



**Work Session**

**WS**

**Milwaukie City Council**

## COUNCIL WORK SESSION

City Hall Council Chambers, 10501 SE Main Street  
& Zoom Video Conference ([www.milwaukieoregon.gov](http://www.milwaukieoregon.gov))

## AGENDA

JANUARY 7, 2025

**Council will hold this meeting in-person and by video conference.** The public may come to City Hall, join the Zoom webinar, or watch on the [city's YouTube channel](#) or Comcast Cable channel 30 in city limits. For Zoom login visit <https://www.milwaukieoregon.gov/citycouncil/city-council-work-session-363>.  
Written comments may be delivered to City Hall or emailed to [ocr@milwaukieoregon.gov](mailto:ocr@milwaukieoregon.gov).

**Note:** agenda item times are estimates and are subject to change.

**Page #**

**1. Affordable Housing Incentives Code – Discussion (4:00 p.m.)**

**1**

Staff: Laura Weigel, Planning Manager, and  
Vera Kolas, Senior Planner

**2. Adjourn (5:00 p.m.)**

**Scheduling Note.** Council will adjourn the work session early to convene a brief regular session. After the regular session, Council will hold a Goal Setting Town Hall. For more information on these meetings visit [www.milwaukieoregon.gov/meetings](http://www.milwaukieoregon.gov/meetings).

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### Executive Sessions

The City Council may meet in executive session pursuant to Oregon Revised Statute (ORS) 192.660(2); all discussions are confidential; news media representatives may attend but may not disclose any information discussed. Final decisions and actions may not be taken in executive sessions.



## COUNCIL WORK SESSION

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## MINUTES

JANUARY 7, 2025

**Council Present:** Councilors Will Anderson, Adam Khosroabadi, Rebecca Stavenjord, and Council President Robert Massey, and Mayor Lisa Batey

<b>Staff Present:</b> Joseph Briglio, Assistant City Manager	Emma Sagor, City Manager
Justin Gericke, City Attorney	Scott Stauffer, City Recorder
Vera Kolias, Senior Planner	Laura Weigel, Planning Manager

**Mayor Batey** called the meeting to order at 4:00 p.m. and noted that Councilor Khosroabadi would be joining later and that the work session and regular session were abbreviated to accommodate a Council goal setting town hall later that evening.

### 1. Affordable Housing Incentives Code – Discussion

**Weigel** explained that the proposed code amendment package for affordable housing incentives had been developed as part of the city's Housing Production Strategy (HPS) implementation, which was adopted in 2023. **Kolias** explained that the proposed changes were aimed at consolidating all affordable housing incentives into one section of the municipal code and incorporate elements from Oregon Senate Bill (SB) 1537 to streamline the process for those proposing affordable housing developments.

Councilor Khosroabadi arrived at 4:09 p.m.

The group discussed eligibility requirements for qualifying definitions and how to ensure enforcement of the 99-year affordability requirement.

**Kolias** presented the proposed list of variances for setbacks and lot coverage. The group discussed lot coverage in connection with the city's tree code and discussed creative solutions for maintaining tree canopy coverage while accommodating density increases. Staff noted that the tree code was separate from land use regulations and did not currently allow variances.

**Kolias** presented the proposed list of variances for all developments excluding single dwelling units and design standards. **Kolias** and **Weigel** reviewed the approval criteria, and the group discussed whether proving infrastructure capacity and economic feasibility were necessary.

**Kolias** reviewed the proposed changes to the expedited Type II review process.

**Mayor Batey** questioned whether the affordability thresholds were too high, asked how a 10% affordability rule would apply to small projects, like three-unit developments, and suggested that allowing ground-floor housing in downtown zones should only apply to fully affordable buildings. **Batey** emphasized that stronger incentives should go to projects with more affordable units. **Briglio** responded by asking whether the program should focus more on increasing housing density rather than just allowing any three-unit developments and pointed out that many similar code changes were originally aimed at multi-unit buildings, like apartment complexes. **Briglio** suggested that Council consider whether they want to prioritize incentives for higher-density projects.

**11804**

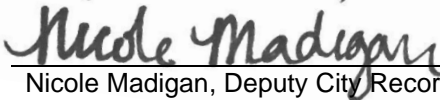
The group discussed concerns about potential loopholes where developers might construct predominantly market-rate units with a minimal affordable component to qualify for incentives. Council suggested exploring requirements tied to the percentage of total square footage rather than unit count.

**Sagor** noted staff would revise the draft amendments based on Council's feedback and return for another work session.

**2. Adjourn**

**Mayor Batey** adjourned the meeting at 5:02 p.m.

Respectfully submitted,

  
\_\_\_\_\_  
Nicole Madigan, Deputy City Recorder

## COUNCIL STAFF REPORT

**To:** Mayor and City Council  
Emma Sagor, City Manager

**Reviewed:** Joseph Briglio, Assistant City Manager

**From:** Laura Weigel, Planning Manager  
Vera Koliass, Senior Planner

**Subject:** **Affordable Housing Incentives Code**

**Date Written:** Jan. 2, 2025

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### ACTION REQUESTED

Council is asked to participate in a briefing for discussion. Staff requests feedback from Council on draft code amendments related to affordable housing incentives – see Attachment 1 for full text.

### HISTORY OF PRIOR ACTIONS AND DISCUSSIONS

[October 15, 2024](#): Council discussed Oregon Senate Bill 1537 ([SB 1537](#)) where staff introduced the idea of using the legislation’s language for the proposed affordable housing incentives.

### ANALYSIS

The city’s [Housing Production Strategy \(HPS\)](#) identifies a variety of action steps to increase housing development in Milwaukie, including evaluating incentives for affordable housing development.

### Approach

Staff are proposing a new code section that would aggregate all code-based affordable housing incentives, to centralize information for prospective applicants. The proposed code language includes eligibility requirements for qualifying developments and specific incentives, including many from [SB 1537](#), including variances to setbacks, lot coverage, and minimum design standards (see Attachment 1 for the draft language).

The code language proposes a variety of incentives for qualifying developments of at least three dwelling units, organized as a package of variance requests to existing land use regulation and design and development standards for housing development. As with SB 1537, the proposal would limit variance applications to no more than 10 distinct variances to these standards. The proposed review process for these variances is an expedited Type II review already included in Milwaukie Municipal Code (MMC) 19.1006, that would reduce the timeframe for a decision from 120 days to 100 days.

- Qualifying developments must be designed and constructed so that at least:
  - Twenty (20) percent of the total number of proposed dwelling units are for low-income households, as defined by the United States Department of Housing and Urban Development (HUD) (80% of area median income (AMI) or below); or
  - Ten (10) percent of the total number of proposed dwelling units are for very low-income households, as defined by HUD (50% AMI or below); or

- Fifty (50) percent of the total number of proposed dwelling units are for qualifying residents (i.e. senior, veteran, etc.) and/or a mix of affordability at or below 120% area median income (workforce housing) as determined by HUD (120% AMI or below); and
- Comply with all applicable provisions of this title.
- For housing developments where 100% of the total number of proposed dwelling units are for low-income households as defined by HUD (80% AMI or below), the incentives are increased by an additional 10% (10 percentage points) over the stated amount. This would include a building height bonus of one story or 12 feet for qualifying developments.
- Continued Affordability
  - The land use permit application for the residential project must include the procedures proposed by the developer to maintain the continued affordability of the income-restricted units in the following manner:
    - Projects with City Funding—Thirty (30) Years. Projects receiving a direct financial contribution or other financial incentives from the city, or a density bonus and at least one other concession or incentive as provided by Subsection 19.511.C above, must maintain the availability of income-restricted units for a minimum of thirty (30) years, and must enter into a development agreement, or show adequate legal proof of restriction/affordability covenant, with the city stipulating said retention; or
    - Projects Receiving Density Bonus Only –Thirty (30) Years. Projects that receive a density bonus as the only incentive from the City must maintain the availability of income restricted units for a minimum of thirty (30) years.
    - Projects Receiving Single Incentive (not a density bonus) – Thirty (30) Years. Projects that receive a single incentive from the City must maintain the availability of income restricted units for a minimum of thirty (30) years.

### **Key Question**

1. Does Council agree with this code-based approach, and the recommended incentives, for affordable housing?

### **BUDGET IMPACT**

None.

### **CLIMATE IMPACT**

As with the middle housing code, implementation of regulations allowing a more efficient pattern of development provides opportunities for more walkability/bikeability and compact development patterns. This can lead to less dependence on motor vehicles, more transit opportunities, and more efficient use of available infrastructure.

**EQUITY IMPACT**

Removing barriers to development of housing is a key component of the city's housing production strategy. More importantly, the city consistently looks for ways to incentivize development of housing that is income-restricted to provide even more opportunities to make affordable housing possible. Providing incentives for affordable housing like the ones suggested here – requiring approval of variances to many types of development and design standards – will streamline the land use review process while increasing flexibility for developers. The entire city benefits from having a wide variety of housing types at many price levels, but most importantly are those with fewer resources.

**WORKLOAD IMPACT**

While the proposed amendments may result in more variance applications, they can be absorbed into the department's current planning workplan.

**COORDINATION, CONCURRENCE, OR DISSENT**

None.

**STAFF RECOMMENDATION**

Adopt code amendments related to affordable housing incentives that would include the provisions of SB 1537 – but apply them only to affordable housing.

**ALTERNATIVES**

None.

**ATTACHMENTS**

1. Proposed code amendment (underline/strikeout)

**Underline/strikeout Amendments**

**CHAPTER 19.500 SUPPLEMENTARY DEVELOPMENT REGULATIONS**

**19.511 Affordable Housing Incentives**

A. Purpose. The purpose of this section is to offer incentives to developers for providing housing that is affordable to the types of households and qualifying residents identified in subsection B (Eligibility for Bonus and Incentives), below. Affordable housing incentive requests of this chapter can be made concurrently as part of a land use permit application, as applicable.

B. Eligibility for Incentives. In order to be eligible for an adjustment and other incentives provided by this section, a proposed residential project must:

1. Consist of three or more dwelling units;
2. Be designed and constructed so that at least:
  - a. Twenty (20) percent of the total number of proposed dwelling units are for low income households, as defined by HUD (80% AMI or below); or
  - b. Ten (10) percent of the total number of proposed dwelling units are for very low-income households, as defined by HUD (50% AMI or below); or
  - c. Fifty (50) percent of the total number of proposed dwelling units are for qualifying residents (i.e. senior, veteran, etc.) and/or a mix of affordability at or below 120% area median income (workforce housing) as determined by HUD (120% AMI or below); and
  - d. Comply with all applicable provisions of this title.
3. For housing developments where 100% of the total number of proposed dwelling units are for low income households as defined by HUD (80% AMI or below), the incentives identified in subsection C below are increased by an additional 10% (10 percentage points) over the stated amount. An increase of one story or 12 ft in building height is permitted as part of this section.

C. Types of Variances and Incentives Allowed. A residential project that satisfies all applicable provisions of this chapter is entitled to apply for the following incentives. The housing developer must provide evidence showing that the adjustment is necessary to make the housing units economically feasible, including compliance with the specific approval criteria in Subsection E. A variance application may ask for no more than a total of 10 distinct variances between the development and design standards identified below. For the purposes of this section, multiple instances of the same variance type will be considered one distinct variance.



1. The following variances to development standards will be reviewed via an expedited Type II review process (MMC 19.1006):
  - a) Minimum side or rear yard setbacks: 10% variance
  - b) Common area, minimum landscaping, or open space: reduction of up to 25%
  - c) Minimum lot area: up to 10% reduction in lot size
  - d) Minimum lot width or depth: up to 10% reduction in lot width or depth
  - e) Maximum lot coverage: up to 10% over the base maximum
  - f) For manufactured dwelling parks, middle housing, multi-unit residential, and mixed-use residential:
    - i. Bike parking: minimum number of spaces (0.5 spaces/dwelling required) and location of spaces
    - ii. Max. building height (except cottage clusters): allows additional maximum 1 story or 20 ft, whichever is less.
    - iii. Max. density: 25% above the base maximum
    - iv. Prohibition on ground-floor residential in the Downtown Mixed Use Zone (DMU): must be allowed except for one building face that abuts the street
    - v. Prohibition on ground-floor of nonresidential active uses that support the residential use in the Downtown Mixed Use Zone: lobbies, community rooms, exercise rooms, offices, day care, etc.
2. The following variances to design standards will be reviewed via an expedited Type II review process:
  - a) Façade articulation
  - b) Inclusion of a minimum of 3 detailed design features in MMC 19.505.1.C.4
  - c) Total window area: up to 30% variance; minimum 12% required
3. Qualifying multi-unit residential developments (not mixed-use developments) proposed in the DMU zone will be reviewed for compliance with MMC 19.505.3 – Multi-Unit Housing.
4. Other Incentives. A qualifying residential project may also request other regulatory incentives or concessions proposed by the developer or the City that will result in identifiable cost reductions.

D. Continued Affordability. The land use permit application for the residential project must include the procedures proposed by the developer to maintain the continued affordability of the income-restricted units in the following manner:

1. Projects with City Funding—Ninety-nine (99) Years. Projects receiving a direct financial contribution or other financial incentives from the City, or a density bonus and at least one other concession or incentive as provided by Subsection 19.511.C above, must maintain the availability of income-restricted units for a minimum of ninety-nine (99)

- years, and must enter into a development agreement, or show adequate legal proof of restriction/affordability covenant, with the City of Milwaukie stipulating said retention; or
2. Projects Receiving Density Bonus Only — Ninety-nine (99) Years. Projects that receive a density bonus as the only incentive from the City must maintain the availability of income restricted units for a minimum of ninety-nine (99) years.
  3. Projects Receiving Single Incentive (not a density bonus) – Ninety-nine (99) Years. Projects that receive a single incentive from the City must maintain the availability of income restricted units for a minimum of ninety-nine (99) years.

E. Processing of Incentive Requests. Proposed incentive requests must be included as part of the land use application or permitting materials required for the residential project by this title, including the application of all relevant criteria, particularly for road, sewer, and water capacity.

1. Approval Criteria. In addition to the findings required for the approval criteria for Type II variances identified in MMC 19.911.4.A, the approval of the incentives by the review body or City designee must also comply with the following approval criteria:

- b. The approval of the requested incentives will result in a number of dwellings that can be accommodated by existing and planned infrastructure capacities;
- c. The approval of the requested incentives will result in a project that will not have a verifiable adverse impact to City services;
- d. Adequate evidence exists to indicate that the development of the property in compliance with the permit would result in the provision of affordable housing in a manner consistent with the purpose and intent of this section;
- e. There are sufficient provisions to guarantee that the dwelling units would remain affordable in the future.

2. Priority Processing of Affordable Housing Projects. A residential project that satisfies all applicable provisions of this section will be given priority over other types of projects and permits by all City departments in the processing of land use permit and building permit applications, and in inspections of the project during the construction process.

# AFFORDABLE HOUSING INCENTIVES

City Council Work Session  
January 6, 2025

Joseph Briglio, Assistant City Manager  
Laura Weigel, Planning Manager  
Vera Kolas, Senior Planner



## Housing Production Strategy

- Adopted in May 2023
- Identifies 8 new strategies to:
  - Support development of new affordable housing
  - Preserve existing affordable housing
  - Stabilize households at risk of displacement
  - Help address homelessness



# PURPOSE

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This code package implements the HPS strategy to:

- Evaluate Incentives for Affordable Housing Development such as Density Bonuses
  - Density bonuses and other incentives allow for more housing units to be built than allowed by zoning, if the proposed project provides a certain number of affordable units



# PURPOSE

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- Code-based approach to address housing supply and affordability
- Consolidates all incentives into one new code section
- Code incentives include some provisions identified in SB 1537
  - Up to 10 distinct variances
  - Expedited Type II review



# QUALIFYING DEVELOPMENTS

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Qualifying developments must be designed and constructed so that at least:

- **10% of units: 50% AMI or below; or**
- **20% of units: 80% of AMI or below; or**
- **50% of units are for qualifying residents (i.e. senior, veteran, etc.) and/or a mix of affordability at or below 120% AMI or below**
- Where **100%** of the total number of proposed dwelling units are **80% AMI or below**, the **incentives are increased** by an additional **10%**



# CONTINUED AFFORDABILITY

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The land use permit application for the residential project must include the procedures proposed by the developer to maintain the continued affordability of the income-restricted units for at minimum of 99 years.





# LIST OF VARIANCES

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## **For all developments (including single dwelling units)**

Side/rear setbacks: 10% reduction

Common area/landscaping/open space: 25% reduction

Min. Lot area: 10% reduction

Min. Lot width/depth: 10% reduction

Max. Lot coverage: 10% increase

- Multi-unit development in the DMU reviewed with multi-unit standards, not Downtown Design Standards.



# LIST OF VARIANCES

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## **All development (excluding single dwelling units)**

Bike parking: number/location

Max. Building ht: 1 story or 20 ft (except cottage cluster)

Max. Density: 25% increase

Ground-floor residential allowed in DMU

Ground-floor non-residential support uses allowed in DMU

- Multi-unit development in the DMU reviewed with multi-unit standards, not Downtown Design Standards.



# LIST OF VARIANCES

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## Design Standards

- Façade articulation
- Include a minimum of 3 detailed design features
- Total window area: 30% variance; 12% required



# SUMMARY OF APPROVAL CRITERIA

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Developer must provide evidence that the variance(s) is necessary to make the development feasible and meet the following criteria:

- Type II variances approval criteria related to impacts
- Dwellings that can be accommodated by existing and planned infrastructure capacities;
- A project that will not have a verifiable adverse impact to City services;
- Result in the provision of affordable housing in a manner consistent with the purpose and intent of this section;
- Provisions to guarantee that the dwelling units would remain affordable in the future.



# REVIEW PROCESS

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- Expedited Type II review: 100 days
- Priority processing by all city departments, including review and inspections during the construction process.



## KEY QUESTION

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Does Council agree with the code-based approach, and the recommended incentives, for affordable housing?



# CONTACT Us

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Vera Kolas, Senior Planner

[koliasv@milwaukieoregon.gov](mailto:koliasv@milwaukieoregon.gov)



# MAXIMUM DENSITY

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- For single detached dwellings, maximum density applies during land division only.
  - Density standards tagged to lot size
  - Would require variance to min. lot size in a subdivision
- City must allow variance to max. density (only in single dwelling and multi-dwelling units) to qualify for exemption
  - Benefit when compared to bulk variance applications

