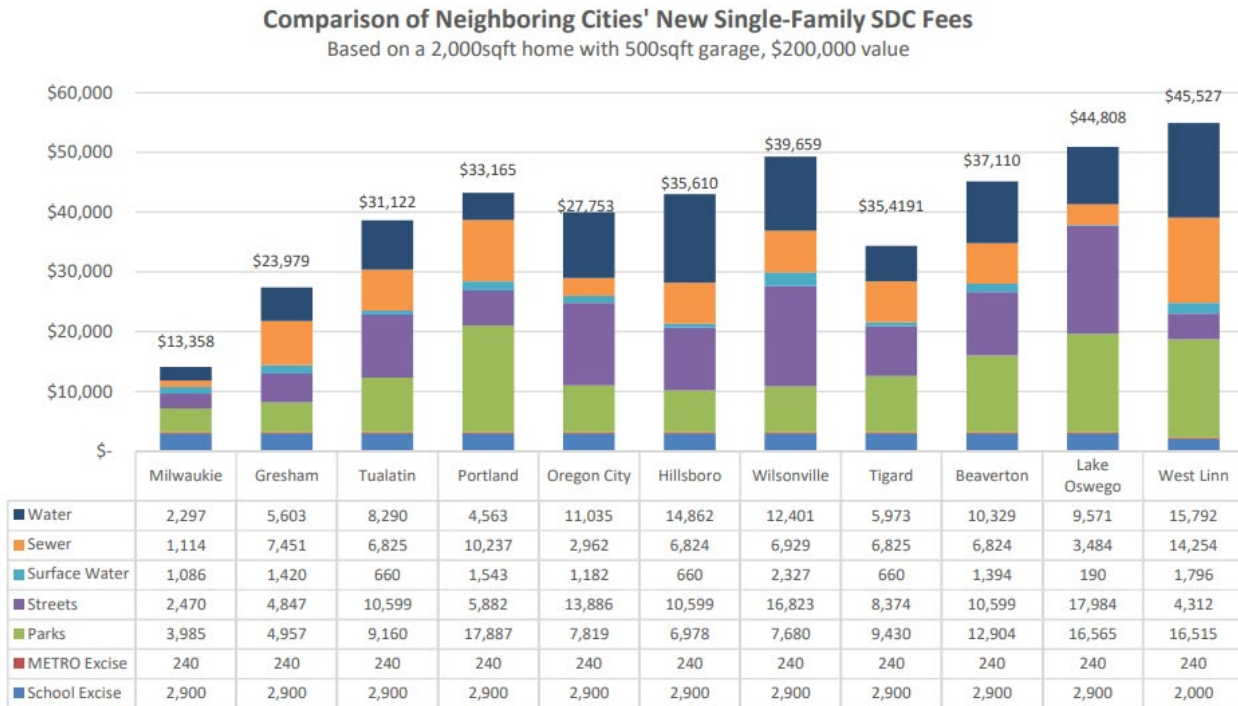
**Implementation Actions**

- 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\*



\*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.



## 4. Multiple Unit Property Tax Exemption (MUPTE)

**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.

MUPTE 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 MUPTE applies, unless including affordability as a criterion, in which case the whole city could be eligible.

(Authorized by ORS 307.600-637)

- Considerations**
- 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.

- 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:** 2028 – 2029  
**Adoption:** 2029  
**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 MUPTE to complement other abatement programs and address potentially unmet housing needs prior to adopting and implementing a MUPTE program.

## Affordable Housing Strategies

### 5. Tax Increment Financing (TIF) to support affordable housing development

**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.<sup>2</sup>

**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 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:** 2026 – 2030

**Adoption:** 2030

**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.

<sup>2</sup> Beaverton BURA Annual Report and Five-Year Action Plan, 2020. <https://www.beavertonoregon.gov/1017/The-Beaverton-Urban-Redevelopment-Agency>

- 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.
- Evaluate and update the Riverfront TIF plan to include funding for affordable housing projects.

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

**Partners:** Development stakeholders

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

## 6. Surplus Land, Land Acquisition, and Banking for Affordable Housing

### **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.<sup>3</sup> Cities are also required to allow affordable housing on any property that is zoned to allow religious assembly or zoned for public use.
- 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

<sup>3</sup> Senate Bill 8, 2021. <https://olis.oregonlegislature.gov/liz/2021R1/Downloads/MeasureDocument/SB8/Enrolled>

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:** 2028 – 2031  
**Adoption:** 2031  
**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

## 7. Public-Private Partnerships (PPP) for Affordable Housing

**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:** 2026 – ongoing  
**Adoption:** Ongoing  
**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).

## 8. Low Income Rental Housing Tax Exemptions

**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.

	<b>Nonprofit Low-Income Housing</b>	<b>Low-Income Rental Housing</b>
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.
- Tax abatements or exemptions would apply to city property taxes which only make up about 17% of a property tax bill. Other taxing entities would have to agree to the strategy for any property to be eligible for a complete tax abatement.

### 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:** 2025 – 2026

**Adoption:** 2026

**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**
- 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 (MUPTE) 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.

## 9. Zoning Incentives for Workforce and Affordable Housing

**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** **Implementation:** 2025 – 2027

**Adoption:** 2027

**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.

**Implementation  
Actions**

- 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**

**Lead:** West Linn Community Development

**Partners:** Affordable housing providers

## 10. Construction Excise Tax (CET)

**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 statute<sup>4</sup> 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.

<sup>4</sup> Oregon Revised Statutes 320.192-195.

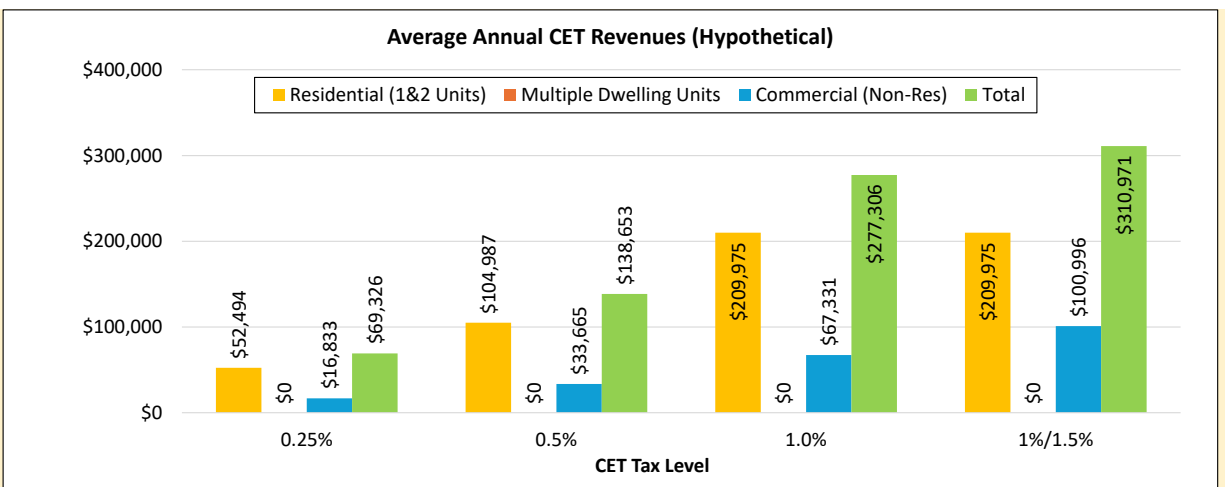
- 50% must be spent on developer incentives (e.g., permit fee and SDC reductions, tax abatements, or finance-based incentives).
- 35% may be used flexibly for affordable housing programs.
- 15% flows to Oregon Housing and Community Services (OHCS) for homeownership programs. OHCS’s policy is to spend the revenue in communities where it’s collected.
- **Commercial/industrial CET** has fewer restrictions on how revenues are spent:
  - 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.<sup>5</sup>

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.



<sup>5</sup> City of Eugene, Affordable Housing Trust Fund. <https://www.eugene-or.gov/4232/Affordable-Housing-Trust-Fund>



## 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.

**The City has flexibility for how to determine how to structure the CET in terms of what types or sizes of housing or other development is subject to CET. For example, the City can choose to exempt certain types of needed housing (e.g., multi-family housing, accessible housing, or small housing units) or exclude residential development altogether.** 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.<sup>6</sup>

- 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

<sup>6</sup> 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](https://library.qcode.us/lib/tigard_or/pub/municipal_code/item/title_3-chapter_3_90)



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 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:** 2026 – 2028

**Adoption:** 2028

**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.

# Equitable Housing Opportunities

## 11. Homebuyer Opportunity Limited Tax Exemption Program (HOLTE)

**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.<sup>7</sup>

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.
  - 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).

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

**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:** 2025 – 2026

**Adoption:** 2026

**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.

## 12. Fair Housing Education, Referral, and Other Services

**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:** 2026 – Ongoing  
**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**
- 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



# ACHIEVING FAIR AND EQUITABLE HOUSING

This section summarizes how the housing strategies detailed in this report will help achieve fair and equitable housing outcomes. As required by OAR 660-008, all the strategies have been evaluated for achieving the different outcomes identified below. In addition, the City of West Linn is already carrying out a range of housing measures that support fair and equitable outcomes, as summarized in the Contextualized Housing Needs Assessment (Appendix A). Those existing measures are also identified below.

## Affordable Homeownership and Affordable Rental Housing

Many of the strategies included in the HPS support production of affordable rental housing and the opportunity for wealth creation via homeownership, especially for low- and moderate-income households that have been disproportionately impacted by past housing policies. As described in the Contextualized Housing Needs Assessment (Appendix A), many racial and ethnic minorities statewide are less likely to own the homes they occupy – meaning that they tend to occupy rental units. These communities face systemic obstacles to home ownership, including lower generational wealth, less access to capital and financing, and a history of discrimination in lending and geography (e.g., redlining). The legacy of these barriers continues to hamper home ownership for many minority households. Prioritizing affordable home ownership can begin to address these patterns of exclusion. Also, by benefiting low-income households more broadly, these strategies are anticipated to benefit populations with lower median household incomes — including certain racial and ethnic groups.

Strategies that address these needs include:

4. *Multiple Unit Property Tax Exemption (MUPTE)*
5. *Tax Increment Financing (TIF) to support affordable housing*
6. *Surplus Land, Land Acquisition, and Affordable Housing*
7. *Public-private partnerships (PPP) for affordable housing*
8. *Low Income Rental Housing Tax Exemption*
9. *Zoning incentives for workforce and affordable housing*
10. *Construction Excise Tax (CET)*
11. *Homebuyer Limited Opportunity Tax Exemption (HOLTE)*

By implementing these affordable housing strategies, West Linn can work to ensure equitable outcomes for people with lower incomes. To further prioritize benefits for communities of color, the City can:



- ✓ Partner with culturally specific organizations or other organizations that often work with certain underserved or disadvantaged groups (e.g., faith-based organizations).
- ✓ Target programs to certain city areas with higher proportions of people of color (e.g., tax abatements within certain neighborhoods).
- ✓ Use equitable engagement strategies to reach diverse communities.

## Gentrification, Displacement, and Housing Stability

Many of the actions included in this HPS increase housing stability for residents and mitigate the impacts of gentrification and displacement. The strategies listed above promote the development of affordable rental and ownership housing and when targeted to areas that are experiencing – or may experience – gentrification, can help to counteract displacement. Specifically, each of the affordable housing strategies will help mitigate displacement pressure by increasing the supply of affordable housing units in the city.

Strategies that work toward improving availability of more affordable ownership opportunities, such as Strategy 2 *Small Dwelling Unit Development* and Strategy 11 *Homebuyer Opportunity Limited Tax Exemption (HOLTE)* can also help mitigate displacement.

It should be noted that some strategies have the potential to increase risks of displacement by enabling denser or more intensive development in existing residential areas, which could increase redevelopment pressures and in turn may drive up the value and cost of existing housing to some degree. This could include Strategy 1 *Rezone Land* and Strategy 5 *Tax Increment Financing*. These strategies can benefit lower-income populations by supporting development of affordable housing, or more attainable housing types, in areas of higher opportunity and access to services. However, as part of implementing strategies that rezone properties or increase allowed development intensity, the City will need to assess potential displacement risks and ensure that these strategies are paired with the anti-displacement strategies listed above, which should be specifically targeted at the residents affected by zoning or code changes or increased investments.

## Housing Choice

The following strategies will facilitate access to housing choice for communities of color, low-income communities, people with disabilities, and other state and federal protected classes:

1. *Rezone land* – Rezone non-residential areas to zoning designations that allow for a range of housing types, including multifamily housing.
2. *Small dwelling unit development* – Adopt Code amendments to allow for and encourage small single-family dwellings on small lots.
3. *Update SDCs* – Encourage smaller housing units by scaling SDCs by unit size.
4. *Multiple Unit Property Tax Exemption (MUPTE)* – Target tax abatements to encourage accessible units and/or moderate-cost units.

Existing measures:

- Increased code flexibility for accessory dwelling units and middle housing.

- Removed minimum parking requirements.
- Rezoned low density residential areas to high density to encourage development of new multifamily.

The strategies listed above that promote more attainable homeownership opportunities (smaller units, middle housing, condos) have the potential to benefit communities that have been disproportionately impacted by past housing policies, especially communities of color. These strategies encourage a broader range of housing choices that are more attainable for moderate-income households than typical single-detached housing.

## Location of Housing

The strategies listed below can encourage housing in compact, mixed-use neighborhoods, helping to reduce greenhouse gas emissions and increasing opportunities to live in neighborhoods near needed services and amenities.

1. *Rezone land* – Rezone land in areas that are near existing higher-density or commercial areas, or other amenities, such as parks and schools, and that have good access to transit and services.
2. *Multiple Unit Property Exemption (MUPTE)* – Incentivize multi-unit housing in targeted areas.
3. *Use TIF to support affordable housing* – Support housing development in new urban renewal districts along the Highway 43 Corridor or Waterfront.

Existing Measures:

- Removed minimum parking requirements.
- Rezoned low density residential areas to high density to encourage development of new multifamily.

These strategies can increase allowances for higher density housing in residential and mixed-use areas that are located near transit and that are within walking distance of a variety of businesses, services, public facilities, and other amenities. This is a particular benefit to low-income households and people with disabilities, who are less likely to own a car and may rely on transit and other modes to get around. The MUPTE program (Strategy 4) can also be targeted to amenity- and service-rich parts of the city where residents would most benefit from proximity.

## Housing Options for Residents Experiencing Homelessness

The HPS does not include strategies that are specifically aimed at addressing homelessness or reducing the risk of households becoming homeless. However, several of the HPS strategies that support affordable housing development could be targeted to benefit extremely low-income households. For example, Strategy 7, *Public-private partnerships for affordable housing*, could be targeted to housing that benefits those with incomes below 30% AMI. This could be supported by regional or state funding sources. In addition, the City could work with Metro and Clackamas County to target some of the regional supportive housing services funding (via Ballot Measure 26-210) to support services and housing within West Linn.



## Fair Housing

This section identifies how the City will use the HPS to affirmatively further fair housing for all state and federal protected classes. This includes addressing disproportionate housing needs, patterns of integration and segregation, and disparities in access to housing opportunity. West Linn is committed to furthering fair housing outcomes by including a fair housing strategy in the HPS (Strategy 12). The City recently adopted a comprehensive plan policy to *Affirmatively Further Fair Housing* (Housing Policy 17). This policy demonstrates the City's commitment to working towards fair housing outcomes in the city and will bolster the City's focus on prioritizing housing equity and affordability in its housing programs and investments. Other actions identified in Strategy 12, including fair housing training for City staff and policymakers and providing information to those involved with real estate transactions, would also help ensure fair housing outcomes for the local housing market.

In addition, strategies that encourage affordable rental and homeownership housing, increase housing stability, and increase housing choice are all part of supporting Fair Housing (see above).



# MONITORING PROGRESS AND OUTCOMES

The City of West Linn is required to monitor the implementation and progress of the strategies recommended in the HPS and to report on progress to DLCD three (3) years after adoption. The required elements of the progress report are outlined in OAR 660-008-0060. The report must include:

- A summary of the actions already taken by the City to implement the strategies adopted in the HPS report. If the City has not implemented housing strategies per the schedule adopted in the HPS report, the City must provide an explanation of the circumstances or factors that posed a barrier to implementation and a plan for addressing the identified need that the strategy addressed;
- A reflection of the relative efficacy of implemented housing strategies adopted in the HPS; and
- A reflection of the efficiency of the actions taken in response to the Fair and Equitable Housing Outcomes described previously in this report.

DLCD will review the report, as outlined in OAR 660-008-0070, and may intervene if certain HPS strategies or action items remain unaddressed. For instance, if actions are not addressed or replaced as needed, the Department may enter into an IGA with the City to address the identified deficiencies in the HPS.

The state is currently updating the Oregon Housing Needs Analysis (OHNA) rules to provide cities with more flexibility by allowing the inclusion of a “primary action” and an “alternate action,” both of which are designed to achieve the same level of impact. If the City cannot execute the primary action, it can implement the alternative action without requiring a separate notification to DLCD. In addition, for the 3-year “midpoint” progress report, the City would simply report which action (primary or alternate) was executed. If neither the primary nor the alternate action is feasible, the City could use the midpoint period to replace the action(s) with others of similar magnitude of impact, rather than needing to submit separate notices in advance.

In addition, the City will provide a yearly summary as part of the overall report that details the above listed items. This is expected to be a simplified version of the required three-year report that includes a more limited set of key metrics.

## Permitted/Constructed Housing Units

- Monitor and track housing development applications and building permits by housing type, location/zone, density/lot size, and number of bedrooms. Use this information to estimate the potential change in the mix and range of different types of housing developed over time.
- Tracked housing types should include single-detached, townhouse, duplex, triplex, quadplex, cottage cluster, multi-dwelling, manufactured housing, accessory dwelling units, and mixed-use residential developments/units.
- Track the number of new regulated affordable housing units and loss of regulated affordable housing units.
  - If affordable housing developments take advantage of any regulatory or financial incentives, those should be noted.
- Track the number of regulated affordable housing units to which West Linn contributed funding, including the sources of funding or tax exemption.
- If MUPTE is adopted, track:
  - Number of projects and units that qualify for the program.
  - How many units are affordable (if this is a criterion that the City adopts) and at what level.
  - Market rents (if possible), and any other features / public benefits they provide as part of qualifying for the abatement (e.g., accessibility features).
- Identify successful partnership projects that resulted in housing production or housing stability for identified groups in the HPS; include number of units built, preserved, or rehabilitated and the number of people served by the partnership(s).

## Economic and Demographic Data

- Track changes in the characteristics of West Linn's population including changes in:
  - Median household income
  - Percent of population of color
  - Percent of renters
  - Percent of renter and owner households that are cost burdened and severely cost burdened
- Monitor changes in housing prices, median rents and median sales prices

## Programs and Adoption Actions

Document the following:

- Successful adoption of Code Amendments related to the strategies identified in the HPS.
- City Council Ordinances related to the HPS strategies (e.g., Tax Increment Financing, Construction Excise Tax, etc.).

- Achievement of annual City work plan items related to strategies in the HPS.

## Outreach and Community Input

Summarize the following:

- Documented coordination with property owners in efforts to produce needed housing identified in the HPS.
- Documented consultation with non-profit and market-rate housing developers, and other community stakeholders to seek input on how implemented HPS strategies are working.
- Summary of continued housing engagement efforts and resulting actions.

The ability to report the progress described above will depend on the City's ability to obtain and evaluate readily available data and information. Availability or lack thereof may necessitate refinements to monitoring approaches.

## List of Appendices

**Appendix A:** Contextualized Housing Needs Memorandum

**Appendix B:** Future Strategies to Consider

**Appendix C:** Construction Excise Tax (CET) and Tax Abatement Memo

# APPENDIX A – CONTEXTUALIZED HOUSING NEEDS ASSESSMENT

## INTRODUCTION

House Bill 2003 (2019) requires cities with populations over 10,000 to adopt a Housing Production Strategy (HPS). The HPS needs to be adopted within approximately one year of adoption of the City’s most recent Housing Needs Analysis (HNA). This HPS will outline tools, actions, and policies that West Linn will use to address its housing needs, based on the City’s recently adopted HNA. Part of developing an HPS includes preparing a Contextualized Housing Needs Assessment (CHNA), which builds on the HNA to describe demographic, housing, and market conditions, project future housing needs, assess affordability, identify barriers, and review existing programs.

This memorandum summarizes data from the 2021 HNA, US Census, and other sources, providing context on socio-economic, demographic trends, and market conditions. It also includes information from stakeholder meetings with developers, affordable housing providers, and underrepresented community members. The memo also includes data and information for people experiencing homelessness, low-income households, renters, and other underrepresented groups.

## SOCIO-ECONOMIC AND DEMOGRAPHIC TRENDS

This section provides information on the housing needs in West Linn by age, household size and composition, household income, poverty statistics, race and ethnicity, and disability.

### **Population Growth**

The following table presents a profile of City of West Linn demographics from the 2000 and 2020 Census. West Linn is a City of nearly 27,400 people located in Clackamas County on the southern edge of the Portland metropolitan area. Based on estimated population, West Linn is the 25th largest city in the state by population, similar in size to other cities in and around the Portland metropolitan region such as Tualatin, Wilsonville, and Forest Grove. West Linn has about 75% of the population of neighboring Oregon City.

West Linn has grown by over 5,100 people since 2000, or 23%. In contrast, Clackamas County and the state experienced population growth of 24.2% and 23.8% respectively. West Linn was home to

an estimated 10,119 households in 2020, an increase of roughly 2,300 households since 2000. This is an average increase of roughly 120 households annually during this period. The growth since 2000 has outpaced the growth in new housing units, which have been permitted at the rate of roughly 90 units per year, helping contribute to a relatively tight housing market.

Figure 1. West Linn Demographic Profile

Population, Households, and Housing Units						
	2000 Census	2010 Census	Growth 00-10	2020 Census	Growth 10-20	2040 Forecast*
Population	22,261	25,109	13%	27,373	9%	27,861
Households	7,745	9,523	23%	10,119	6%	10,907
Average Household Size	2.72	2.62	-4%	2.68	2%	2.54
Housing Units	8,697	10,035	15%	10,491	5%	11,481
Group Quarters Population	92	127	38%	253	99%	141

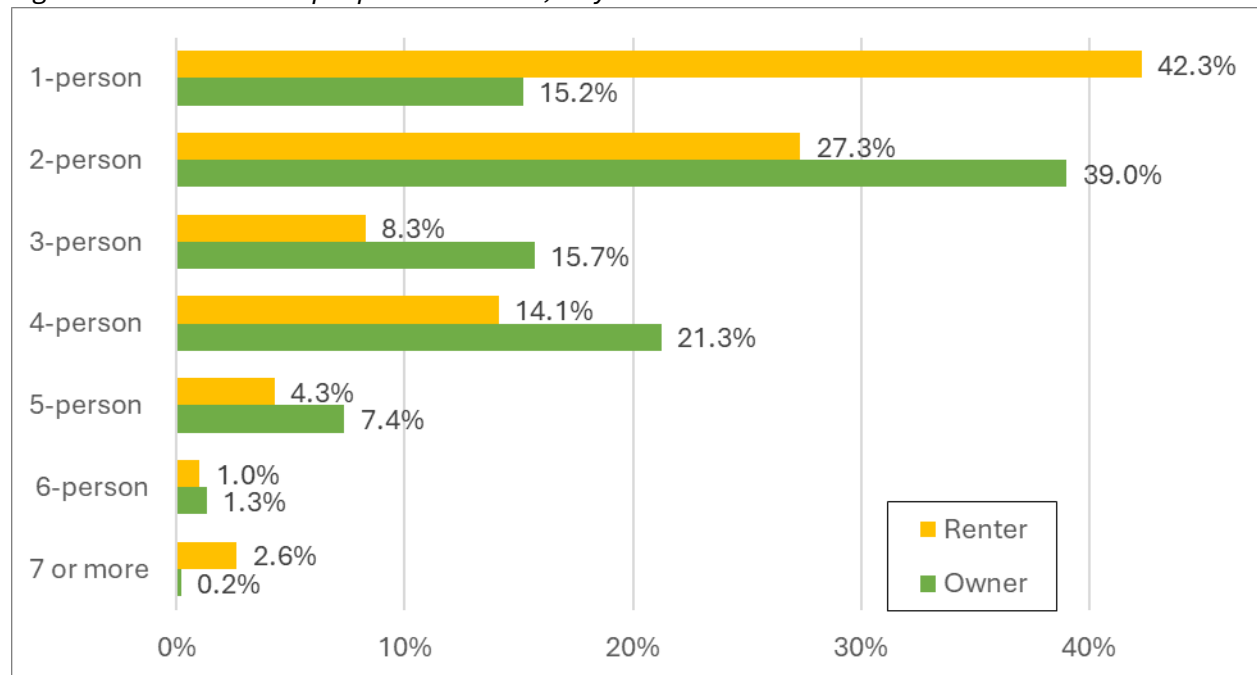
\* Source: Metro, Johnson Economics

Source: US Census DP-1 (2000, 2010); DP-3 (2000); S1901; S19301; 2020 Decennial Redistricting Data (PL 94-171), PSU Population Research Center, and Johnson Economics

## Household Growth & Size

As shown in Figure 2, West Linn’s estimated average household size is 2.68 persons, slightly larger than that of Clackamas County (2.6) and the statewide average of 2.48. As shown in Figure 2, most households have three or less people. There has been a general trend in Oregon and nationwide towards declining household size, as birth rates have fallen, more people have chosen to live alone, and the Baby Boomers have become empty nesters.

Figure 2. Number of People per Household, City of West Linn



Source: US Census 2022 ACS 5-yr Estimates, Table B25009

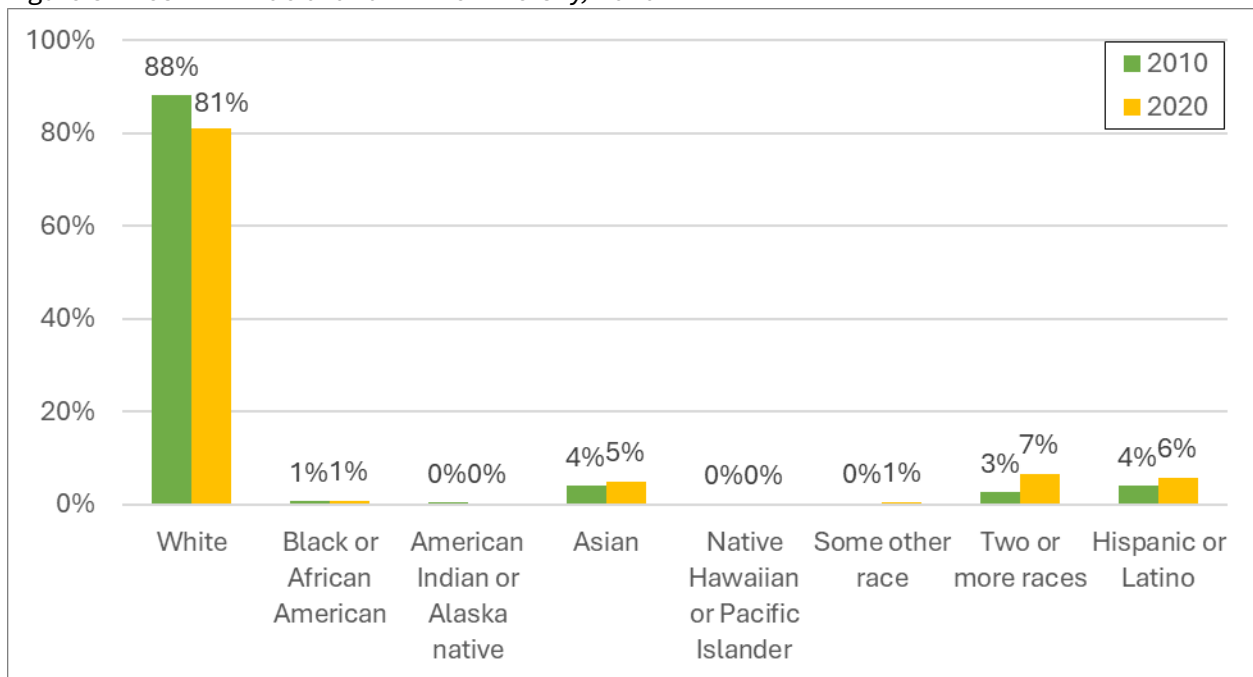
## Family Households

The Census defines family households as two or more persons, related by marriage, birth or adoption and living together. As of the 2022 Census, 75% of West Linn households were family households, roughly the same as 2010. It is a relatively high number, especially when compared to Clackamas County, which has a rate of 69%, and the state of Oregon, which stands at 62%. Family households in West Linn had an average size of 3.1 people.

## Race and Ethnicity

The following figure presents the distribution of West Linn’s population by race and Hispanic/Latino ethnicity. The community grew more diverse between the 2010 and 2020 Census, with the white share of the population falling from 88% to 82%. While all individual racial categories increased their share in general, those identifying as “Two or more races” more than doubled their share, growing in share of population from 3% to 7%.

Figure 3. West Linn Racial and Ethnic Diversity, 2020



Source: US Census 2020 Decennial Redistricting Data (PL 94-171)

Figure 4. Race and Ethnicity, City of West Linn



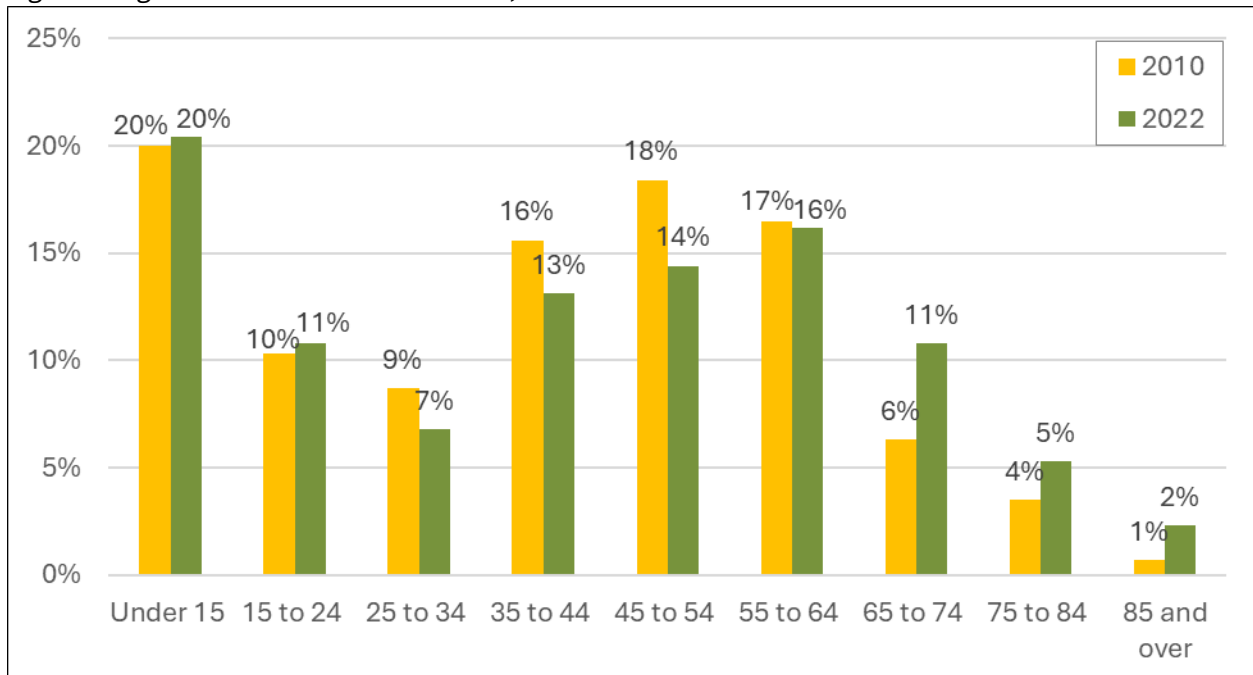
	2010	2020	Change
<b>Not Hispanic/Latino Total</b>	24,111	25,800	7.0%
White	22,122	22,186	0.3%
Black or African American	164	220	34.1%
American Indian or Alaska native	80	73	-8.8%
Asian	992	1,346	35.7%
Native Hawaiian or Pacific Islander	35	32	-8.6%
Some other race	51	142	178.4%
Two or more races	667	1,801	170.0%
<b>Hispanic or Latino</b>	998	1,573	57.6%

Source: US Census 2010, 2020 Decennial Redistricting Data (PL 94-171)

## Age Trends

The following figure shows the share of the population falling in different age cohorts between the 2010 Census and the most recent 5-year American Community Survey estimates. As the chart shows, middle age cohorts have declined as a share of total population, while older cohorts have grown in share. This is in keeping with the national trend caused by the aging of the Baby Boom generation. The cohort which grew the most in share during this period were those aged 65 to 74 years. Still, an estimated 81.7% of the population is under 65 years of age. In the 2022 ACS, the local median age was an estimated 44.2 years, compared to 42.4 years in Clackamas County and 40.5 years in Oregon. The share of the City’s youngest residents also increased slightly during this period.

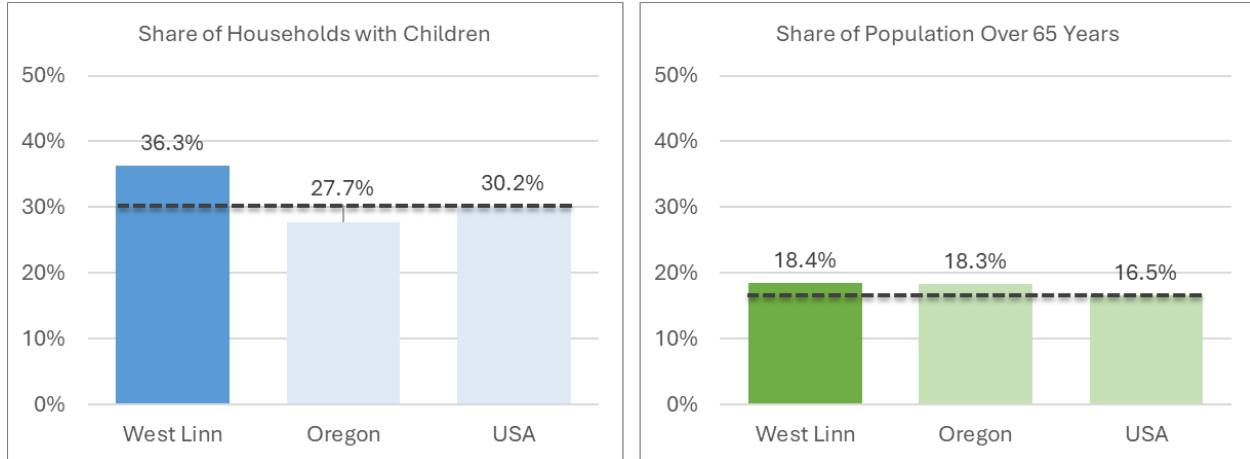
Figure 5. Age Cohort Trends in West Linn, 2010-2022



Source: US Census 2010, 2022 ACS 5-yr Estimates, Table S0101

The figure below presents the share of households with children, and the share of population over 65 years for comparison. Compared to state and national averages, West Linn has both a larger share of households with children and households with people 65 years old or older.

Figure 6. Share of Households with Children, Population over 65 years, City of West Linn



Source: US Census, 2022 ACS 5-yr Estimates, Table B11005, S0101

## Household Income

The following figure presents data on West Linn’s income trends.<sup>1</sup> West Linn’s estimated median household income was \$134,116 in 2022. This is 37.6% higher than the Clackamas County median of \$97,419, and 77% higher than the statewide median of \$75,657. The City’s per capita income is roughly \$65,000

Figure 7. Per Capita and Median Household Income, City of West Linn

Per Capita and Median Household Income		
	2010	2022
Per Capita Income	\$42,483	\$64,714
Median Household Income	\$84,295	\$134,116

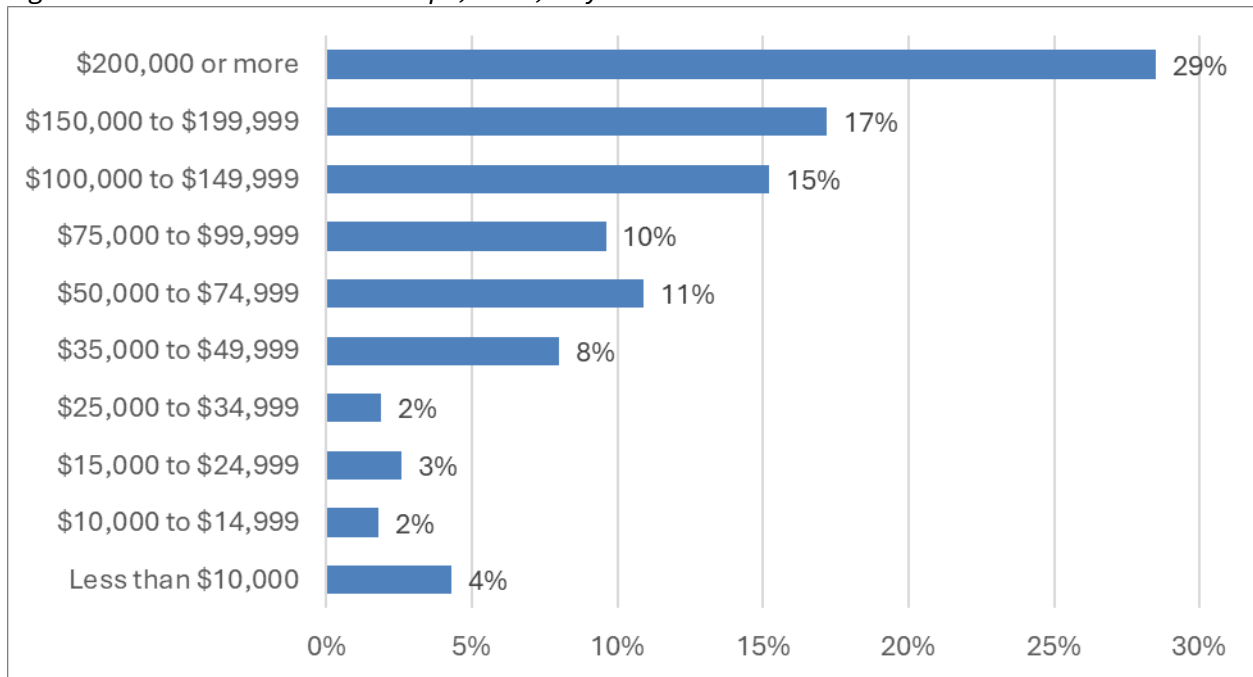
Source: US Census, 2010, 2022 ACS 5-yr Estimates, Table S1901, DP03

Figure 8 presents the estimated distribution of households by income as of 2022. The largest income cohorts are those households earning over \$200k, followed by households earning between \$150k and \$200k. Sixty-one percent of households earn more than \$100,000.

- Only 18.6% of households earn less than \$50k per year, while 81.4% of households earn \$50k or more.
- Only 8.7% of households earn less than \$25k per year.

<sup>1</sup> 2000 Census data on income is not available for West Linn.

Figure 8. Household Income Groups, 2022, City of West Linn



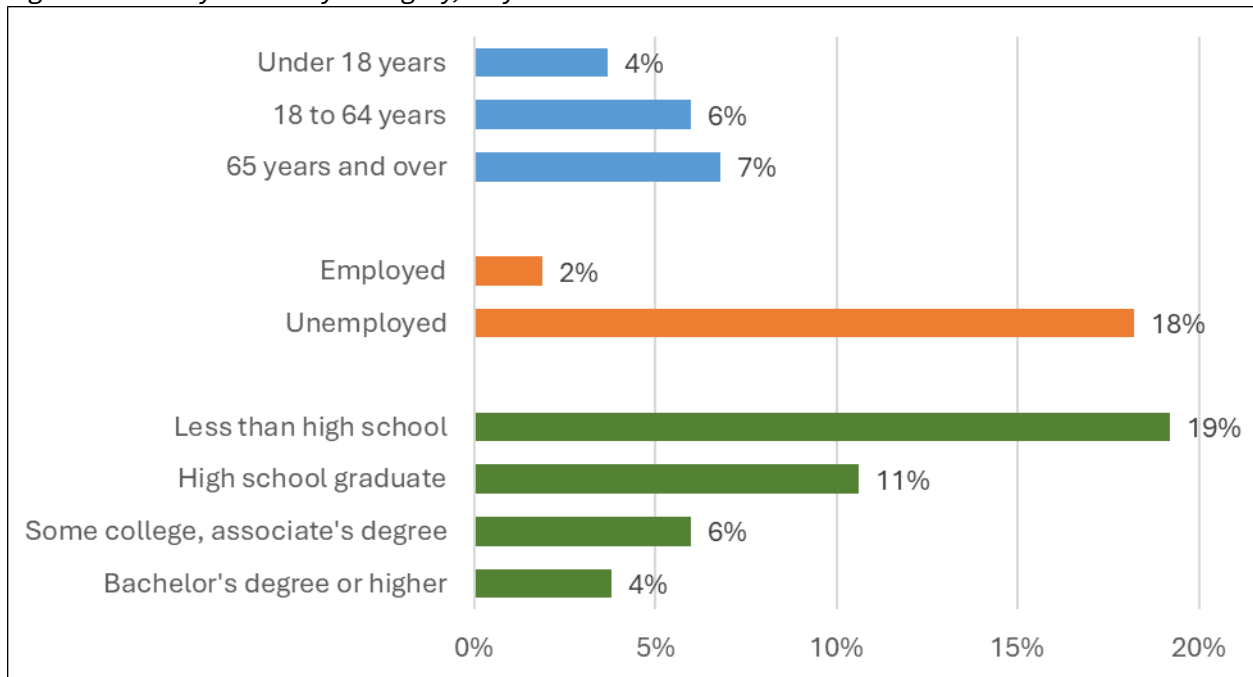
Source: US Census 2022 ACS 5-yr Estimates, Table S1901

## Poverty Status

According to the US Census, the official poverty rate in West Linn is an estimated 5.6% over the most recent period reported (2022 5-year estimates). This is roughly 1,500 individuals in West Linn. In comparison, the official poverty rate in Clackamas County is 8.2%, and at the state level is 12.1%. In the 2018-22 period:

- The West Linn poverty rate is low among all groups, but highest among those over 65 years of age at 7%. The rate is 5% among those under 65 years of age.
- For those with only a high school diploma, the poverty rate is 11%.
- Among those who are employed the poverty rate is 2%, while it is 18% for those who are unemployed.

Figure 9. Poverty Status by Category, City of West Linn



Source: US Census 2022 ACS 5-yr Estimates, Table S1701

## Group Quarters Population

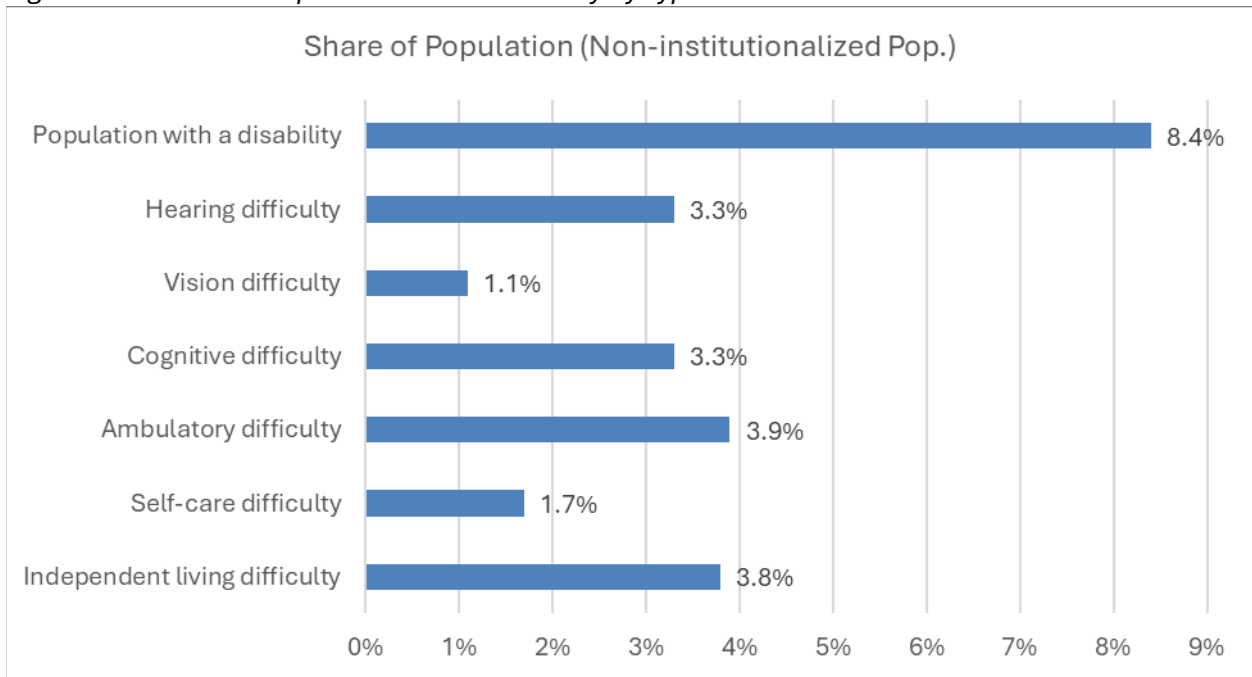
As of 2020, the City of West Linn has an estimated group quarters population of 0.9% of the total population, or 253 persons.<sup>2</sup> Group quarters include such shared housing situations as nursing homes, prisons, dorms, group residences, military housing, or shelters. In West Linn, senior housing facilities account for the majority of this population.

## People with disability

Of the non-institutionalized population in West Linn, an estimated 8.4% or 2,268 people report having some form of disability (Figure 10). Any type of disability impacts the type of housing that may be appropriate for a resident, but those with the greatest impact on needed unit type are generally an ambulatory, self-care, or independent living disability. Those with an ambulatory disability often need units with expanded access for wheelchair, walker, or scooter. Those with self-care or independent living disabilities may require additional safety precautions around the home to protect a resident who cannot always be directly monitored.

<sup>2</sup> 2020 Decennial Redistricting Data (PL 94-171), Portland State University Population Research Center

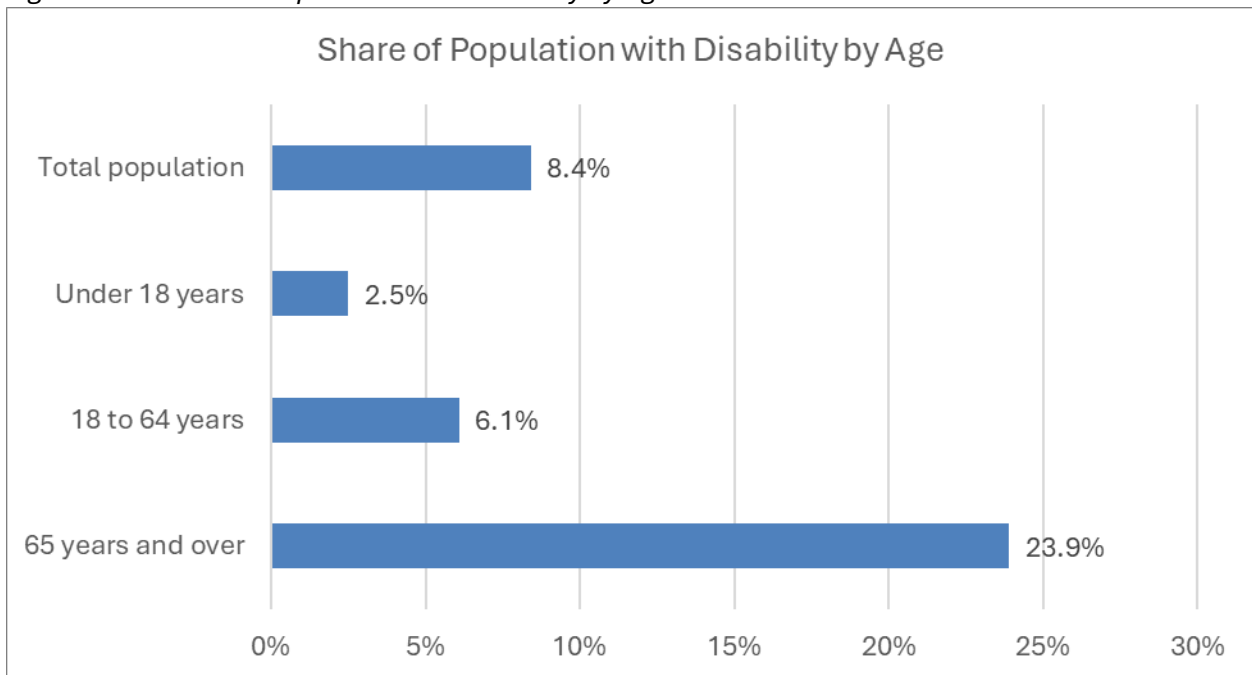
Figure 10. West Linn Population with a Disability by Type



Source: US Census 2022 ACS 5-yr Estimates, Table S1810

As shown in Figure 11, Older residents are more likely to report a disability, including about 24% of those over 65 years old. Of those in prime working years, 6.1% of the total population and 2.5% of children report a disability.

Figure 11. West Linn Population with Disability by Age



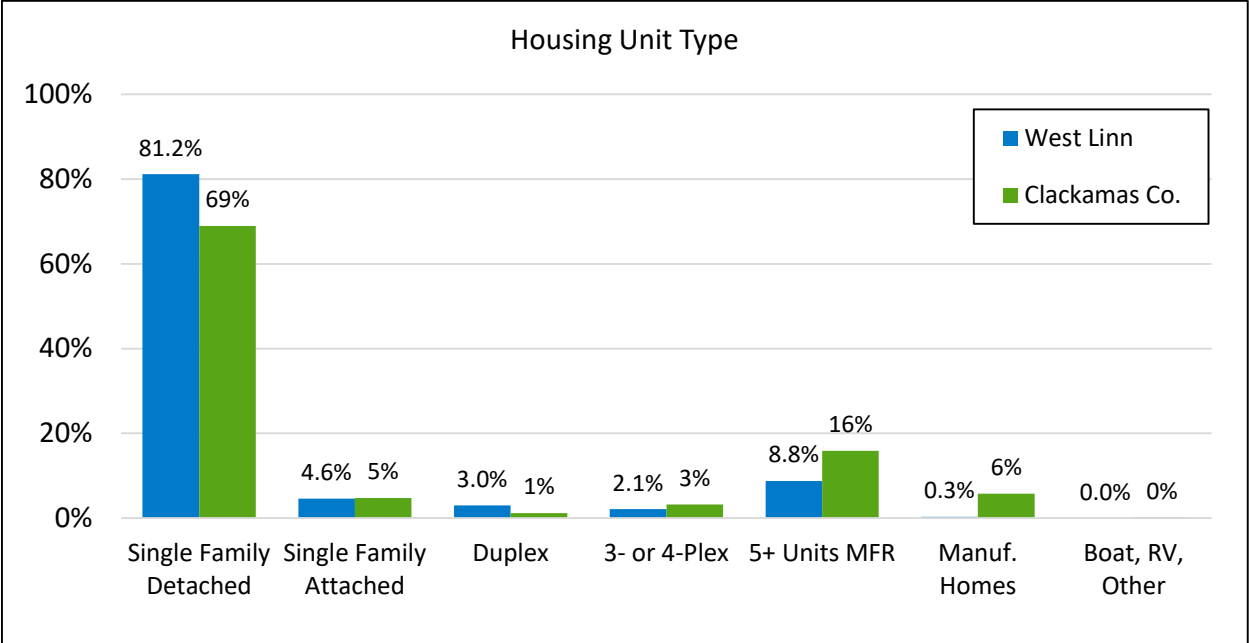
Source: US Census 2022 ACS 5-yr Estimates, Table DP02

# MARKET CONDITIONS

## Housing Stock

West Linn had an estimated 10,476 housing units in 2020 (HNA), with a vacancy rate of 5% (includes ownership and rental units). As shown in the following figure, over 81% of units are estimated to be detached single family homes, with the remainder distributed among mostly attached housing types, and some manufactured homes. Nine percent of housing units are estimated to be units in multi-family properties of at least five units. The county as a whole has a smaller share of detached homes and larger share of multi-family apartments.

Figure 12. Estimated Share of Units, 2022, City of West Linn

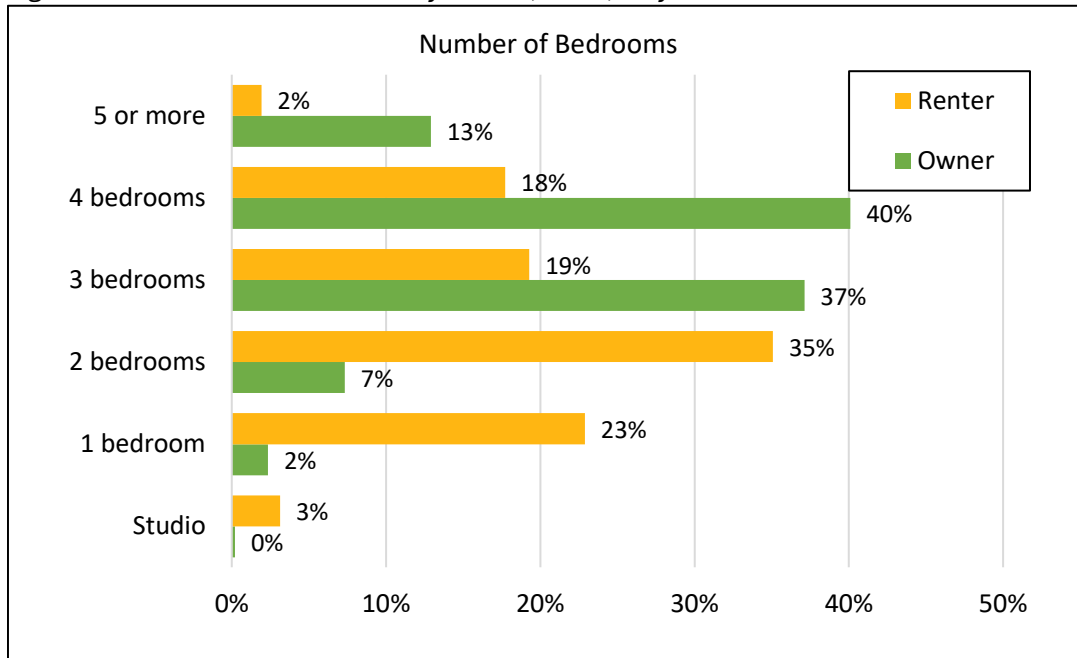


SOURCE: US Census 2022 ACS 5-yr Estimates, Table B25032

## Number of Bedrooms

The following figure shows the share of units for owners and renters by the number of bedrooms they have. In general, owner-occupied units are much more likely to have three or more bedrooms, while renter-occupied units are more likely to have two or fewer bedrooms.

Figure 13. Number of Bedrooms by Tenure, 2022, City of West Linn



SOURCE: US Census 2022 ACS 5-yr Estimates, Table B25042

## Unit Types by Tenure

West Linn has a much greater share of homeowner households than renter households. The 2022 American Community Survey estimated that 83% of occupied units were owner occupied, and only 17% renter occupied. The ownership rate has risen since 2000 (78%). This is significantly higher than the estimated ownership rate across Clackamas County (71%) and statewide (62%). The ownership rate locally and statewide has risen even since the time of the 2021 HNA.

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

Figure 14. Housing Inventory by Unit Type, Owner and Renter, 2021 (HNA), City of West Linn

### OWNERSHIP HOUSING

OWNERSHIP HOUSING								
	Single Family Detached	Single Family Attached	Duplex	3- or 4-plex	5+ Units MFR	Manuf. home	Boat, RV, other temp	Total Units
<b>Totals:</b>	7,460	432	13	175	170	14	0	8,264
<b>Percentage:</b>	90.3%	5.2%	0.2%	2.1%	2.1%	0.2%	0.0%	100%

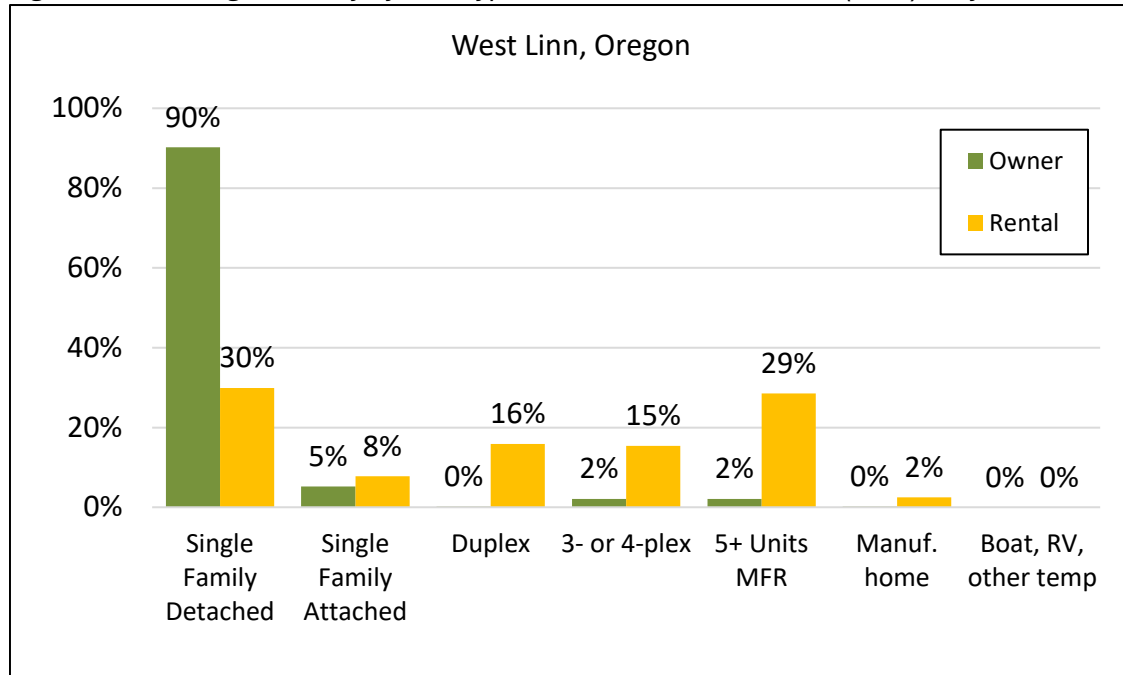


## RENTAL HOUSING

RENTAL HOUSING								
	Single Family Detached	Single Family Attached	Duplex	3- or 4-plex	5+ Units MFR	Manuf. home	Boat, RV, other temp	Total Units
<b>Totals:</b>	662	172	352	341	631	54	0	2,212
<b>Percentage:</b>	29.9%	7.8%	15.9%	15.4%	28.5%	2.5%	0.0%	100%

Sources: US Census, City of West Linn, West Linn Housing Needs Analysis, 2021

Figure 15. Housing Inventory by Unit Type, Owner and Renter, 2021 (HNA), City of West Linn



Source: US Census, City of West Linn, West Linn Housing Needs Analysis, 2021

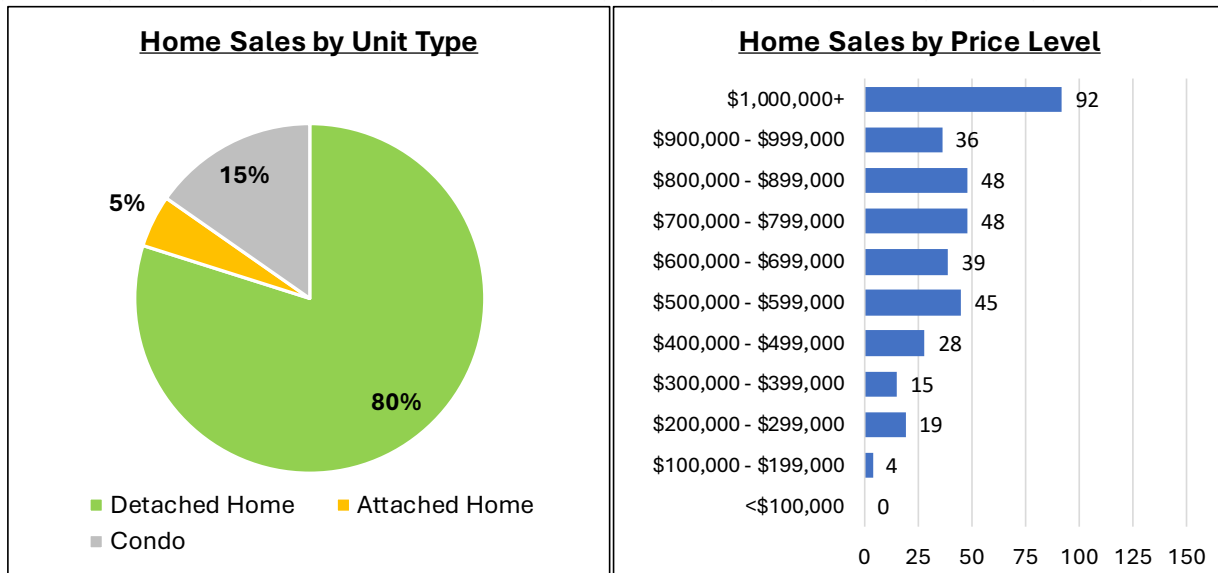
## Home Price

This section presents home sales data from spring 2023 to spring 2024 to indicate housing costs for new entrants into the housing market. Some key figures for home price include the following:

- The median sale price was \$790,000.
- The average (mean) sale price was \$868,000.
- The average price per square foot was \$320/s.f.
- The median square footage was 2,600 s.f.
- 17% of home sales were priced below \$500,000.
- 35% of sales were priced between \$500,000 and \$800,000.
- Nearly 50% of sales were priced over \$800,000, with nearly 25% priced over \$1 million.

Home sale prices have risen sharply since completion of the 2021 HNA, when the median sale price of the prior 12 months was \$585,000. This represents an increase of 35% in the median price over four years, or an average increase of 8% per year. As shown in Figure 16, the majority of home sales were for detached homes and a significant proportion of home sales were over \$500,000.

Figure 16. Home Sales, Prior 12 Months, May 2024, City of West Linn

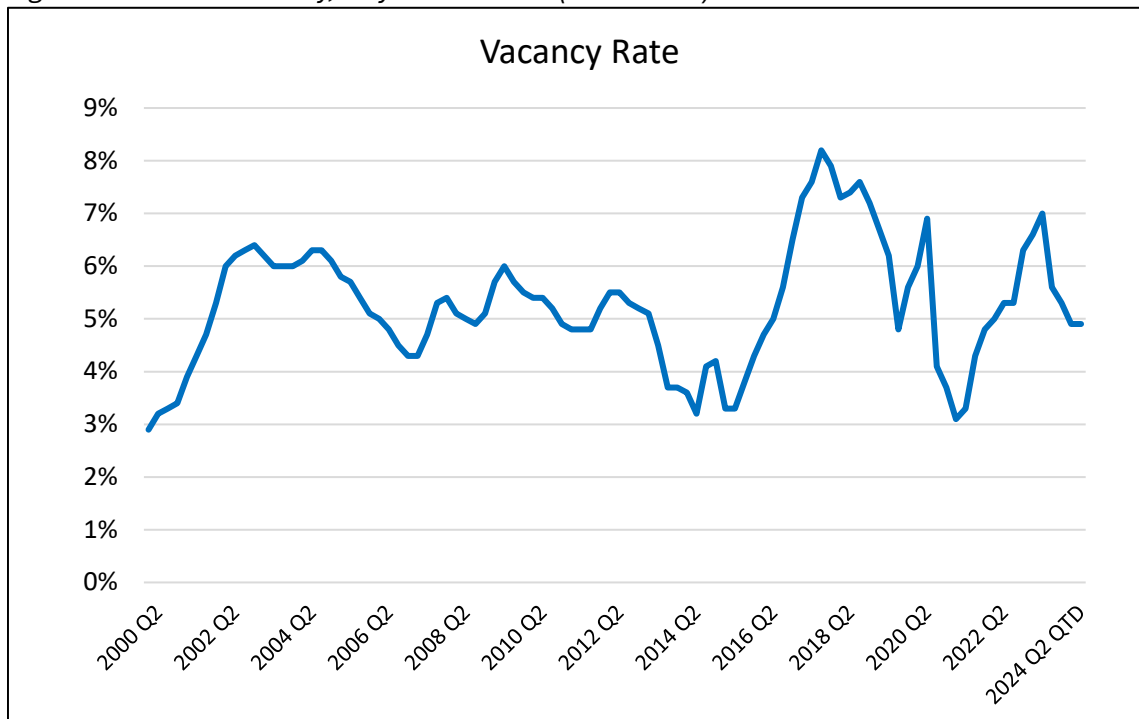


Sources: RMLS, Johnson Economics

## Rental Vacancy and Average Rent

As shown in Figure 17, West Linn has experienced an uneven vacancy rate over the last two decades, according to data from CoStar. The following figure shows that rental vacancy in the area has fallen at times in the prior decade to a low vacancy of 3%. In 2024, rental vacancy is estimated at 5%.

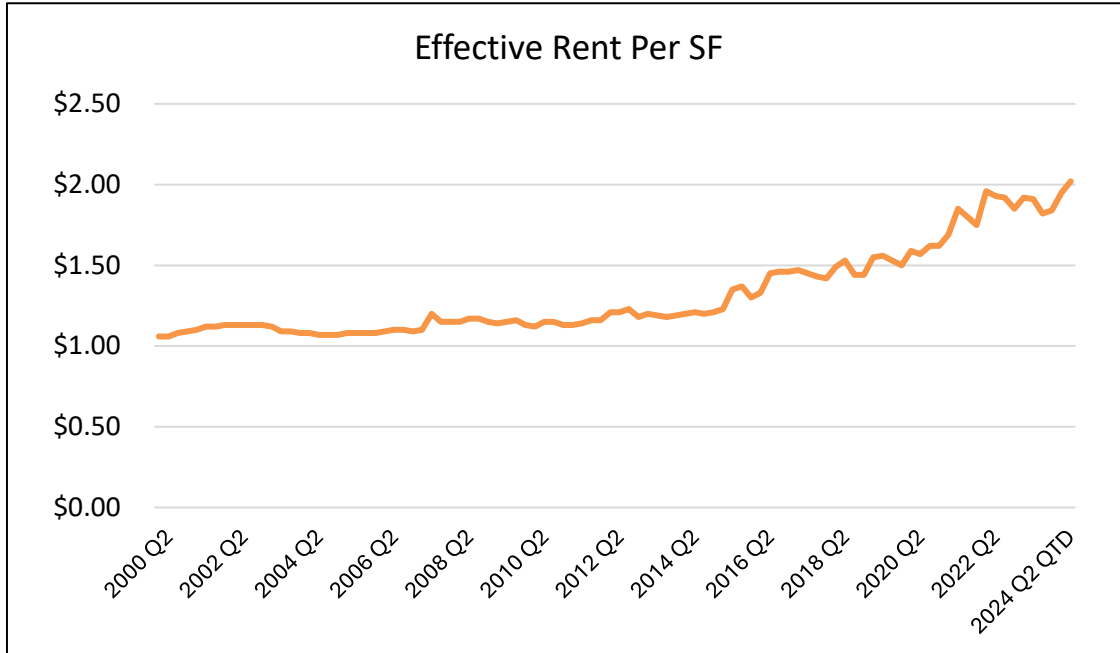
Figure 17. Rental Vacancy, City of West Linn (2000-2024)



Source: CoStar, Johnson Economics

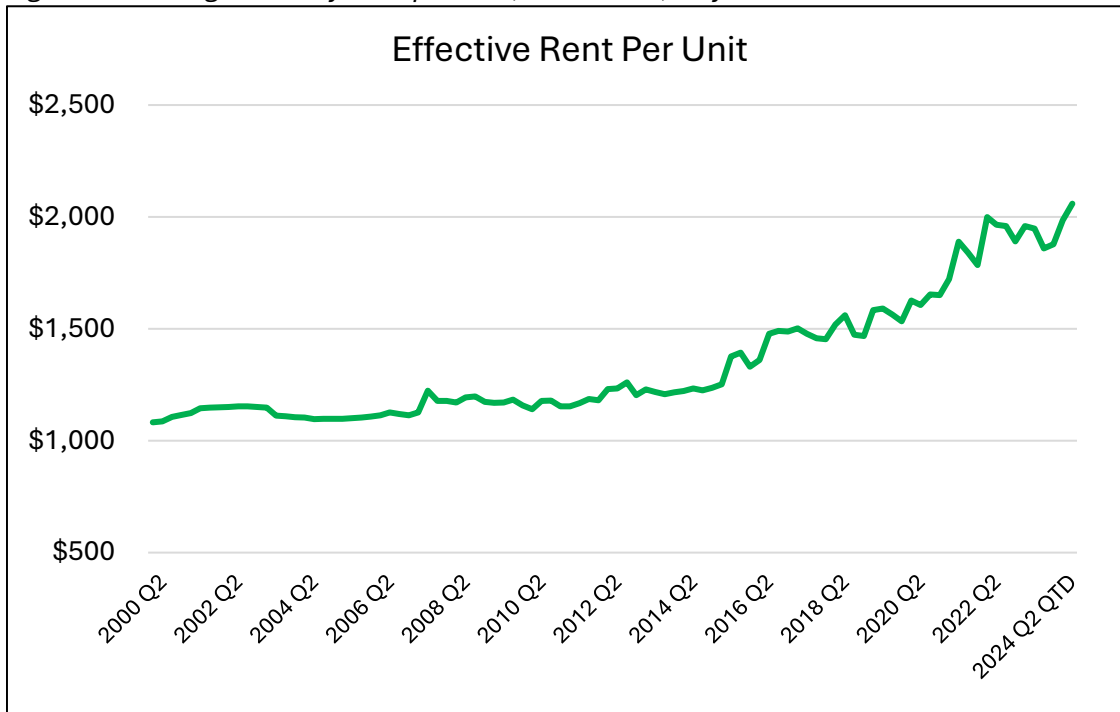
As shown in Figure 18 and Figure 19, average rents have climbed steadily since 2014. The average rent in West has nearly doubled over that period, increasing to roughly \$2.02/square foot, or an average of \$2,050/month according to data from CoStar.

Figure 18. Average Rent per Square Foot, 2000-2024, City of West Linn



Source: CoStar, Johnson Economics

Figure 19. Average Monthly Rent per Unit, 2000-2024, City of West Linn



Source: CoStar, Johnson Economics

## Housing Units in the development pipeline

In the last two years, the City has issued 43 permits for 45 units, most of which were for new single family dwellings (27 permits in 2022, 16 permits in 2023). Two permits were issued for duplexes, and 10 of the dwellings were for “detached” plexes that were subsequently subdivided and function as single family homes.

## HOUSING AFFORDABILITY

### Housing Cost Burden by Income Cohort

Figure 20 below shows the share of owner and renter households who are paying more than 30% of their household income towards housing costs, by income segment.<sup>3</sup>

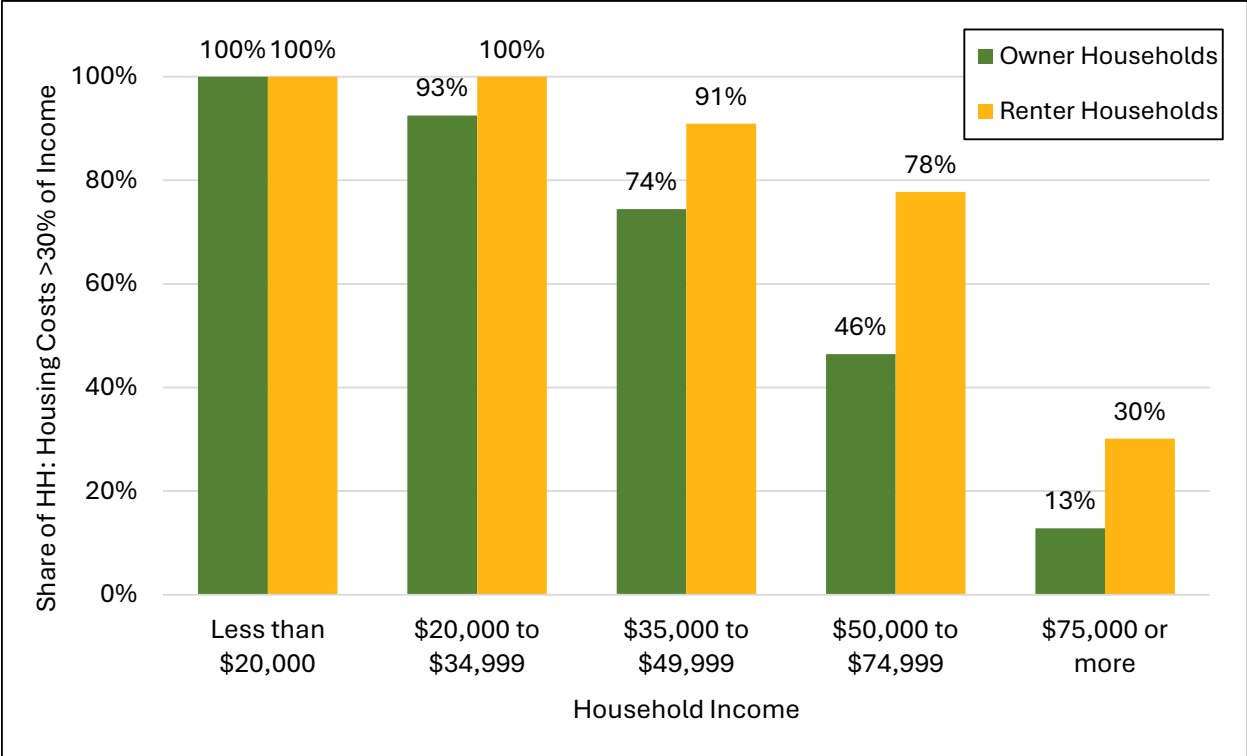
As one would expect, households with lower incomes tend to spend more than 30% of their income on housing, while incrementally fewer of those in higher income groups spend more than 30% of their incomes on housing costs. Of those earning less than \$35,000, it is estimated that nearly 100% of households spend more than 30% of their income on housing costs, whether owners or renters. Although there are relatively few households in these lower income segments compared to other cities in the region, those who do exist experience severe cost burdens. Therefore, it is important to not overlook the challenges faced by lower income households in the community, regardless of the overall composition of the community’s household incomes.

In total, the US Census estimates that nearly 32% of West Linn households pay more than 30% of income towards housing costs. The city was identified on the Oregon Housing and Community Service (OHCS) “Severely Rent Burdened Cities” list from 2024.

*Figure 20. Share of Households Spending More than 30% on Housing Costs, by Income Group*

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<sup>3</sup> Spending 30% or less on housing costs is a common measure of “affordability” used by HUD and others, and in the analysis presented in this report.



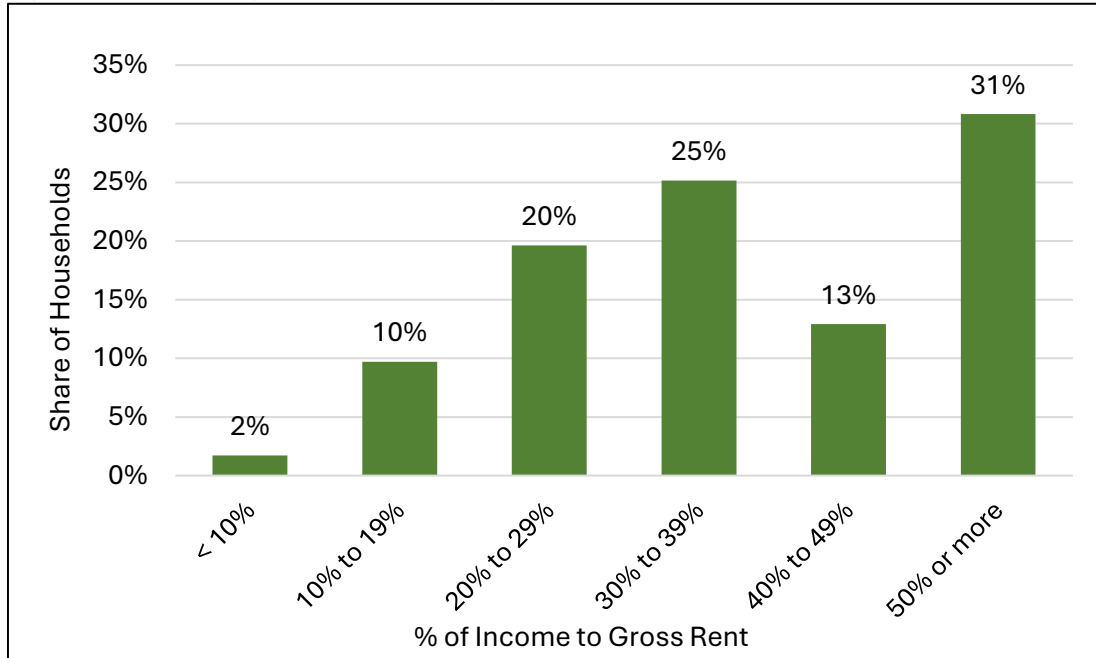
Source: US Census 2022 ACS 5-yr Estimates, Table B25106, Johnson Economics

The following figures shows the percentage of household income spent towards gross rent<sup>4</sup> for local renter households only. This more fine-grained data shows that not only are nearly 70% of renters spending more than 30% of their income on gross rent, but an estimated 31% of renters are spending 50% or more of their income on housing and are considered severely rent-burdened.

Renters are disproportionately lower income relative to homeowners. Housing cost burdens are felt more broadly for these households, and as the analysis presented in a later section shows there is a need for more affordable rental units in West Linn, as in most communities.

<sup>4</sup> The Census defines Gross Rent as “the contract rent plus the estimated average monthly cost of utilities (electricity, gas, and water and sewer) and fuels (oil, coal, kerosene, wood, etc.) if these are paid by the renter (or paid for the renter by someone else).” Housing costs for homeowners include mortgage, property taxes, insurance, utilities and condo or HOA dues.

Figure 21. Percentage of Households Spent on Gross Rent, West Linn Renter Households



Sources: US Census, 2022 ACS 5-yr Estimates, Table B25070, Johnson Economics

## Publicly Assisted Housing

West Linn currently has very few subsidized apartment properties, according to Oregon Housing and Community Development (OHCS). These are properties that are funded through HUD programs, tax credits and other programs which guarantee subsidized rents for qualified households. There are an estimated 10 such units in West Linn, which appear to be in separate single-family homes rather than in a multi-family development. Given the 10,500+ estimated units in West Linn, the share of subsidized units is essentially 0%.

The high share of renters paying over 30% of their income towards housing costs indicates that there is an ongoing need for rental units at the lowest price points. In addition, there may be ownership opportunities that are available for residents in lower income brackets through various programs that support affordable homeownership.

**Agricultural Worker Housing:** West Linn is not currently home to properties dedicated to agricultural workers. This population may also be served by other available affordable units.

**Homelessness:** A Point-in-Time count of homeless individuals in Clackamas County conducted in January of 2023 found 411 homeless individuals on the streets, in shelters, or other temporary and/or precarious housing. This number was 1,166 individuals in the 2019 count, indicating that the rate of homelessness has fallen significantly as the economy has recovered since the 2021 HNA. Note that these figures are for the entire county.<sup>5</sup> In 2023, this included:

<sup>5</sup> Figures via Clackamas County Health, Housing, and Human Services, and North Clackamas School District

- 56% of those counted were in emergency shelter, warming shelter, or transitional housing programs.
- 44% people unsheltered.
- 75% of the individuals were non-Hispanic white people.
- 173 (42%) were chronically homeless.
- 30% reported experiencing serious mental illness.
- 20% reported experiencing domestic violence.
- 7% were veterans.
- An estimated 54% of those counted were male, 38% female, and the rest non-reporting.

In the 2022/23 school year, the West Linn-Wilsonville tracked homeless school-aged children in keeping with the McKinney-Vento Act. Thirty-nine students lived in temporary “doubled up” situations, in the homes of other family or friends. The other tracked categories (hotel/motel, sheltered, unsheltered, unaccompanied) each report five or less students per category, meaning the data is kept confidential.

## Needed Housing Units by Affordability Range and Type

The following figure presents the estimated need for net new housing units by major income segment, based on the projected demographics of new households to the market area. This forecast is from the 2021 HNA report. Over time, incomes and housing costs will both inflate, so the general relationship projected here is expected to remain unchanged.

The figure also discusses the housing types typically attainable by residents at these income levels.

Figure 22. Projected Need for New Housing at Different Income Levels, West Linn

Household Income Segment	Income Level (Rounded)*	Afford. Rent Range	Afford. Price Range	Owner Units	Renter Units	Total	Share	Common Housing Product
Extremely Low Inc. < 30% AMI	< \$27,500	<\$800	<\$150k	21	76	97	10%	Govt-subsidized; Voucher
Very Low Income 30% - 50% AMI	\$27.5k - \$46k	\$800-\$1,100	\$150k-\$225k	27	54	80	8%	Aging/substandard rentals; Govt-subsidized; Voucher
Low Income 50% - 80% AMI	\$46k - \$73.5k	\$1,100-\$1,600	\$225k-\$330k	59	90	150	15%	Market apts; Manuf. homes; Plexes; Aging SFR
Middle Income 80% - 120% AMI	\$73.5k - \$110.5k	\$1,600-\$2,100	\$330k-\$475k	113	35	148	15%	Single-family detached; Townhomes; Small homes; New apts
Upper Income > 120% AMI	> \$110,500	\$2,100+	\$475k+	459	70	530	53%	Single-family detached
<b>TOTAL:</b>				<b>679</b>	<b>326</b>	<b>1,005</b>	<b>100%</b>	

\* Adjusted to 2020 dollars. The median household income level in 2020 will be inflated from current levels.

Source: US Census, City of West Linn, West Linn Housing Needs Analysis, 2021

- Figure 22 presents the *net NEW* housing unit need over the next 20 years. However, there is also a *current* need for more affordable units. In order for all households, current and new, to pay 30%

or less of their income towards housing in 2040, more affordable rental or owner units would be required.

- The projection of future ownership units finds that the supply at the lowest end of the spectrum is currently insufficient due to the prevalence of newer homes most of which are detached houses. (This reflects the estimated *value* of the total housing stock, and not necessarily the average pricing for housing currently for sale.) Ownership options and lower and middle price points are townhomes, condos, and small detached homes, often on smaller lots.
- Figure 23 presents estimates of need at key low-income affordability levels in 2020 and in 2040. There is an existing and on-going need at these levels, based on income levels specified by Oregon Housing and Community Services for Clackamas County. An estimated 30% of households qualify as at least “low income” or lower on the income scale, while 9% of household qualify as “extremely low income.”
- Typically, only rent-subsidized properties can accommodate these lowest-income households at “affordable” housing cost levels. (The threshold income levels presented here are generated for the entire county based on the significantly lower county-wide average household income in comparison to West Linn.)

Figure 23. Projected Need for Housing Affordable at Low Income Levels, West Linn

Affordability Level	Income Level*		Current Need (2020)		Future Need (2040)		NEW Need (20-Year)	
			# of HH	% of All	# of HH	% of All	# of HH	% of All
Extremely Low Inc.	30% AMI	\$27,630	848	9%	945	9%	97	10%
Very Low Income	50% AMI	\$46,050	1,569	16%	1,746	16%	178	18%
Low Income	80% AMI	\$73,680	2,940	30%	3,267	30%	327	33%

Source: US Census, City of West Linn, West Linn Housing Needs Analysis, 2021

\* Income levels are based on OHCS guidelines for a family of four.

## EXISTING AND EXPECTED BARRIERS TO DEVELOPING NEEDED HOUSING

The Consultant team conducted interviews with a variety of key stakeholders involved with the provision of needed housing in West Linn. The interviews were conducted with 10 individuals, with a focus on the diverse housing needs, underrepresented communities, and affordable housing development. The key themes of the information gathered in the interviews identified the existing and expected barriers to the development of needed housing. The information gathered in these interviews include to barriers to the development of needed housing, along with the data and information on housing trends, market conditions, and housing affordability considerations. The interview findings help provide additional context of the housing needs in West Linn and will help inform the identification and evaluation of housing production strategies.

The following is a summary of recurring themes and comments from the interviews regarding the barriers to the production of needed housing in West Linn.



## Aging Housing Stock and Limited Land Availability

- The majority of the city was built out in the 1990s, and therefore much of the housing stock is aging.
- There is limited land availability for larger subdivisions, with most development limited to smaller partitions of 6-10 lots.
- West Linn has limited room for growth compared to neighboring cities like Wilsonville, with financing constraints for infrastructure/public facilities improvements.
- There is limited land supply for the market West Linn has traditionally attracted.
- Topography and geological constraints make housing development in West Linn challenging.

## Market Potential and Constraints

- Market potential exists for infill and middle housing, but space is constrained.
- There are limited opportunities for dense housing or urban amenities, especially outside the Willamette Drive area.
- Community buy-in can be a barrier to attached/middle housing. Some community members prefer single-family homes at higher price points and resist higher density infill developments that don't align with the perceived neighborhood's character.

## Cost and Affordability Issues

- West Linn has the highest System Development Charges (SDCs) in the state, making affordability difficult to achieve without reductions in these fees and/or other measures that can significantly reduce housing construction and land costs.
- Land costs are higher in West Linn, and the building permit process is relatively expensive, contributing to challenges in bringing affordable housing projects to fruition.
- Most development costs (e.g., SDCs) are borne by the applicant/developer and/or passed on to homebuyers, making it more difficult to deliver affordable products.

## Regulatory and Procedural Challenges

- Historic overlays and restrictive zoning codes may inhibit development of needed housing in some areas.
- Lack of clarity for SDCs for middle housing has caused confusion and challenges for developers.
- Developers express a need for clarity in definitions, fee structures, and the overall process to navigate through permits and inspections.
- Lack of accurate infrastructure data and records poses challenges for development and may increase costs for public improvements for housing development.
- Slow engineering reviews and lack of simultaneous review contribute to inter-department communication issues and delays.
- Lack of clarity on the entire permitting process can be a barrier for developers who do not have experience in the community or for smaller-scale developers with fewer resources.

## EXISTING ADOPTED MEASURES

The City of West Linn currently uses a mix of housing strategies intended to enable or facilitate the production of housing. Housing production measures are intended to encourage needed housing, increase affordability, and reduce rent burden on renters.

The City submitted a pre-HPS Survey to DLCD in 2022 that summarizes existing measures the City currently uses. According to the Pre-HPS Survey, the City is implementing the measures listed below to address housing needs in West Linn.

### Policy and Development Code Strategies

- Zoning Changes to Facilitate the Use of Lower-Cost Housing Types
  - The recently adopted West Linn HNA identified a deficiency in multi-family zoned land. The City recently rezoned several parcels from lower density to higher density designations to correct this deficiency and to encourage development of new multi-family projects.
- Code Provisions for ADUs
  - The City reviewed ADU regulations in the code and adopted Ordinance 1742 in order to remove existing barriers to their construction. The City also recently passed an Ordinance exempting ADUs from half-street improvements, which was the primary barrier. An evaluation of SDCs will also be undertaken.
- Middle Housing Code Update
  - The City's recent middle housing update resulted in the City allowing duplexes, triplexes, quadplexes, townhomes, and cottage cluster housing in a broad range of residential zones.
- Rezoning low-density residential area to middle-to-high density residential
  - The City recently increased the allowed density in one or more zones to allow for more compact development and/or a wider range of housing types in specific areas. This addresses the housing needs identified in HNA and to also comply with HB 2003.

### Reduce Regulatory Impediments

- Remove or Reduce Minimum Parking Requirements
  - As part of the implementation of CFEC rules, the City will be making a policy decision on whether to eliminate parking minimums for the entire community. If the City does not remove these requirements citywide, it will still eliminate minimum requirements in a variety of areas consistent with state requirements.
- Reduce Regulatory Barriers to Lot Division
  - The City will be codifying SB458 rules in the Community Development Code. SB458 applications are currently being processed as a staff decision. However, the CDC requires an ELD which is processed through the Planning Commission and the City Attorney's office has advised this runs afoul of ORS/OARs. The code will be amended in the next round of clean-up.

- Pro Affordable Housing Agenda
  - The City recently updated its Comprehensive Plan Goal 10 Housing policies to promote development of affordable housing as part of the HB2003 HNA adoption.

## Financial Incentives and Funding Sources

- Modify SDC fee schedules
  - The City is finalizing a contract to review the SDC calculations for ADUs and Middle Housing Types. The review will also look at rates for affordable housing projects.
- Nonprofit Low-Income Rental Housing Exemption
  - As part of the HPS, the City will review and propose a number of programmatic/policy initiatives for tax relief for affordable projects.
- Dedicated Revenue Sources for Affordable Housing
  - The City will review and potentially adopt various programmatic/policy initiatives as part of the HPS to encourage affordable housing development. A number of tools will be analyzed, including vertical tax credits, CET, property tax waivers, etc.

## Land Supply Strategies

- Surplus Land for Affordable Housing
  - As part of the HPS, the City will analyze strategies and identify surplus properties that could be developed as affordable housing projects in partnership with the County and local providers.

# HOUSING NEEDS OF UNDERREPRESENTED COMMUNITIES

The contextualized housing needs analysis finds disproportionate housing needs for low-income households, people experiencing homelessness, people of color, people with disabilities, workforce, seniors, and veterans. The people in these groups have housing needs not met with the housing type and price points the market provides. Producing housing for the special needs of these groups requires public intervention in order to increase the inventory of needed housing. The HPS will evaluate the strategies with a focus on the forementioned underserved groups.

## Low-income households

West Linn has an unmet current and future need of housing for the extremely low to low-income households. This demonstrates a need for subsidized affordable housing for renters and affordable homeownership. In 2022, the US Census estimated that about 64% of the renter households in West Linn pay more than 30% of income towards housing costs. With the low vacancy rate, competition for lower-priced affordable units and subsidized units is high, and many cannot afford the rents or housing sales prices without cost burdening themselves. HUD housing vouchers frequently do not provide enough money to cover market rate rent of stable housing without supplemental income which many recipients do not have available. In addition, the number of

available units that accept vouchers is limited and typically is much lower than the number of vouchers that otherwise could be used in the community. The low vacancy rate of housing unit (5%), which is likely even lower for lower cost rental units, is causing an increase in the need for shelters and transitional housing in West Linn which is pushing the extremely low and very low income people onto the threshold of homelessness and needing those services in order to be housed. Currently, there are a very limited number of publicly assisted housing units in West Linn and a limited number of HUD vouchers are being used there at this time.

## People Experiencing Homelessness

People experiencing homelessness are disproportionately affected by the lack of affordable housing. There were an estimated 411 people counted as homeless and unsheltered in Clackamas County as of 2023. In addition, an estimated 13% of households in West Linn may be at risk of homelessness because they have income at or below 30% of MFI. Almost all of these households are cost burdened, with many likely being severely cost burdened. Their broad housing needs include immediate assistance, such as rent support, permanent supportive housing with services, and better access to affordable units. Additionally, the housing needs of homeless individuals who are seniors, disabled, or Persons of Color encompass the specific needs of these groups as well.

## People of Color

West Linn grew more diverse between the 2010 and 2020 Census, with the white share of the population falling from 88% to 81%. The individual racial groups increased their portions taking 1% to 7%. Minority households typically have larger average household sizes compared to the overall population. Racial and ethnic minorities are less likely to own their homes, resulting in a greater demand for rental units due to a combination of historical, systemic, and economic factors. These factors create barriers to homeownership, leading to a greater reliance on rental housing. Because of these barriers, minorities are more likely to rent than own homes, creating a greater demand for rental units in the housing market. This increased reliance on renting often means minorities face additional challenges, such as higher rent burdens, less housing stability, and fewer opportunities to build long-term or generational wealth that is associated with homeownership. They also typically fall behind their white counterparts in terms of the ability to accumulate intergenerational wealth, including through home ownership. These groups also tend to have lower average incomes and are more likely to live below the official poverty level compared to the general population. This contributes to their higher proportion of renter households and affects the types of housing they require.

## People with Disabilities and Seniors

In West Linn, an estimated 8.4% or 2,268 people report having some form of disability. This is lower than the statewide rate and county rate of 14.9% and 12.6% respectively. Any type of disability influences the appropriate type of housing for a resident, but those with ambulatory, self-care, or independent living disabilities typically have the greatest impact on the required unit type. While the housing needs of individuals with one or more disabilities vary depending on the type of disability, generally the needs include better access to affordable housing, enhanced physical accessibility of housing units, access to housing with necessary services and transit.

In 2022, the proportion of the West Linn population over 65 was 18.4%, which was relatively high compared to both the state and national averages. Although West Linn's poverty rate for those 65 and older was 6.8%, lower than that of Clackamas County and Oregon, the senior population remains vulnerable to being cost-burdened and losing housing in the competitive rental market. Many live on fixed incomes with increasing housing costs. Many seniors also have a specific need for housing that is accessible for people with mobility limitations, or physical or self-care disabilities. This includes housing with adequate accessibility features and/or single-story units. As this group grows, West Linn will need more housing that is affordable, physically accessible, and in proximity to needed services such as nearby health care or in-home assistance.

## Workforce

Approximately 25% of West Linn households earn between \$75k and \$150k, which is the income bracket for the community's middle-income workforce. Middle-income workers find it increasingly challenging to buy or rent housing near their workplaces, particularly in more affluent communities with higher housing costs such as West Linn. This difficulty arises partly because wages have not kept pace with rising living costs and partly because there is a limited supply of affordable housing for these workers. Consequently, many middle-income workers relocate to the outskirts of their regions, resulting in longer commutes, increased traffic, and various other negative impacts on the surrounding area. Because affordable housing programs focus on serving households making 60 percent or lower of AMI, middle-income workers are often left with fewer housing options available to them in the cities where they work.

## Veterans

This group is identified as having specific needs and is often under-represented in housing planning. Veterans, in particular, may suffer from physical or mental health disabilities due to injuries or stress from their service. They often have fixed, lower incomes and require access to services provided by the US Veterans Administration or other organizations. Consequently, veterans share many of the same unmet needs as people with disabilities, low-income households, and, in some cases, senior residents.

*Figure 24. Vulnerable and Disadvantaged Community Group Summary, West Linn*

<b>Low Income (HUD Definitions)<sup>1</sup></b>	<b>Households</b>	<b>Households Below Level</b>
Household Income Median (\$134k)	5,004	50%
Low Income (80% of Median) (\$107k)	4,135	41%
Very Low income (50% of Median) (\$67k)	2,606	26%
Extremely Low Income (30% of Median) (\$40k)	1,340	13%
Population Below Poverty Level	1,501 persons	6%

<b>Homelessness (Countywide, 2023)<sup>2</sup></b>	<b>Individuals</b>	<b>Share (%)</b>
Total Homeless Count	411	100%
Unsheltered	179	44%
Emergency Shelter	182	44%
Transitional Housing	50	12%
Chronic Homeless	173	42%
Not Chronic	238	58%
Male	229	56%
Female	176	43%
Nonbinary, Unreported	6	1%
Experiencing Serious Mental Illness	125	30%
Have Experienced Domestic Violence	83	20%
Homeless Veterans	30	7%

<b>Racial and Ethnic Demo. (Census 2020)<sup>3</sup></b>	<b>Individuals</b>	<b>Share (%)</b>
White alone (Population)	22,186	81%
Hispanic or Latino	1,573	0.06
Black or African American alone	220	1%
American Indian and Alaska Native alone	73	0%
Asian alone	1,346	5%
Native Hawaiian and Other Pacific Islander alone	32	0%
Some Other Race alone	142	1%
Population of two or more races:	1,801	7%
Language Spoken at Home (Other than English)	2,813	10%

<b>Persons with Disabilities<sup>4</sup></b>	<b>Individuals</b>	<b>Share (%)</b>
Total Population (West Linn)	27,046	100%
Disabled Individuals (Total)	2,268	8%
With a hearing difficulty	899	3%
With a vision difficulty	288	1%
With a cognitive difficulty	849	3%
With an ambulatory difficulty	997	4%
With a self-care difficulty	448	2%
With an independent living difficulty	763	3%

<b>Workforce<sup>5</sup></b>	<b>Individuals</b>	<b>Share (%)</b>
Estimated Labor Force (of Total Adult Pop.)	12,766	60%
Labor Force Employed	12,168	95%
Labor Force Unemployed	598	5%

<b>Households Aged 60 or Older<sup>6</sup></b>	<b>Households</b>	<b>Share (%)</b>
Total Households (West Linn)	10,008	100%
Householder Aged 60 or Older	4,062	41%
Family Households (Aged 60 or Older)	2,892	29%
Non-Family Households (Aged 60 or Older)	1,170	12%
Seniors below the poverty level (Population)	416 persons	6%
Owner Households	3,645	90%
Owner Housing Costs >30% of Income	1,032	0.28
Renter Households	417	10%
Renter Costs >30% of Income	286	69%
<b>Veterans<sup>7</sup></b>	<b>Individuals</b>	<b>Share (%)</b>
Veterans	1,140	6%
<b>Period of Service</b>	<b>Share of Vets</b>	
Gulf War (9/2001 or later) veterans	264	23%
Gulf War (1990 to 8/2001) veterans	299	26%
Vietnam era veterans	387	34%
Korean War veterans	80	7%
World War II veterans	22	2%
Other	88	8%
<b>Veteran Age</b>	<b>Share of Vets</b>	
18 to 34 years	21	2%
35 to 54 years	417	37%
55 to 64 years	98	9%
65 to 74 years	261	23%
75 years and over	343	30%
Veteran Poverty Status	55	5%
Veterans with a Disability	275	24%

<sup>1</sup> Source: US Census, S1901, ACS 2022 5-Year

<sup>2</sup> Source: US Census, S1701, ACS 2022 5-Year

<sup>3</sup> Source: US Census, P2, 2020 Decennial Census

<sup>4</sup> Source: US Census, S1810, ACS 2022 5-Year

<sup>5</sup> Source: US Census, DP03, ACS 2022 5-Year

<sup>6</sup> Source: US Census, S0102, ACS 2022 5-Year

<sup>7</sup> Source: US Census, S2101, ACS 2022 5-Year

# APPENDIX B – FUTURE STRATEGIS TO CONSIDER

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

Although these strategies are not recommended for inclusion in the HPS, they may be appropriate for West Linn at a later date or in the event the City finds additional capacity to begin implementation of additional strategies.

## UGB Amendments and Planning

- Description** 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.
- 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 and/or if a larger share of needed future housing units in West Linn is



identified through the Oregon Housing Needs Analysis (OHNA) process. 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. Nonetheless, the City will continue advocating for updates to and implementation of the Stafford Triangle three-party Intergovernmental Agreement (IGA). West Linn will be an active participant in the regional coordination and planning for UGB expansion in the Stafford Triangle and in other high-opportunity areas adjacent to the city.

**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.

**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**

To the extent that the City identifies the need for a UGB expansion in the future, in partnership with Metro, the City would first need to complete the following steps:

- Further analyze and update its findings of where there is an insufficient supply of buildable land inside the UGB.
- Consider and adopt efficiency measures to ensure that land inside the UGB is being used efficiently. Many of the code update recommendations identified below are efficiency measures.
- Work with Metro to identify potential expansion areas within West Linn’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**

**Lead:** West Linn Community Development

**Partners:** Property owners, Metro, Clackamas County, Oregon Department of Land Conservation and Development (DLCD)

## Promote ADUs

**Description** 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. In addition, the City recently adopted a number of changes to its Development Code to further encourage and reduce barriers to development of ADUs, including the following:

- Removed half-street improvement requirements.
- Removed design standards.
- Removed problematic height restrictions.
- Removed problematic siting standards.

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.

*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.*

**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**

- Determine which code amendments will remove barriers and improve opportunities for ADU development.
- City Council action: Adopt code amendments.

**Lead & Partners** **Lead:** West Linn Community Development  
**Partners:** West Linn Planning Commission and City Council; Property owners

## Accessible Design

**Description** 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., MUPTC (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.**<sup>1</sup> 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).<sup>2</sup> 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

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<sup>1</sup> 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>

<sup>2</sup> 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>

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.<sup>3</sup>

- **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).<sup>4</sup>
- **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.

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. In addition, the City may also consider incentivizing accessibility features through SDC reductions or deferrals (see Strategy 3 – SDC Updates).

### 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.
- 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

<sup>3</sup> Universal Design Standards, West Virginia Housing Development Fund. <https://tinyurl.com/yx63h792>

<sup>4</sup> Lifelong Housing Program, RVCOG. <https://rvcog.org/home/sds-2/lifelong-housing-program/>

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** 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.

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.

**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**

- **Population served:** Low- and Moderate-income levels
- **Income level:** 30% to 120% AMI  
**Benefits and Burdens:** Low-income households, People Experiencing Homelessness, Seniors, Students, People of Color, People with Disabilities  
 No burdens on priority populations are anticipated.
- **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.



<b>Time Frame</b>	<b>N/A</b>
<b>Implementation Actions</b>	<ul style="list-style-type: none"> <li>• Explore which programs are most appropriate for the City to promote.</li> <li>• Study/analyze financial feasibility for the City to create a financial assistance program.</li> <li>• Establish and maintain relationships with regional organizations that offer housing assistance and education programming.</li> <li>• Potentially provide on-going financial support through rental assistance, homeownership grants/loans, and/or an annual funding set-aside.</li> </ul>
<b>Lead &amp; Partners</b>	<p><b>Lead:</b> West Linn Community Development</p> <p><b>Partners:</b> Portland Housing Center, Oregon Housing and Community Services, Fair Housing Council of Oregon, Clackamas County</p>

## Expedited Development Review

<b>Description</b>	<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 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.</p> <p>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).</p>
<b>Considerations</b>	<ul style="list-style-type: none"> <li>• 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.</li> <li>• Several stakeholders and developers have indicated the City’s development review process is unclear. Lack of clarity in the development review process</li> </ul>



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

# APPENDIX C – CONSTRUCTION EXCISE TAX AND TAX ABATEMENTS BACKGROUND

## Introduction

This background report provides information and analysis on Construction Excise Taxes (CET) and tax abatement strategies to supplement information in the West Linn Housing Production Strategy (HPS) report. The purpose of this analysis is to provide further context to assess the potential of these programs to incentivize or otherwise support the development of additional housing in the city of West Linn. Tax abatement and exemption strategies might be used to facilitate the development of affordable housing as well as market-rate housing if it meets public needs (e.g. housing density or mixed use goals), while the CET is designed to be used specifically for affordable housing.

A major focus of the HPS is to adopt strategies to incentivize long-term affordable housing in West Linn. It is important to note that most of the incentives discussed in the HPS are rarely sufficient to make an affordable housing project feasible on its own. Modern affordable housing development is typically complex and time-intensive, requiring developers to line up a combination of multiple sources of funding and programs before a project becomes feasible.

Any one public program can provide a key layer in this financing plan for a housing project, without which the project may not be feasible. The contribution of City incentives can also demonstrate local support for a project that will help it secure additional funding from state or federal sources.

## Construction Excise Tax (CET)

### Description

A construction excise tax (CET) is a one-time tax on construction projects that can be used to fund affordable housing projects and programs. This is one of the few options for generating dependable, locally controlled funding for affordable housing.

According to state statutes, the tax may be imposed on improvements to real property that result in a new structure or additional square footage in an existing structure. Cities and counties may levy a CET on residential construction for up to 1% of the permit value, or on commercial and industrial construction, with no cap on the rate of the CET.

The allowed uses for CET funding are defined by the state law. The City may retain 4% of the funds to cover administrative costs. If the City implements a residential CET, the funds remaining must be allocated as follows:

- 50% must be used for developer incentives (e.g., fee and SDC waivers or reductions, tax exemptions, financing, etc.)
- 35% may be used flexibly for affordable housing programs, as defined by the jurisdiction.
- 15% flows to Oregon Housing and Community Services (OHCS) for homeowner programs.

It should be noted that DLCD and OHCS staff report that OHCS typical practice is to distribute the majority of their 15% funds back to the projects or programs in the communities from which the funds originated. If the City implements a CET on commercial or industrial uses, 50% of the funds must be used for affordable housing programs as defined by the jurisdiction and the remaining funds (minus any administrative costs) are unrestricted.

## How it Works

Funds raised from a CET may be used to capitalize a new affordable housing fund or may be co-mingled with other funds available for the same purpose (e.g., Community Development Block Grant (CDBG) funding). Statutory restrictions on how the funds are used make it inefficient to use CET funding to directly build affordable housing. Effective programs leverage these funds to facilitate the affordable housing projects of partners who are generally accessing greater funding from the state or other sources.

As the CET funding grows, it can allow for the City to offer a range of incentives to affordable housing developers without loss of revenue to the City. For instance, the fund can reimburse the City for system development charges that are waived on the development. Other potential uses are to help fund pre-development needs such as site studies and remediation. This can help fill gaps in project financing that can otherwise be challenging for affordable housing developers to fill, including backfilling SDC waivers, acquisition of properties for affordable housing preservation, and down payment assistance for first-time homebuyers.

Many Oregon cities have adopted a CET for affordable housing with a range of tax levels. These cities have now built a track record of collecting and using these funds, with minimal impacts to the rate of development activity. The record seems to indicate that in attractive development markets, the CET is not a deterrent.

Table 1 shows the CET taxing level in a variety of Oregon cities. Some choose a CET at the maximum allowed 1% for residential construction, but many have adopted a lower levy. For commercial construction, where there is no limit to the rate of the CET, the highest adopted rate is 1.5% (Corvallis) with many choosing to limit it to 1%.

Table 1: Adopted CET Programs, Sample Oregon Cities

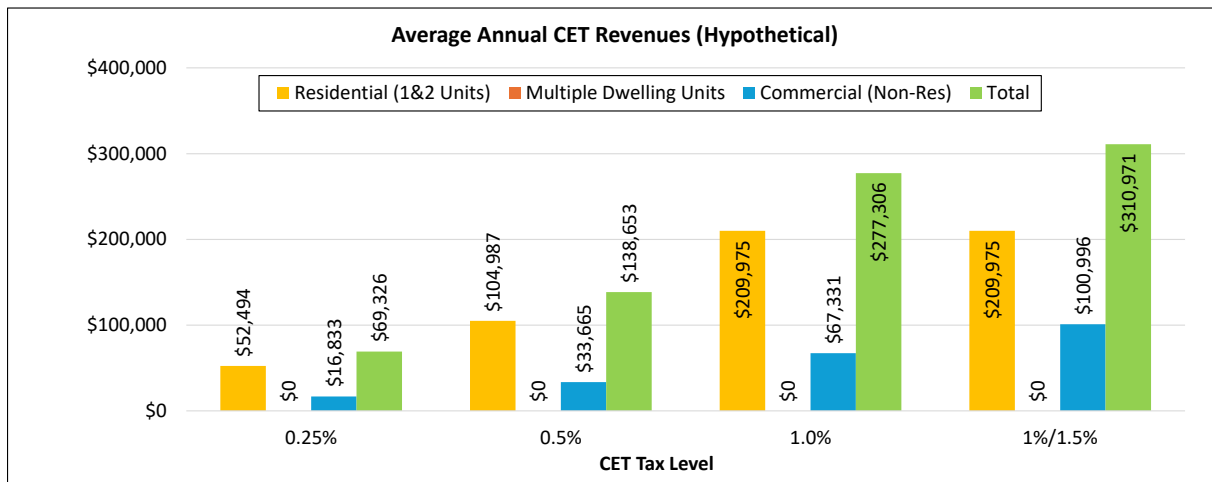
	Residential	Commercial	Adoption
Bend	0.33%	0.33%	2006
Corvallis	1%	1.5%	2016
Eugene	0.5%	0.5%	2019
Grants Pass	0.5%	1%	2021
McMinnville	1%	1%	2022
Medford	0.33%	0.33%	2018
Milwaukie	1%	1%	2017
Newburg	1%	1%	2020
Newport	1%	1%	2017

Cities have some flexibility in defining what types of development will be assessed for the CET. The CET may apply to either residential or commercial or both. Statute requires cities to exempt affordable housing projects for households earning up to 80% AMI. The City may also set a minimum permit value for qualified improvements. For instance, Grants Pass exempts projects valued under \$50k, and Milwaukie exempts those under \$100k in value. Cities can also exempt certain needed housing types such as multi-family.

It is important to set expectations of the planned uses of CET funding, both for program applicants, and for other agencies and partners who may see this as a possible new funding source for other uses. For applicants, it is important that the CET does not come be seen as a substitute for traditional funding sources of affordable housing such as tax credits or HUD programs. Also note that it may take a few years for the CET fund to grow to an effective size.

### Estimated CET Revenue

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.



## Considerations

As one would expect, the revenue generation is directly proportional to the rate at which the CET is set. A higher CET level will generate greater revenue faster and provide more leverage to a city's affordable housing program.

The decision on where to set the CET is ultimately a policy choice. Pro forma modeling of the addition of a CET at 1% does not impact modeled development sufficiently to be a major deterrent, or to render feasible development forms infeasible. This seems to be the experience of other Oregon cities that have adopted CET programs, and none were identified that have revoked their CET after adoption. As more cities have adopted a CET, developers also become more familiar with this tax.

As noted, these funds should be used to leverage greater funding that an experienced affordable housing developer brings to the table from state and federal sources. The local incentives act as one component of the stack of financing and incentives that make the project viable, allow for placing additional public performance requirements on the project, and demonstrate local support that helps with applications for other funding. It also advertises West Linn as a community that is supportive of partnering in affordable housing development.

## CET Case Studies

The following are a limited number of examples of CET being used to help facilitate affordable housing production. These cases are from Corvallis, one of the early adopters of the CET that now have sufficient experience to have built up their CET fund and learned lessons on how most effectively to use it. Corvallis reports that it took roughly 3 years for CET funding to build to an effective level. The City generally uses these funds to leverage even greater funds from other sources such as the state. The investment at the local level becomes proof of local support that improves the recipient's odds of securing other funding.

### **Rivergreen Landing Apartments 3350 SE Midvale Dr. Corvallis, Oregon**

**Builder/Owner:** Green Light/Home First LLC; greenlighthousing.com

**Description:** Located in the Willamette Landing Neighborhood of South Corvallis, The Rivergreen Landing Apartments is a 60-unit development that will have a mix of 1, 2 and 3-bedroom family units affordable to serve renters earning at or below 60% of Area Median Income (AMI). 5.5 acre site.

**Project Cost:** \$22.6 million; \$6.82 million in permanent loan by developer.

**Incentives:** City of Corvallis CET funds of \$400k helped to leverage \$6.4 million in state Local Innovation Fast Track (LIFT) funds, \$6 million in Low Income Housing Tax Credits-4% (LIHTC).

**The Why:** Benton County is projected to need an additional 4,590 affordable housing units, many of which are needed in Corvallis. The development is strengthened by significant community support and input from a diverse group of partners and stakeholders including the City of Corvallis, Casa Latinos Unidos, NAACP, Corvallis School District, League of Women Voters, and Boys & Girls Club, and Linn Benton Housing

Authority. What results is thoughtful design input, tenant referral, and culturally specific resident services from experienced local community organizations that ultimately benefit future residents.



**Union at Pacific**  
**150 SW Wake Robin Ave, Corvallis, Oregon**

**Builder/Owner:** The Annex Group®, a leading workforce, affordable and student housing developer from Indianapolis, IN.

**Description:** The Annex Group plans to develop a new affordable housing community in Corvallis, Oregon. Union at Pacific Highway will offer 174 one, two, and three-bedroom unit options available to households whose income level is at or below 60 percent of the area median income (AMI). The three-story community will be on 7 acres.

**Project Cost:** \$56 million; with \$24 million in permanent loan by developer.

**Incentives:** City of Corvallis CET funds of \$500k helped to leverage \$6 million in Oregon Soft Funds, \$15.5m in Low Income Housing Tax Credits-4%, (LIHTC).

**Partners** on the project include: Oregon Housing and Community Services, the City of Corvallis, the Linn-Benton Housing Authority, Avenue5 Residential for property management, Structure Development Advisors as the LIHTC consultant, KTGy for architecture, and DEVCO Engineering, Inc. for civil engineering. Piper Sandler placed the tax-exempt bonds and NDC provided over \$19 million in tax credit equity.





### **3<sup>rd</sup> Street Commons**

**1480 SW 3<sup>rd</sup> Street, Corvallis, Oregon**

**Owner/Developer:** Corvallis Housing First

**Description:** 47 units of Permanent Supportive Housing located on a 1.33 acres site owned by CHF south of downtown Corvallis and Oregon State University. Development to include: 6 studio bedroom units (310-315 sq ft) and 41 one-bedroom units (550 sq ft), a community space and offices for partner services. This site, originally known as the Budget Inn, was purchased through the Project Turnkey program, funded by the Oregon Community Foundation and the State of Oregon to address the need for non-congregate shelter spaces for people experiencing homelessness during the pandemic. Since opening in 2021, the site has been operated by Unity Shelter, who have served over a hundred people, with a focus on serving people of color, LGBTQ+, and those with significant vulnerability due to physical or mental health conditions or substance use disorders. The current buildings will be demolished making way for the new project, with construction starting in late 2024.

**Project Cost:** \$22 million

**Financial Incentives:** City of Corvallis CET funds of only \$45k helped to leverage \$5 million in direct appropriations from the state, and \$3m from the Federal government, funds are pending from Oregon Housing and Community Services, and Corvallis HOME.

**Partners:** City of Corvallis, Community Health Clinics of Linn and Benton Counties, NAACP, CSC, Samaritan, Benton County, Corvallis Daytime Drop-In Center, Casa Latinos Unidos, Project Help.



## Tax Abatements

### Description

Tax abatements are reductions in property taxes for housing. Abatements may include full or partial tax exemptions or freezes on the assessed value of properties. Abatements are often provided to non-profit corporations or private developers in exchange for developing affordable housing or other desired housing types (such as mixed-use). Property tax abatements can also be applied to housing in distressed areas, or for rehabilitated housing. Property tax abatements reduce ongoing operating costs for housing projects, which can be greatly beneficial for affordable housing finances.

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

The HPS recommends the following tax abatement programs:

- 1) Low-Income Rental Housing (ORS 307.515 – 307.537).** The state authorizes a 20-year tax abatement for any entity that provides regulated affordable housing, including nonprofits and for-profit developers. The statutes outline similar eligibility requirements, in that 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. Key advantages of this abatement program are that it is



available to more than just non-profits and it does not require annual renewal.

- 2) **Multiple Unit Property Tax Exemption (MUPTe) (ORS 307.600 – 307.637).** This is an abatement for multiple-unit housing. Eligible development must have multiple units (middle housing or multi-family) but may include ground floor commercial space. The abatement can be provided for up to 10 years, and only applies to new residential construction, and not land or any commercial portions. The City must designate specific areas where the MUPTe applies, unless it includes affordability as a criterion, in which case the whole city could be eligible.
- 3) **Homebuyer Opportunity Limited Tax Exemption Program (HOLTE) (ORS 307.651-687).** This is an abatement for first time homebuyers and low- and moderate-income households. 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. 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.

## Considerations

A major consideration when offering multiple tax abatement programs is if they overlap, they might compete for use by applicant developers. The abatement program seen as providing the greatest benefit with the lowest cost/concessions from the developer is likely to be utilized much more than the others.

For this reason, the city should consider adopting one abatement intended mostly for application to affordable housing, and one intended mostly for meeting other types of housing goals. The **Low-Income Rental Housing** tax abatement, lasting 20 years, will be attractive to those seeking to provide affordable housing, including non-profit agencies and for-profit developers specializing in tax credit projects. The **MUPTe** could be focused on moderate rate housing, housing that meets accessibility requirements, or other types of housing. While the City could require a limited affordability component as part of the MUPTe program, projects that are intended to be fully affordable are likely to opt for the former abatement program. The **HOLTE** 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).

The City should also consider the following for each type of abatement strategy:

### 1) **Low-Income Rental Housing:**

- 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.
- Tax abatements or exemptions would apply to city property taxes which only make up about 17% of a property tax bill. Other taxing entities would have to agree to the strategy for any property to be eligible for a complete tax abatement.

## **2) MUPTE**

- This strategy 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.
- This strategy could outcompete affordable housing tax incentives with for-profit developers who would rather build market-rate housing in some cases.

## **3) HOLTE**

- This strategy is intended 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.
- Potential 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.
- 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.

## **Impact on Project Feasibility**

Tax abatements work by lowering operating costs in the first years of the property's operation. This helps projects that might otherwise not be feasible due to high development costs or low achievable rents/pricing, which is often the case for affordable housing, taller buildings, or mixed use buildings. The hope is that the availability of the tax abatement helps tip a development from one form to another, or from market-rate to affordable.

The usage of tax abatement programs by private developers will generally be related to the underlying market forces already present in the community. For instance, if some areas or neighborhoods are on the cusp of seeing denser housing development, then a MUPTE will likely see greater usage, amplifying the benefits such as more housing and mixed uses development. However, if a neighborhood is not ready for higher density housing, this incentive is unlikely to make it desirable to a private developer. For

that reason, focusing the multiple-dwelling unit housing where they already enjoy some support is recommended.

Low-income housing tax abatements are typically used by agencies or developers who are already interested in providing this form of housing. The abatement can be an integral part of the complex financing and incentive package that is typically required to make a low-income housing project feasible. These abatements can help achieve more low-income housing by making it feasible for some projects to increase their unit count and even encouraging some market-rate projects to include affordable units.

### **Current Market Conditions**

In the current market environment, housing development is facing serious headwinds. Years of increased costs for materials and labor have combined with higher interest rates to make development much harder to pencil out. This has been seen in plunging rates of new home building over the last two years. On the West Coast, new apartment construction fell by more than half between 2022 and 2023, as even rising rent levels are increasingly insufficient to support costs.

In this environment, the tools available to public agencies have more limited impact, as the size of the “feasibility gap” is larger than in recent history. This includes the tools and policies discussed in the HPS. However, cities have the advantage of being able to plan for the long term; presumably future real estate cycles will moderate, and feasibility will improve. Establishing these programs now will ensure they are ready when needed.

### **City vs. General Participation**

Generally, only the City’s portion of the taxes would be included in the tax abatement unless it seeks agreement from the boards of other taxing districts, that in combination with City make up 51% or more of the total tax levy. In the case of West Linn, this would mean seeking approval of the school district, and/or some combination of the county and other districts. While this may seem cumbersome, extending a tax abatement to the full levy (100%) greatly increases its impact as a development incentive.