

HOUSING PRODUCTION STRATEGY

WEST LINN, OREGON

FINAL DRAFT

2024 – 2030



CITY OF

West Linn

CITY HALL & ADULT COMMUNITY CENTER

Welcome To The



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West Linn

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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. The HPS implementation timeline for West Linn is from 2024 to 2030.

West Linn’s Housing Production Strategy outlines a range of actions 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 actions 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 actions recommended in the HPS.



Recommended Actions

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

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.
AFFORDABLE HOUSING	Facilitate development of government-subsidized housing that meets the needs of low- and moderate-income households.
EQUITABLE HOUSING OPPORTUNITIES	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 **Actions** section of this report.

Action	IMPLEMENTATION TIME FRAME (2024 – 2030)			
	Begin	Complete	Cost	Effort
Housing Options and Choices Actions				
1. Rezone Land	2026	2028	\$\$\$\$	● ● ●
2. Small Dwelling Unit Development	2026	2028	\$\$\$\$	● ● ○
3. Update SDCs	2026	2030	\$\$\$\$	● ● ●
4. Multiple Unit Property Tax Exemption (MUPTE)	2028	2029	\$\$\$\$	● ● ○
Affordable Housing Actions				
5. Tax Increment Financing (TIF) for Affordable Housing	2026	2030	\$\$\$\$	● ● ●
6. Surplus Land, Land Acquisition, and Banking for Affordable Housing	2025	2030	\$\$\$\$	● ● ●
7. Public-Private Partnerships (PPP) for Affordable Housing	2026	2030	\$\$\$\$	● ● ●
8. Low Income Rental Housing Tax Exemptions	2026	2027	\$\$\$\$	● ● ○
9. Zoning Incentives for Workforce and Affordable Housing	2026	2028	\$\$\$\$	● ● ○
10. Construction Excise Tax (CET)	2026	2028	\$\$\$\$	● ● ●
Equitable Housing Opportunities				
11. Homebuyer Opportunity Limited Tax Exemption	2026	2027	\$\$\$\$	● ● ○
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 actions 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 actions 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 actions 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)

PWG Summary

This advisory group included a variety of housing stakeholders, producers, and consumers. This included realtors, local and regional home builders, affordable housing developers (including Habitat for Humanity and DevNW), and representatives of the City’s Planning Commission, City Council, neighborhood associations, Fair Housing Council of Oregon, and Clackamas County Housing Authority, among others. The PWG members were selected to participate in the HPS due to their understanding of local housing conditions and needs as well as their expertise regarding potential housing solutions. The variety of perspectives represented on the PWG helped to ensure that a range of options or issues associated with HPS implementation was considered.

The PWG met a total of four times and was instrumental in shaping the City’s approach to the HPS and the actions ultimately selected. They reviewed materials created by the project team at each step of the process and provided important information and feedback. PWG members also participated in a brief email survey to provide more information regarding implementation. The survey results are weaved into the broader PWG summary here. This was especially beneficial in informing decisions by the Planning Commission and City Council.

PWG Key Themes

- The Contextualized Housing Needs Analysis (CHNA) was shared with the PWG for their review and comments early in the project. The PWG generally agreed with the identified housing needs in the CHNA and did not have additional comments on West Linn’s housing needs.
- There was particularly strong support for SDC modifications among several PWG members. Most PWG members agreed that the City’s high SDCs can be a significant financial barrier to housing production. Many of the questions, comments, and discussion items were related to SDC implementation to promote housing production.
- Some of the affordable housing developers/providers on the PWG shared resources and tools for the City to consider, including recommendations for referring residents to regional organizations such as DevNW or Clackamas Housing Authority for financial assistance programs.
- Several PWG members have either directly utilized the Home Owner Limited Tax Exemption (HOLTE) program for their clients or have witnessed its effectiveness in supporting affordable homeownership throughout the region.
- PWG members had mixed support for Construction Excise Tax (CET). Affordable housing developers/providers supported the action and commented on its crucial role in funding affordable housing in the cities where it has been adopted. Home builders generally opposed this action, suggesting it would add to the already high development costs in West Linn and deter any type of housing production.
- Most PWG members supported land acquisition and banking as a tool that provides significant incentives for affordable housing production.
- The project team and the PWG examined a list of 20 potential actions to include in the HPS. Due to the City’s limited staff capacity to implement these actions over a six-year period, the project team removed five actions from further consideration. Several of these actions were removed because certain aspects may be implemented through other actions (e.g., updating SDCs for ADUs and to incentivize accessibility features). In addition, the PWG identified the other actions as a higher priority. The actions that were removed include:
 - *UGB Amendments and Planning*
 - *Promote ADUs through additional code updates*
 - *Expedited Development Review*
 - *Accessible Design*
 - *Financial Assistance and Homebuyer Education Programs*
- Some actions were consolidated to reduce the number of final actions for the City to adopt. All PWG members ultimately supported the final twelve actions except for CET. CET had mixed support among PWG members.

PWG Influence on HPS

The PWG reviewed and supported each of the actions included in the HPS. The PWG provided additional recommendations and considerations for the following actions:

- SDC updates. Consider SDC reductions/deferrals for accessibility features and add more information regarding funding/revenue, capital improvements, and taxing districts. Consider SDC deferrals until certificate of occupancy.
- Tax Increment Financing. Apply this action to the Riverfront TIF and the Highway 43 Corridor.
- Low Income Rental Housing Tax Exemption. Include more context/info regarding the applicability and taxing districts.
- Multiple-Unit Property Tax Exemption (MUPTE). The City should consider 60% AMI instead of 80% AMI for MUPTE.

- Construction Excise Tax. Clarify flexibility for applicability and possible exemptions.
- Land Acquisition/Banking. Target areas in TIF districts, particularly before the TIF district is adopted.
- Public-Private Partnerships. Consider the Moderate-Income Revolving Loan Fund to implement this action.



Stakeholder Interviews

Summary

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. These stakeholders were selected due to their familiarity with local housing needs and their experience with regional housing production. The stakeholders included representatives from the Clackamas County Housing Authority, DevNW, the Planning Commission, local homebuilders and developers, the West Linn Alliance, the Portland Metro Homebuilders Association, and Fair Housing Council of Oregon. In addition, many of these stakeholders responded to a survey on the Public Review Draft HPS to solicit feedback on recommended actions, including an additional stakeholder from Metro’s affordable housing team. The input received from the stakeholders was also summarized in the “Existing and Expected Barriers to Developing Needed Housing” section of the CHNA (Appendix A).

The stakeholder input helped inform actions 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) actions, 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 action. Also, incentives and other actions that support affordable housing development (tax abatements, CET, TIF funding, partnerships) were informed by these interviews.

Key Themes

- The City has an aging housing stock and limited land availability.
- West Linn has market potential for infill and middle housing production.
- The community faces housing cost/affordability barriers stemming from a variety of factors, but particularly due to high SDCs and high land costs.
- City staff and decision-makers have generally been easy to work with; however some review/approval procedures, clarity, and timelines could be improved and expedited.

Influence on HPS

- SDC updates. The high costs of SDCs that were reported by several stakeholders was a key determining factor for including SDC updates in the HPS.
- Small Dwelling Unit Development. Stakeholder feedback on the strong demand for moderate income homeownership opportunities supported the identification of this action.
- Homebuyer Limited Opportunity Tax Exemption (HOLTE). Similar to small dwellings, strong demand for affordable homeownership opportunities influenced selection of this action.

- Affordable housing developers emphasized the importance of incentives, funding sources, and partnerships to help attract affordable housing development to communities. This input helped inform selection of the CET, TIF, PPP, and tax abatement actions.



City Council and Planning Commission meeting and hearings.

Summary

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 actions included in the HPS. Each of these meetings provided opportunities for community members to provide public comment as well. Ultimately, the Planning Commission and City Council provided direction on which actions to include in the draft HPS and approved the final HPS via adoption hearings.

Key Themes

- The City Council and Planning Commission acknowledged that home prices have been out of reach for first-time homebuyers.
- They are aware of the low housing inventory and limited land supply in West Linn.
- They strongly support a land acquisition action to support affordable housing.
- They are excited about the potential synergy between the HPS and the Waterfront and Vision43 projects.
- The City Council and Planning Commission requested more information specifically for CET, tax abatement, and SDC actions. They want to be careful to not jeopardize some of the city's key sources of revenue.
- They are concerned about school enrollment and how the lack of affordable homeownership opportunities will affect young families who may be interested in West Linn.
- The City Council and Planning Commission generally supported all of the proposed HPS actions and had little specific direction on HPS implementation. They largely relied on guidance from the project team the PWG recommendations/priorities.

Influence on HPS

- The City Council and Planning Commission's strong support for acquisition influenced selection of the Land Acquisition and Banking action.

Future Engagement Considerations

The project team worked closely with the PWG, local/regional housing stakeholders, the Planning Commission, and the City Council to identify and customize the actions included in the HPS. However, to help ensure a broad range of the community is reached for future engagement efforts, the City should consider the following:

- Conduct initial community surveys and engagement with specific groups early in the project to better understand housing needs from the community’s perspective. Groups that West Linn should target includes:
 - City Boards and Commissions
 - Neighborhood Associations
 - Youth and youth-focused organizations (e.g., Youth Advisory Council or high school civics class)
 - Older adults (e.g., Adult Community Center, retirement communities)
 - Business community – (E.g., West Linn Chamber of Commerce)
 - Equity-focused groups (e.g., High School DEI groups)
 - Communities with limited English proficiency
 - Accessibility advocacy organizations and individuals experiencing limited mobility and disabilities
 - Community-based organizations (e.g., The West Linn Alliance, Faith-based groups)
- Coordinate engagement activities with other concurrent planning projects, particularly those with a heavy engagement focus. For example, the Vision43 project had a significant focus on community outreach and engagement. Although some elements of housing needs were implied from Vision43 engagement results (e.g., rezoning for mixed-use/multifamily housing), Vision43 engagement activities did not explicitly incorporate information or recommendations from the HPS.
- Gather community input on broad housing action categories early-on in the project (e.g., zoning/land use updates, affordable housing, etc.). Residents might be less likely to engage with very specific, technical and detailed actions that are addressed in the HPS. However, they likely have more thoughts and ideas around the intent and potential impacts of most actions.



RECOMMENDED ACTIONS

The Housing Production Strategy identifies actions 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 actions recommended in this report were supported by the HPS Project Working Group (PWG), City Council, and Planning Commission.

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

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.
AFFORDABLE HOUSING	Facilitate development of government-subsidized housing that meets the needs of low- and moderate-income households.
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 actions and identifies steps needed for implementation. The summary of each housing action includes the following information:

Description	What is the action? How can the action work to address identified housing needs in West Linn? What are potential outcomes?
Opportunities, Constraints, or Negative Externalities	What potential options, funding needs, challenges, etc. are applicable to the action? Are there potential trade-offs or negative externalities to consider? How feasible is this action, given other considerations?
Anticipated Impact	<p>What is the anticipated impact of the action? The following types of impacts are considered:</p> <ul style="list-style-type: none"> • Housing need addressed – Housing need identified in the HCA that is addressed by the action • Populations served by the action • Income levels addressed by the action

- **Benefits and burdens** that priority populations may receive from the action. 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 action is unlikely to meet the relevant housing need. A low impact action does not mean an action is unimportant. Some actions are necessary but not sufficient to produce new housing.
 - **Moderate impact:** The action either may have a moderate impact on meeting the relevant housing need or be designed to target that need.
 - **High impact:** The action is intended to directly benefit a certain housing need and is likely to be most effective at meeting that need relative to other actions.

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, actions 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 action.

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 action?

Lead & Partners Who will be responsible for implementing the action? What partnerships might be necessary or beneficial to the action?



Summary of Actions and Implementation

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

Key

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

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

The HPS also includes discussion on a few additional actions 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 actions for inclusion in the HPS because they were identified as lower priority by project participants. The City has limited resources to implement every action that has been considered within the HPS planning and implementation timeline (6 years), and therefore the City should focus on actions that were identified as higher priority for the HPS. However, it is worth addressing these actions for the City to potentially consider in the future or through a separate process. These actions are summarized in Appendix B.

Implementation Timeline

	2024	2025	2026	2027 (Midpoint)	2028	2029	2030
1. Rezone land			Ongoing				
2. Small dwelling unit development			Ongoing				
3. SDC updates			Ongoing				
4. Multiple Unit Property Tax Exemption (MUPTE)					Ongoing		
5. TIF to support affordable housing			Ongoing				
6. Surplus Land, Land Acquisition, and Banking		Ongoing					
7. Public-private partnerships for affordable housing			Ongoing				
8. Low-income Rental Housing Tax Exemption			Ongoing				
9. Zoning incentives for workforce/affordable housing			Ongoing				
10. Construction Excise Tax (CET)			Ongoing				
11. Homebuyer Opportunity Limited Tax Exemption (HOLTE)			Ongoing				
12. Fair Housing education, referral, and other services			Ongoing				

* Refer to the action descriptions for details about phasing.

Housing Options and Choices Actions

1. Rezone Land

Description This action involves rezoning commercial 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.

- Opportunities, Constraints, or Negative Externalities**
- 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 action would need significant community engagement.
- The City should 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.
- 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 action 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 action 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 as noted below.
- **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: 2026 to 2028

Adoption:

- Areas associated with Vision43 and Waterfront Projects: 2027
- Other areas: 2028

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 action as part of the Vision43 and Waterfront planning processes, with adoption for Vision43 and Waterfront rezoning targeted for 2027.
- 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

2. Small Dwelling Unit Development

Description

This action would involve zoning/subdivision provisions that encourage or enable development of small single-family dwellings. This action 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 action may help with production of starter level homes.

Opportunities, Constraints, or

- 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

<p>Negative Externalities</p>	<p>large lot sizes in the City, these MHDs 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.</p> <ul style="list-style-type: none"> • 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.”
<p>Anticipated Impact</p>	<ul style="list-style-type: none"> • 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 action 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 action 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 action 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 action could help the City meet one of West Linn’s key housing needs.
<p>Time Frame</p>	<p>Implementation: 2026 – 2028 Adoption: 2028 Impact: This action will immediately improve development opportunities for small single family homes. The impact on housing development is expected to be long-term.</p>
<p>Implementation Actions</p>	<ul style="list-style-type: none"> • Determine which code amendments will remove barriers and improve opportunities for small single-family homes. • City Council action: Adopt code amendments.
<p>Lead & Partners</p>	<p>Lead: West Linn Community Development Partners: Development stakeholders</p>

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 action 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 action 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.¹

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. The City may also consider a tiered SDC scaling approach in which different SDC size categories, or "tiers" correspond to would correspond to a different SDC fee. The City of McMinnville is currently considering a tiered SDC scaling methodology.²

SDC Exemptions or Deferrals

This action 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 action would significantly reduce development costs for individual property owners interested in constructing an ADU on their property. Affordable housing developers benefit from this action levied by the City only when their projects meet assistance program requirements.

SDC deferrals typically allow a development to delay payment of the fees for a specified period of time or until the certificate of occupancy is issued, rather than at the time the building permit is issued. SDC deferral can be combined with SDC financing so that payments begin after one year and continue for a certain number of years. The City could offer a lower interest rate (e.g., 0.25% above the Oregon Prime rate) and/or allow the lien to be in second position for affordable

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

² City of McMinnville City Council Work Session on Parks SDC Updates, 2024.

https://www.mcminnvilleoregon.gov/sites/default/files/fileattachments/city_council/meeting/24962/cai.mig_mc_minnville_park_sdc_council_update_draft.2024_0312.pdf

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.

**Opportunities,
Constraints, or
Negative
Externalities**

- This action 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. SDC waivers have been a critical tool to enable affordable housing in other jurisdictions in Oregon.
- 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. This approach may involve charging SDCs by dwelling area (square feet) rather than unit type.
- 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 action 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.
- The City may consider deferring SDCs until certificate of occupancy, which is a common practice in other communities. This approach can help alleviate some of the upfront development costs, reducing the cost associated with debt, and reducing overall costs as a result.

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 action 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 action also will take further analysis and community discussion.

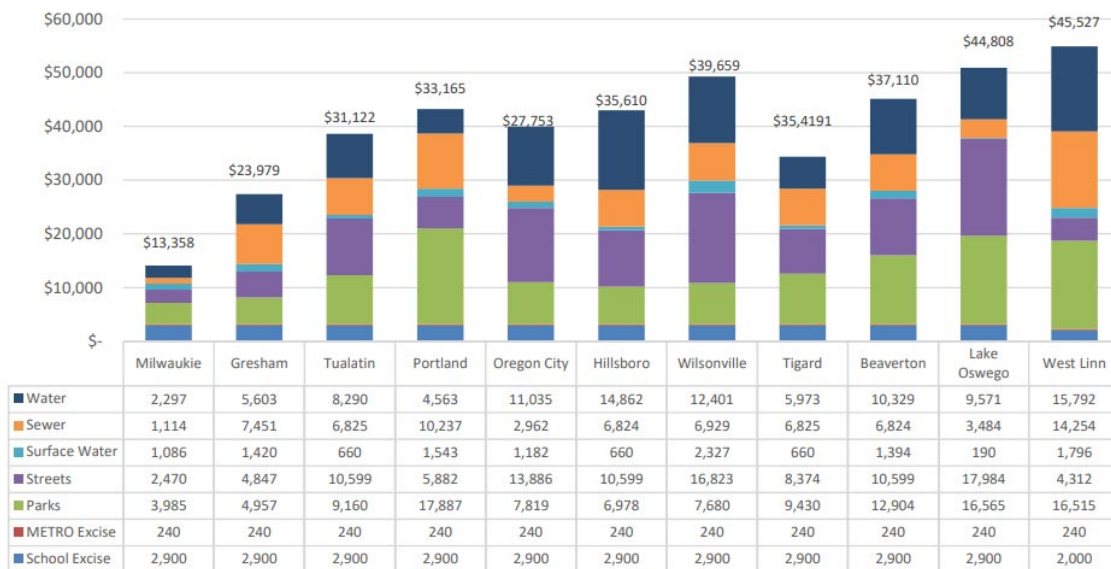
Implementation Actions

- 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)

Opportunities, Constraints, or Negative Externalities

- 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 action could outcompete affordable housing tax incentives with for-profit developers who would rather build market-rate housing in some cases.
- 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.
- This tool can be used to supplement land acquisition and banking by targeting specific sites to apply the tax exemption, particularly for sites where the City cannot afford property acquisition. Instead of directly acquiring land, the City could consider a site-specific MUPTe or Multiple Unit Limited Tax Exemption (MULTE). This would help incentivize private developers to acquire vacant or underutilized properties for multi-unit development while enjoying a permanent or temporary property tax exemption. This approach minimizes upfront public costs while enabling private developers to identify and secure sites for development.

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 action 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 action 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 action, provided it is implemented in the ways described above.

- **Housing tenure:** Typically for-rent.
- **Magnitude:** Moderate – This action 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

Affordable Housing Actions

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

Description This action 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.

**Opportunities,
Constraints, or
Negative
Externalities**

- 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.
- The City should 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.
- 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 action may be integrated with the Land Acquisition and Banking action to the extent that TIF money is used to acquire land for future housing.
- Affordable housing projects may be tax-exempt if they are owned by an affordable non-profit developer, which may affect tax revenue once funds revert to the general fund.
- 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.³

**Anticipated
Impact**

- **Housing Need Addressed:** Government-subsidized affordable housing.
- **Population served:** Low-income households
- **Income level:** 0-80% AMI
- **Benefits and Burdens:** This action 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.

³ Beaverton BURA Annual Report and Five-Year Action Plan, 2020. <https://www.beavertonoregon.gov/1017/The-Beaverton-Urban-Redevelopment-Agency>

- **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.
 - Incorporate land acquisition, funding support for affordable housing projects, infrastructure funding, and/or other housing-supportive projects into new district plans.
 - Integrate this action with other HPS actions 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

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 action 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 action.**

Opportunities, Constraints, or Negative Externalities

- 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 action 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.⁴ Cities are also required to allow affordable housing on any property that is zoned to

⁴ Senate Bill 8, 2021. <https://olis.oregonlegislature.gov/liz/2021R1/Downloads/MeasureDocument/SB8/Enrolled>

allow religious assembly or zoned for public use. Several affordable housing developments have been enabled by these rules in the Metro region.

- Land banking can be used as an anti-displacement action. Land banks can acquire land in high-opportunity areas where prices are going up and develop affordable housing before the market becomes too competitive. For example, the City may want to prioritize property acquisition in future TIF areas before the TIF district is adopted.
- 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. Additional up-front costs may include maintenance and security.
- Land acquisition or banking will only be possible if it is coupled with other actions that are intended to raise revenue for affordable housing, such as TIF or CET. The City does not have the finances to fund these types of programs without a supplemental source of revenue.
- Most land banks rely on property tax-related revenue streams, although some have relied on private foundation or federal grants. Tax Exemptions can be applied to land held for the purpose of developing low-income housing. Therefore, tax exemptions can help make land banking more financially feasible as an affordable housing action.
- City-owned property could be sold at the property's appraised value to affordable housing developers if the City needs additional revenue.
- The City could manage its own land bank or acquisition action, 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 action 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 actions 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: 2025 – 2030

Adoption: 2030

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 action.

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 action may depend, in part, on use of tools such as TIF funding (Action 5) 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. The City could assist such organizations with favorable zoning, permitting, and financial incentives.
- **Community Land Trust (CLT).** CLT 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” action that overlaps significantly with other actions in this document (funding support for affordable housing, tax incentives, community land trusts, etc.). Implementing a PPP action 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.

**Opportunities,
Constraints, or
Negative
Externalities**

- 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.
- The City should also consider the Moderate-Income Revolving Loan fund as a tool to support a PPP.⁵
- The following specific partnership actions are recommended for implementation:
 - Consider donating surplus city-owned land for affordable housing as it becomes available.
 - Leverage federal, state, and regional resources – such as the Metro Affordable Housing Bond⁶ – 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.
 - If a new TIF district is established (Action 5), 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 actions described in this report (i.e., Non-Profit and Low-Income Rental exemption, MUPTe and HOLTE actions).

⁵ OHCS Moderate-Income Revolving Loan Fund. <https://www.oregon.gov/ohcs/rental-housing/housing-development/development-resources/pages/moderate-income-revolving-loan.aspx>

⁶ Metro Bond Funding Progress Page. <https://www.oregonmetro.gov/public-projects/affordable-homes-greater-portland/progress#Affordability>

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 action 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 action.
- **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 actions 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.

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.

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

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

Opportunities, Constraints, or Negative Externalities

- 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 action 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 action for any property to be eligible for a complete tax abatement.

- The City should adopt exemption programs by resolution or ordinance and work with housing providers to implement the program through completion of specific qualifying housing projects. Also, consider supplementing the Multiple Unit Property Tax Exemption (MUPTEx) described below to offer more options and flexibility for projects that would not be eligible for the Non-Profit and Low-Income Rental exemption programs.

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 action 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: 2026 – 2027

Adoption: 2027

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

9. Zoning Incentives for Workforce and Affordable Housing

Description This action 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.

Opportunities, Constraints, or Negative Externalities

- 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 action 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 action 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: 2026 – 2028

Adoption: 2026

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 statute⁷ and can include support for a variety of housing-related projects and programs.

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

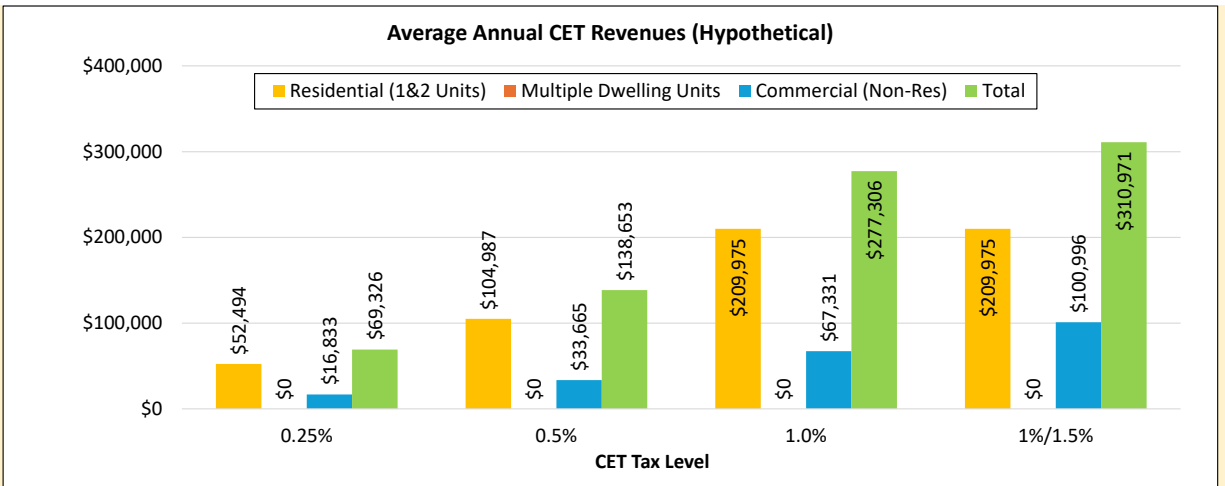
Some cities have used CET to pay for gap financing of new affordable development, backfilling SDC waivers, acquisition of properties for affordable housing preservation, and down payment assistance for first-time homebuyers.

⁷ Oregon Revised Statutes 320.192-195.

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.⁸

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.



Opportunities, Constraints, or Negative Externalities

- CET is one of the few available sources of a locally-controlled funding stream for affordable housing.
- Several other actions 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 actions.
- 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

⁸ City of Eugene, Affordable Housing Trust Fund. <https://www.eugene-or.gov/4232/Affordable-Housing-Trust-Fund>

\$50,000; and allows cottage clusters, courtyard units, and quadplexes to be exempted from 75% of the CET.⁹

- 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 action can be paired with other complementary actions 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.
- Affordable housing programs often prioritize communities that have demonstrated a financial commitment to support affordable housing. CET may be a useful tool to attract affordable housing funding from regional, state, and federal sources.
- The City should carefully structure the CET program to avoid deterring development activity to the extent feasible. If additional development costs from CET become prohibitive, home builders and developers may choose to work in other communities, including neighboring communities without a CET and/or where more opportunity sites may exist, rather than pursuing projects in West Linn. However, given the increasing number of cities in Oregon that have adopted a CET program, the development community will likely find ways to adapt to the evolving market.
- The City may consider opportunities to coordinate a local CET program with other regional or state programs to leverage additional resources. For example, the City may explore options for state or federal tax credits to help alleviate CET costs on home builders. The City could also coordinate with Metro's CET program to help maximize revenue for affordable housing.

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 action 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.

⁹ 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

A CET has the potential to inhibit some development, including housing development (if a residential CET is pursued). However, the City has options to avoid impacts to the types of housing most needed by priority populations, thereby limiting burdens on these communities. Affordable housing already must be exempt. As noted above, the City could also exempt multi-family housing, small units, ADUs, housing that meets Universal Design criteria, and other types. This is a way to address or mitigate potential burdens.

- **Housing tenure:** For rent or sale
- **Magnitude:** High – The revenue potential of a CET in West Linn is potentially quite high. As cited in other cities (e.g., Eugene), CET programs have generated substantial revenue, which was in turn dedicated to affordable housing development. CET can be a valuable source of funding for a City 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 action 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

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.¹⁰

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)

Opportunities, Constraints, or Negative Externalities

- Action 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).

¹⁰ City of Portland, HOLTE Program. <https://www.portland.gov/phb/holte/sale-requirements>

- The City should 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.

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 action 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 action 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-Medium – Although this action could have a significant impact on the financial feasibility of specific projects, this program is expected to have a relatively low impact on housing production overall due to the land and housing costs that prevail in West Linn. Unfortunately, there are anticipated to be relatively 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, as noted above, 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: 2026 – 2027
Adoption: 2027
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

12. Fair Housing Education, Referral, and Other Services

Description This action 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 actions 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.

Opportunities, Constraints, or Negative Externalities

- This action would not necessarily contribute to housing production except when it is implemented through other actions 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 action 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 action 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 action 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 actions detailed in this report will help achieve fair and equitable housing outcomes. As required by OAR 660-008, all the actions 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 actions 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 actions are anticipated to benefit populations with lower median household incomes — including certain racial and ethnic groups.

Actions that address these needs include:

4. *Multiple Unit Property Tax Exemption (MUPT)*
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 actions, 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 actions 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 actions 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 actions will help mitigate displacement pressure by increasing the supply of affordable housing units in the city.

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

It should be noted that some actions 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 Action 1 *Rezone Land* and Action 5 *Tax Increment Financing*. These actions 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 actions that rezone properties or increase allowed development intensity, the City will need to assess potential displacement risks and ensure that these actions are paired with the anti-displacement actions listed above, which should be specifically targeted at the residents affected by zoning or code changes or increased investments.

Housing Choice

The following actions 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 actions 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 actions encourage a broader range of housing choices that are more attainable for moderate-income households than typical single-detached housing.

Location of Housing

The actions 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 actions 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 (Action 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 actions that are specifically aimed at addressing homelessness or reducing the risk of households becoming homeless. However, several of the HPS actions that support affordable housing development could be targeted to benefit extremely low-income households. For example, *Action 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 action in the HPS (Action 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 Action 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, actions 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 actions 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 actions adopted in the HPS Report. If the City has not implemented housing actions 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 action addressed;
- A reflection of the relative efficacy of implemented housing actions 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 actions 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 MUPTTE 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 actions identified in the HPS.
- City Council Ordinances related to the HPS actions (e.g., Tax Increment Financing, Construction Excise Tax, etc.).
- Achievement of annual City work plan items related to actions 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 actions 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 Actions to Consider

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