

Work Session

WS

Milwaukie City Council

COUNCIL WORK SESSION

City Hall Council Chambers, 10501 SE Main Street
& Zoom Video Conference (www.milwaukieoregon.gov)

AGENDA

OCTOBER 21, 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** find the meeting event on the city calendar at www.milwaukieoregon.gov. **Written comments** may be delivered to City Hall or emailed to ocr@milwaukieoregon.gov.

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

Page #

- | | |
|---|-----------|
| 1. Middle Housing Town Hall Review – Discussion (4:00 p.m.)
Staff: Emma Sagor, City Manager, and
Laura Weigel, Community Development Director | 19 |
| 2. Increasing High Density Housing Capacity – Discussion (4:30 p.m.)
Staff: Laura Weigel, Community Development Director, and
Vera Kolas, Senior Planner | 42 |
| 3. Adjourn (6:00 p.m.) | |

Meeting Accessibility Services and Americans with Disabilities Act (ADA) Notice

The city is committed to providing equal access to public meetings. To request listening and mobility assistance services contact the Office of the City Recorder at least 48 hours before the meeting by email at ocr@milwaukieoregon.gov or phone at 503-786-7502. To request Spanish language translation services email espanol@milwaukieoregon.gov at least 48 hours before the meeting. Staff will do their best to respond in a timely manner and to accommodate requests. Most Council meetings are broadcast live on the [city's YouTube channel](#) and Comcast Channel 30 in city limits.

Servicios de Accesibilidad para Reuniones y Aviso de la Ley de Estadounidenses con Discapacidades (ADA)

La ciudad se compromete a proporcionar igualdad de acceso para reuniones públicas. Para solicitar servicios de asistencia auditiva y de movilidad, favor de comunicarse a la Oficina del Registro de la Ciudad con un mínimo de 48 horas antes de la reunión por correo electrónico a ocr@milwaukieoregon.gov o llame al 503-786-7502. Para solicitar servicios de traducción al español, envíe un correo electrónico a espanol@milwaukieoregon.gov al menos 48 horas antes de la reunión. El personal hará todo lo posible para responder de manera oportuna y atender las solicitudes. La mayoría de las reuniones del Consejo de la Ciudad se transmiten en vivo en el [canal de YouTube de la ciudad](#) y el Canal 30 de Comcast dentro de los límites de la ciudad.

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

City Hall Council Chambers, 10501 SE Main Street
& Zoom Video Conference (www.milwaukieoregon.gov)

MINUTES

OCTOBER 21, 2025

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

Staff Present: Joseph Briglio, Assistant City Manager
Justin Gericke, City Attorney
Vera Kolias, Planning Manager

Emma Sagor, City Manager
Scott Stauffer, City Recorder
Laura Weigel, Community Development Director

Mayor Batey called the meeting to order at 4:06 p.m.

1. Middle Housing Town Hall Review – Discussion

Sagor reviewed the July 28 Middle Housing Town Hall, summarizing key themes, community feedback, and areas where Council may wish to provide direction

Councilor Khosroabadi arrived at the meeting at 4:10 p.m.

The group discussed potential code changes related to building separation for detached units, noting community concerns but acknowledging the state's recommendation to avoid amendments until Oregon House Bill (HB) 2138 rulemaking concluded in 2027.

The group discussed the balance between lot coverage, separation, and usable common space in middle housing, the limitations imposed by state law and ongoing rulemaking, incentivizing green space, and whether the tree code could be used to increase green space. Council and staff agreed to revisit potential code updates once state rulemaking concludes in January 2027, while continuing to explore what incentives, data gathering, and development feedback could inform future options.

The group discussed design standards and how incentives intersect. Members of Council expressed interest in exploring incentives that could encourage desired features such as shared amenities, co-housing or single room occupancy (SRO) style models, or expanded green space, and acknowledged the challenges of calculating system development charge (SDC) impacts and the limited influence available under by-right permitting. **Sagor** noted that staff would bring back additional incentive analysis and that there was no Council majority direction to revisit design standards.

Kolias reviewed examples of the orientation of attached- and detached-plexes. Kolias noted that configurations where the front of the building does not face the street require multiple variances under current code and highlighted that accommodating this layout in future projects would require targeted code adjustments. The group discussed where these configurations might be feasible, the tradeoffs between reduced curb cuts and the loss of traditional street-facing frontage, how similar layouts appear in existing developments, and allowing private drives or walkways to function as shared spaces including potential green space.

Sagor reviewed ongoing work to improve communication and code coordination for middle housing projects, including the transition of the code compliance division to the community development department and the creation of new materials such as developer checklists and neighbor tip sheets. **Sagor** also outlined questions around fee

in lieu of construction (FILOC) for right-of-way (ROW) improvements, noting the benefits of flexibility on non-standard streets as well as the challenges of limited revenue and the program oversight required. Council was asked to provide direction on whether to pursue a more proactive fee-in-lieu approach or continue requiring constructed improvements.

The group agreed to plan a larger discussion around fee-in-lieu of ROW improvements and commented on sidewalk construction, sidewalk obligations, and liability for sidewalk maintenance. Staff noted that future updates to public works standards would be required to align fee-in-lieu calculations with the Transportation System Plan (TSP). The group also briefly discussed code compliance capacity, including interest in revisiting a potential property maintenance code.

Sagor asked whether Council wanted staff to explore proactive parking management or continue monitoring current conditions. The group discussed concerns raised by residents and the city’s existing neighborhood parking management regulation. Council members noted that while some localized issues were emerging, overall demand did not yet warrant developing a new program. The group supported continued monitoring, improving public awareness of the existing tool, and considering future engagement to assess interest in neighborhood-initiated parking management.

Sagor asked whether Council wanted staff to bring back a tree code discussion on December 2. Council expressed interest in exploring updates that would strengthen preservation requirements for development while easing routine private property maintenance and requested additional data on recent development-related tree removals before determining next steps.

Sagor recapped Council direction, which included continuing to monitor building separation through state rulemaking, returning with incentive options, scheduling a separate fee-in-lieu study session, monitoring parking while improving awareness of existing tools, and bringing back tree code updates for discussion.

2. Increasing High Density Housing Capacity – Discussion

Weigel provided an update on work stemming from the neighborhood hubs project and the Housing Production Strategy (HPS), noting that staff were reviewing the residential high-density zone with support from a new Oregon Department of Land Conservation and Development (DLCD) grant, have paused corridor planning on 32nd Avenue and King Road until 2026, were updating the temporary use permit program to support small neighborhood stands, and were preparing outreach to remind residents of new property-use opportunities created through hubs.

Mayor Batey asked about further discussions around placemaking efforts to highlight existing hubs, such as banners or similar activation tools. **Sagor** noted that the new placemaking grant could serve as a first step and that additional hub activation work could be explored by the economic development team in 2026.

Council President Anderson expressed support for expanding the focus beyond the residential high density (RHD) zone to include comparable neighborhood-scale mixed-use areas and emphasized exploring growth that adds housing capacity in a more localized, livability-focused way, particularly near existing hubs, rather than relying solely on higher-density apartment development.

The group discussed how upcoming RHD analysis funded by the DLCDC grant should relate to broader planning for hubs and corridors, including whether to focus first on technical fixes and barrier analysis within the existing RHD areas or also plan for future mixed-use and corridor work in this goal period. Council members expressed interest in integrating hubs and corridors into a longer-range planning work plan, while recognizing staff and community capacity limits, and staff committed to proceed with phase one RHD analysis and return with a proposed planning work plan and future discussion on potential zone expansions and corridor-focused work.

3. Adjourn

Mayor Batey adjourned the meeting at 6:10 p.m.

Respectfully submitted,



Nicole Madigan, Deputy City Recorder

This page intentionally left blank.



CITY OF MILWAUKIE

Memorandum

To: City Council
From: Laura Weigel, Community Development Director & Peter Passarelli, Public Works Director
CC: Emma Sagor, City Manager & Joseph Briglio, Assistant City Manager,
Date: October 21, 2025
Re: Community Development & CIP Monthly Update

Community Development, Economic Development, & Housing	Planning	Development Services	Engineering
<ul style="list-style-type: none"> ▪ Economic Development ▪ Affordable Housing 	<ul style="list-style-type: none"> ▪ Comprehensive Plan Implementation ▪ Planning Commission ▪ Land Use/ Development Review ▪ 	<ul style="list-style-type: none"> ▪ September Review 	<ul style="list-style-type: none"> ▪ CIP ▪ Traffic/Parking Projects ▪ Right-of-Way Permits ▪ PIP ▪ Document Administration

COMMUNITY DEVELOPMENT/ECONOMIC DEVELOPMENT/HOUSING

Economic Development

- Milwaukie was the cover story for the Portland Business Journal in February 2025 - <https://www.bizjournals.com/portland/news/2025/02/05/milwaukie-portland-housing-multifamily-pietros.html>
 - The Portland Business Journal staff re-toured Milwaukie in September 2025 and shared [this update on social media.](#)
- [Bobs Red Mill](#) - On February 8, Bob's Red Mill announced that it would be [closing its Retail and Café](#) property on International Way on February 17. The company later [announced on social media](#) that it would be closing its doors on February 12. The closure only impacts on its retail and café operations.
 - The property is listed for sale at \$5.95M – [See Flyer](#)
 - Staff have reached out to a few businesses and developers to help generate interest.
- [The Business of Milwaukie](#), a city-wide business association, launched on November 1 with its "Meet Milwaukie Event" and subsequent Holiday Shopping/Small Business Saturday campaign called "Sip Shop Support."

- Milwaukie was featured in two news stories in May 2025. [KOIN](#) covered the May First Friday event, and [Willamette Weekly](#) highlighted local businesses and attractions.
- Two Sisters Cafe had their grand re-opening under new ownership on July 5. The Oregonian ran [a story](#) on the new owners and how they reimagedined the space and offerings while preserving the original business model: a place for kids and parents.
- Sock it to Me is moving their operations out of Oregon. The 30,000 sf building at 9592 SE Main is currently [for lease](#).
- Little Blue Store had their grand reopening ceremony on September 22. They were recipients of Clackamas County's [Healthy Retail](#) grant. As a result, they offer fresh produce instead of tobacco products.
- NMIA:
 - For Sale: Anderson Pots. 2425 SE Moores St (Mixed) | \$9.85 million.
 - For Lease: 2312 – 2330 SE Clatsop (Industrial), 4,070 SF
 - For Lease: 2200 SE Mailwell Dr (Industrial), 4,000 – 37,112 SF
 - For Lease: Sock it to Me. 9592 SE Main St (Office), 30,265 SF
- Business Industrial Area:
 - For Sale: 4040 SE Wister St (Industrial), 9,014 SF | \$1.85 million
 - For Sale: 5285 SE Mallard Way (Industrial), 35,000 SF | \$7.35 million
 - For Sale: Bob's Red Mill. 5000 SE International Way (Retail), 20,889 SF | \$5.95 million
 - For Lease: 4103 SE International Way (Flex), 5,768 SF
 - For Lease: 4210 SE International Way (Multiple), 624 – 4,688 SF
 - For Lease: 4288 SE International Way (Industrial), 5,000 SF
 - For Lease: 5565 SE International Way (Industrial), 17,600 SF
 - For Lease: 5699 SE International Way (Industrial), 1,600 SF
- Neighborhood Hubs
 - For Sale: 9391 SE 32nd (Vacant Lot) | \$675,000
 - For Lease: 6100 – 6130 King Rd (Retail), 640 SF
- The city has launched a new [bike rack request form](#) to intake and process bike rack requests in a more orderly fashion. The aim is to facilitate more bike access to commercial and employment areas.
 - Four new bike racks have been added downtown.
 - Three bike corrals have been installed in front of pFriem, resulting in 24 bike parking spaces.

Downtown:

- The [Downtown Alliance of Milwaukie \(DAM\)](#) has started meeting regularly and taken the place of the now defunct Downtown Milwaukie Business Association (DMBA). Multiple city staff members have participated in their meetings and discussions and will continue to partner as much as resources allow. The group approved of its 2025 priorities, which are as follows:
 - Hanging flower baskets sponsored by businesses
 - Milwaukie food festival
 - Wayfinding signs/poster adoption and downtown 99E signs.
 - Utilize private parking lots for weekend events.
 - Elk Rock Island Float (Summer)
 - Milwaukie Bay Park Support
 - Oktoberfest
 - Main street holiday lights and decoration contest

DAM is also building out its website and recently received its 501C3 Non-Profit status. Their Facebook site is [here](#).

DAM hosted their inaugural fundraising event, the Little [Float](#), on August 2, 2025.

DAM, in collaboration with Mayor Batey, is running point on ribbon cuttings for new businesses near downtown.

DAM has been awarded a placemaking grant from the City of Milwaukie to create the inaugural Winter Lights Festival. This year's theme is Glow with the Flow.

DAM is leading and collaborating with the city on several holiday events: Halloween Storefront Decorating competition, Trick or Treat on Main Street, and a Holiday Storefront Decorating competition.

- [Giving Cafe & Bistro](#) recently opened at the old Ovation location.
- The sale of the Collectors Mall, along with the adjacent store fronts, closed in late summer 2024 and is actively soliciting for new tenants in the vacant spaces: [Updated Lease Flyer](#)
 - The property owner submitted an [Oregon Main Street](#) grant on March 13, which was supported by the city, to receive funding for restoring the building façade.
 - The property was awarded a \$400,000 Oregon Main Street grant on June 10.
 - The property at 10909 and 10933 SE Main St (corner of Main St and Monroe St) received land use approval for facade improvements and has submitted building permits for facade and interior tenant work to both demolish and construct new partition walls and tenant suites.
- Historic City Hall: [pFriem Beer](#) and [Keeper Coffee](#) are officially open as of April 7. The final

tenant, [Circsus](#), opened in August.

- The former Chase Bank property (10900 SE 21st Ave) was sold. The Planning Commission held a public hearing on the new owners' [land use application](#) for a 45-unit residential development on May 13, 2025. The project was approved at that hearing. The site is demolished, and construction should begin soon.
- [1847 Food Park](#) located at 1925 SE Scott St has begun site work and building framing, with an anticipated opening sometime this fall.
 - Migration Brewing was [announced](#) as the anchor tenant for the food park.
- [11138 SE Main Street \(Sapphire\) and 11222 SE Main Street \(Broken Arrow Archery/USPS\)](#) sold and the new owners have not proposed any changes or development plans.
- Dark Horse, DAM, and City Staff have been collaborating on updating many, if not all, of their storefronts and interior spaces. There will be more suite spaces opening up for businesses very soon.
 - Dark Horse is moving forward with design and planning for the Dark Horse pop-culture museum at their 10818 Main St building.
- [were sold for \\$2.8 million in August 2025.](#)
- To help with the uptick in visitation, staff created a new public [parking map](#) that highlights the parking and transit options in and near downtown.
- *Milwaukie Station*: All cart spaces are currently occupied.
 - The final lease with the Johnson Group ends in fall 2026.
 - City Council discussed the future of Milwaukie Station at the September 2 regular session, choosing to explore an outcome where it remains a food truck pod for now.
 - Staff are working current tenants to explore a cooperative management model.

Milwaukie Marketplace:

- Kimco officially sold the marketplace to [Lincoln Property Company](#) (LPC), a Texas based commercial real estate company, in February. Staff is working with LPC on building new partnerships.
- Shari's Café & Pies has closed - <https://www.oregonlive.com/business/2024/10/struggling-sharis-cafe-pies-closes-additional-locations.html> - There are no updates on a future tenant yet.
- Pietro's Pizza renovated the old McGrath's Fish House. The new location is open.
 - Highlight: Planning staff assisted Pietro's with moving/approving their "historic," non-confirming sign, so that it could follow them to the new location.
- Milwaukie Marketplace is in the final design phase for PGE's Business Make Ready program. The project will result in 8 electric car parking spots. Economic Development and Natural

Resources staff are working with both PGE and the Property Owner to help make this happen.

Enterprise Zone:

- Portland Polymers, a plastics recycler, is relocating to the North Milwaukie Innovation Area (NMIA) and recently received approval to take advantage of the North Clackamas Enterprise Zone tax incentives.
- The Overland Van Project was also approved a few months ago. Alpine Foods is in their final application stages and should receive approval soon. Swagelock has withdrawn its interest for now.

Urban Renewal Area Economic Development Programs:

- Grant program information can be found here:
https://www.milwaukieoregon.gov/departments/economic_development/business_improvement_grants/index.php
- The Milwaukie Redevelopment Commission Citizen Advisory Committee (MRCCAC) convened in February and May to discuss updates on the business improvement grant program, resulting in a rebranded and new grant program: Business Consulting & Support Services and a Community Placemaking Grant.
- The initial budget (\$600,000) for the programs was expended by spring 2025. Staff requested additional funding in August to continue the momentum and success of the programs. The grant fund was replenished with \$1 million for fiscal year 25-26.
- Since launching in August 2024, the program has served 19 businesses/storefronts with a grand total of \$600,000.

CET Economic Development Programs:

- Grant program information can be found here:
https://www.milwaukieoregon.gov/departments/economic_development/business_improvement_grants/index.php
- The City launched the CET funded grant programs in October 2025, allowing city wide applicants to benefit from the grant programs.
- The initial budget is \$600,000 for CET grants.

Affordable Housing

Sparrow Site:

- On January 7, 2025, the council adopted the following development goals:

- Affordable Homeownership models that serve households earning up to 80% Area Median Income (AMI)
 - Unit Mix. Preference for family-size units.
 - Equity in contracting and workforce development.
 - Preservation of tree canopy.
 - Sustainable design.
 - Affirmative outreach.
 - Minimize need for city financing.
 - Project delivery that is as soon as practicable.
- On August 15th, staff released a competitive Request for Proposals (RFP) for the Sparrow Site. Proposals are due on October 22, 2025, giving respondents just over nine (9) weeks to compile proposals. The evaluation period lasts until end of November, with council authorization to award the project taking place at the December 16th meeting.

Coho Point:

- The Developer presented an update to the city council during its February 21, 2023, work session and requested a 12-month extension of the Disposition and Development Agreement (DDA) due diligence period because of extenuating circumstances involving supply chain and subcontractor timing issues related to the COVID-19 pandemic. The due diligence period was officially extended to March 31, 2024.
- Staff were notified on May 10, 2023, that Black Rock had submitted the CLOMR to FEMA. The review process typically takes several months, and FEMA has requested additional information from the applicant in September 2023, January 2024, and March 2024. The applicant has 90 days to address FEMA's comments and resubmit. In order to allow for the completion of the CLOMR/FEMA process, the City agreed to a fifth due diligence extension of December 31, 2024.
- Given that FEMA has expanded the scope of the CLOMR, Black Rock and the city agreed to an additional extension through June 2025.
- Black Rock received CLOMR approval from FEMA in March. Since that time, the developer has been working through next steps on their financing, due diligence items, and their timeline to construction. Staff have also been coordinating efforts between Coho Point and Kellogg Dam as the two projects could potentially end up with similar construction timelines, depending on how long it takes to confirm financing on both.
- The developer, Farid Bolouri, has received an additional extension to the due diligence period through January 31, 2026, and is scheduled to provide a status update to Council on October 7th, 2025.
- Farid Bolouri provided an update to council on October 7th stating that another 12- to 18-month extension will be needed, due to difficulties financing the project. Approving such an extension would mean the due diligence period continues until sometime between January and June of 2027.

Construction Excise Tax (CET) Program:

- The CET Program was established by the city council in 2017 and codified within chapter 3.60 (Affordable Housing Construction Excise Tax) of the municipal code. The CET levy's a

one percent tax on any development over \$100,000 in construction value. In example, a property owner who is building an addition that has an assessed construction value of \$100,000 would have to pay \$1,000 in CET to the city. As development continues throughout the city, the CET fund increases in proportionality.

- The city released its inaugural competitive bid process for CET funds through a formal Request for Proposals (RFP). This resulted in Hillside Park Phase I being awarded \$1.7M (requested \$2M) and the Milwaukie Courtyard Housing Project (Now called Milwaukie Shortstack) with \$300K (requested \$600K).
- On March 7, 2023, the city council authorized the city manager to execute the necessary grant agreements in the amounts listed above. The grants agreements for both projects have been signed and executed, and initial funding disbursements have occurred. Staff will now work with the applicants to ensure that their projects meet the conditions for funding.
- In recent conversations with staff (February 18, 2025), the Council has directed staff to support the development of the Sparrow site with affordable housing related CET Funds.
- A portion of the Economic CET related funds will be programmed for a city-wide business grant program (outside the URA). The CET grant materials are live on the city website. Staff will begin accepting applications October 1, 2025.

Housing Production Strategy Implementation:

- Affordable Housing Code Incentive Package: ZA-2025-003: A Type V code amendment package proposing a new code section with targeted code incentives for affordable (income-restricted) housing. Council voted to adopt the code package on September 2 and the code amendments were effective immediately per Ordinance 2256.
- Staff submitted a grant application to DLCD on August 1 to implement the HPS strategy to “increase capacity in the Residential High Density (R-HD) zone.” Milwaukie seeks to revitalize its underdeveloped R-HD zone by conducting a pro forma analysis to determine feasible densities, adjusting zoning if needed, identifying tools to support redevelopment of underutilized parcels, and exploring rezoning additional land to R-HD to meet housing needs and encourage higher-density residential development. DLCD notified the city that the grant had been awarded on October 2, and the city will be matched with a consultant soon to complete the scope of work. be
- In November, staff will discuss two HPS items with Council: Item A - Land Banking and Item D, increasing HDR Zone capacity.

PLANNING

Comprehensive Plan Implementation

- Neighborhood Hubs: Following a series of public workshops and an online survey, planning and community development staff moved forward with proposed code amendments and an economic development toolkit for the Neighborhood Hubs project. Council approved the Phase 2 code amendments on August 6. Staff and Council discussed Phase 3 in a work session on November 5. Council provided staff with direction for future work session topics for Phase 3. A work session to discuss Phase 3 was held on February 18. The next phase will focus on creating marketing materials to explain the Hubs code changes to property owners and businesses and promote the city's Temporary Use program once updates are complete.

Transportation System Plan (TSP)

- The TSP kicked off in October 2023. To date, the Technical and Advisory Committees have each met ten times, most recently in August to review the projects prioritization for all modes of travel citywide. Planning Commission reviewed the priority projects in August. City Council reviewed the prioritized projects on September 16 and will continue to review the revisions on October 21, 2025. The revised project priority list will be shared with the TSP Advisory and Technical Committees the week of October 13th.

Planning Commission

- ZA-2025-002: A Type V code amendment package that proposes to make amendments related to middle housing land divisions in Title 17 – Land Division is on hold. The proposed amendments will be housekeeping amendments to ensure that the code accurately reflects state law, as it relates to the processing of middle housing and expedited land divisions. State law is explicit in how these applications must be processed. Oregon House Bill 2138, signed by the Governor in July, makes several revisions to the middle housing land division process which are now effective. Rulemaking from DLCD is expected by January 1, 2028. In the meantime, the city will apply the new state requirements for the processing of expedited land divisions before proposing any code amendments.
- ZA-2025-004: A Type V code amendment package of “housekeeping” amendments proposing clarifications and corrections in both the land division and zoning codes. A public hearing before the Planning Commission is tentatively scheduled for December 9.
- **Land Use/Development Review**¹
- MHL-2025-007: An application for a middle housing land division, to be processed as an expedited land division, for the proposed cottage cluster development on the Monroe Farms site on Monroe St. The proposed land division would create 45 sublots: 44 sublots for detached cottages and one subplot for all accessways, parking areas, common courtyards, and utilities. Referrals to city departments and agencies for technical review were sent on August 7. A Notice of Decision to approve the application with conditions was issued on August 27.
- MHL-2025-008: An application for a middle housing land division for a detached duplex at 10275-10287 SE 36th Ave was submitted on September 3. The application is in completeness review. A Notice of Decision approving the application with conditions was issued on October 6, 2025.

¹ Only land use applications requiring public notice are listed.

- MHL-2025-009: An MHL application for an attached triplex at 4386 SE Monroe St was received on September 5, 2025. The application is in completeness review. A Notice of Decision approving the application with conditions was issued on October 6, 2025.
- A-2025-003: An expedited annexation application to bring 5815 SE Laurel St into the City of Milwaukie. The public hearing is scheduled with City Council for October 21st.
- MHL-2025-010: A middle housing land division (MHL) application for a seven-unit cottage cluster development at 2918 SE Balfour St was received on September 10, 2025. The application was referred for inter-departmental review on September 18. A notice of decision approving the application was issued on October 6, 2025.
- MHL-2025-011: An MHL application for a detached duplex development at 11625 & 11655 SE 27th Ave was received on September 10, 2025. The application was referred for inter-departmental review on September 18. A notice of decision approving the application was issued on October 6, 2025.
- VR-2025-011: An application for a Type II variance for lot coverage and side yard setbacks on the properties at 9345 and 9387 SE 55th Ave was submitted on September 17, 2025. The application included the consolidation of underlying historic lots as part of a proposed detached quadplex development on each property. The application is in completeness review.
- MHL-2025-012: An MHL application for a 12-unit cottage cluster development at 2696 SE Lake Rd was received on September 25, 2025. The application was referred for inter-departmental review on September 29, 2025, with the referral period ending on October 13, 2025.

Senate Bill 1537: [SB 1537](#) is a Housing Production Bill passed in 2024 as part of the state's ongoing efforts to address Oregon's housing crisis. The legislation introduces measures aimed at increasing housing production and affordability. It requires local governments to grant adjustments (variances) to specific development and design standards applied to the development of housing if the application meets certain conditions. On April 9, 2025, the City requested an exemption from SB 1537 from the Housing Accountability and Production office (HAPO). The request was approved with conditions on August 7, 2025. The City will continue applying its local processes to review adjustment requests in lieu of the mandatory adjustment provision of SB 1537, except in the few places that the City's existing adjustment (variance) regulations are superseded by the Mandatory Adjustments provisions, particularly in the DMU zone. Staff is required to notify prospective applicants of residential development of the HAPO decision. A webpage has been created to provide this information: https://www.milwaukieoregon.gov/departments/planning/oregon_senate_bill_1537.php

Development Services

Permit data for	September	FY to Date:
New single-family houses:	0	2
New ADU's	1	2
New Solar	3	9
Res. additions/alterations	7	34
Commercial New	0	2
Commercial Alterations	5	22
Demo's	0	3
Cottage Clusters	0	0
Townhouses	0	0
Total Number of Permits issued:		376
(includes fire, electrical, mechanical, plumbing, and other structural)		
Total Number of Inspections:		1505
Total Number of active permits:		1061

ENGINEERING

Capital Improvement Projects (CIP):

CIP 2018-A13 Washington Street Area Improvements

Summary: This project combines elements of the SAFE, SSMP, Water, Stormwater, and Wastewater programs. SAFE improvements include upgrading and adding ADA compliant facilities along 27th Ave, Washington St, and Edison St. Street Surface Maintenance Program improvements are planned for Washington Street, 27th Avenue, and Edison Street. The Spring Creek culvert under Washington Street at 27th Avenue will be removed, and a new structure added. The water system along Washington Street will be upsized from a 6" mainline to an 8" mainline. The stormwater system along Washington Street will be upsized from 18" to 24" storm lines. The project is being designed by AKS Engineering and Forestry.

Update: Contractor is finalizing the remaining punch list items. AKS is finalizing the as-built drawings, GIS files, and other final deliverables.

CIP 2016-Y11 Meek Street Storm Improvements

Summary: Project was identified in the 2014 Stormwater Master Plan to reduce flooding within this water basin. The project was split into a South Phase and a North Phase due to complications in working with UPRR.

Update: Working on closing out the project.

CIP 2021-T58 Milwaukie Downtown Streets and Curbs

Summary: The project includes SAFE improvements to downtown sidewalks by replacing existing sidewalk with pervious concrete sidewalk. Stormwater improvements include installing 5 storm inlets and 5 manholes. The project will use a specialized product, Silva Cells, to deter sidewalk uplift from tree roots. This project is out to bid and is expected to select a contractor by January 14th.

Update: Project is complete.

CIP 2022-W56 Harvey Street Improvements

Summary: The project includes water improvements and stormwater improvements on Harvey Street from 32nd Avenue to the east end, on 42nd Avenue from Harvey Street to Johnson Creek Boulevard, 33rd Avenue north of Harvey Street, 36th Avenue north of Harvey Street, Sherry Street west of 36th Avenue, 41st Street north of Wake Court, and Wake Court. Sanitary sewer work will be done on 40th Avenue between Harvey Street to Drake Street. The project also includes the installation of an ADA compliant sidewalk on Harvey Street from 32nd Avenue to 42nd Avenue and 42nd Avenue from Harvey Street to Howe Street. Roadway paving will be done throughout the project area.

Update: Tapani will start mobilization of equipment in the third week of October.

CIP 2021-W61 Ardenwald North Improvements

Summary: Project includes street repair on Van Water Street, Roswell Street, Sherrett Street, 28th Avenue, 28th Place, 29th Avenue, 30th Avenue, and 31st Avenue with a shared street design for bicycles, pedestrians, and vehicles. The sidewalk will be replaced on the north side of Roswell Street between 31st and 32nd Avenue. Stormwater catch basins in the project boundary will be upgraded, the water system will be upsized on 29th Avenue, 30th Avenue, 31st Avenue, and

Roswell Street, and there will be wastewater improvements on 28th Avenue, 29th Avenue, and 31st Avenue to address multiple bellies and root intrusion to reduce debris buildup.

Update: Contractor is doing final touches before the project's walk through with Public Works to develop the final punch list.

CIP 2022-A15 King Road Improvements

Summary: King Road (43rd Avenue to city limits near Linwood Avenue) SAFE/SSMP Improvements will replace existing sidewalk and bike lane with a multi-use path, improve stormwater system, replace water pipe, and reconstruct roadway surface.

Update: NWN engineering team has started phase 2 of their utility work that will cover from 54th Avenue to Lindwood Avenue; City staff are working with NWN to identify the end date of this utility work.

Landis and Landis were awarded with the construction project. All contracting and procurement documents were completed during the month of September. The Kick-off construction meeting will take place on October 17th at City Hall.

Construction is expected to start in early November and last at least 1 year.

CIP 2024-N04 Downtown Streetscape Improvements

Summary: SE Main Street from Washington Street to the north end of City Hall: URA project to update and bring up to Downtown standards sidewalks, ramps and parking spaces. The design will be in-house led by the engineering department.

Update: The charter review meeting was completed in early October. A second meeting with city management, public works and engineering will take place mid-October to define and establish expectations for the project.

It is expected that after the two meetings, and the comments period, the project will be better defined to narrow down the scope, funding and schedule. It would be considered if a breakdown would be required or identify additional funding to complete the project in a single construction time.

CIP 2025-T61 2025 Grind & Pavement

Summary: Annual street project that identifies city roads that need to be repaved and marked. The identification process was coordinated by the Engineering department and the Street Division.

Update: All work was completed by Knife river at the end of September. Multiple locations require additional attention from the City Engineer and project manager to solve concerns and unconformities with the approach.

It is expected that the contract will be completed and close by the end of October.

As part of this project a drainage complication was identified on SE 51st Avenue, PW, and Engineering is working to explore a solution to the pooling problem, either a drywell or a storm water treatment area. This project will start with an infiltration test during the month of October. Once results have been received a preferred approach will be identified and design will continue.

CIP 2025-S17 Slurry Seal 2025

Summary: Annual street project that identifies city roads that may benefit from a topical slurry seal treatment, so as to maintain an acceptable pavement condition index value. The identification process was coordinated by the Engineering department.

Update: The Slurry Seal Project is complete.

CIP 2025- First Fish Herons

Summary: As part of the IGA with the Confederated Tribes of Grand Ronde and the third phase of the Milwaukie Bay Park design the Engineering department is working with the Cultural Resources Department of the Tribes to complete the design and construct three art plinths for seasonal art exhibitions.

Update: HP Civil was awarded to complete the design-build of the plinths project. A kick-off meeting took place in the first week of October with HP Civil, and the Tribe's Arts Department to define location and details of the plinths.

The Arts Department is reviewing the draft design of the plinths. They are also sharing details for the connection of the sculptures to the plinths with all the artists that will work for the first exhibition of the herons in 2026.

HP Civil is designing the plinths and preparing for construction. It is expected that construction will take place before the end of 2025, keeping the project's timeline for inauguration in Spring 2026.

CIP 2024-XXXX Stanley Avenue Improvement Project

Summary: This project is a collaboration between the Clackamas County Development Agency and the City. The work will comply with the IGA signed in 2024. The limits of the project will be from King Road to Johnson Creek boulevard. The County will lead the design stage while the city will lead the construction stage.

Update: The county completed the bidding process for the selection of the consultant during June and July 2025. The selected consultant is DOWL. The City and County are drafting the scope and fee for the design that will start in Fall 2025.

Line 33 – Better Bus Project (TriMet)

Summary: As part of the Better Bus Project TriMet and Clackamas County are working together to bring Transit Signal Priority (TSP) to the Line 33 bus. This will improve reliability and reduce the delays the route currently experiences.

As part of this project, TriMet is consolidating bus stops and retrofitting the infrastructure of the route. A consolidation of bus stops will take place on SE Harrison Street between 26th Avenue and OR 224. Two eastbound and two westbound stops will be consolidated into a one bus stop at 2816 SE Harrison Street by the Bridge City Community Church

The Engineering and Planning Departments are working closely with TriMet and Clackamas County evaluating the design and helping coordinating permits and utility relocation. It is expected that construction takes place in Fall 2025.

Update: TriMet sent the 30% design plans for City's review. Engineering staff reviewed the plans and sent comments back to TriMet. It is expected that plan reviews will be provided at 60%, and 90% before construction.

Summary: Waverly Heights Wastewater project was identified in the 2010 Wastewater System Master Plan. The project may replace approximately 2,500 feet of existing clay and concrete pipes.

Update: The design team is complete with drawings and specifications and preparing to go out to bid. Once easements are in place then we will bid the project.

Monroe-Washington Street Greenway

Summary: The Monroe-Washington Street Greenway will create a nearly four-mile, continuous, low-stress bikeway from downtown Milwaukie to the I-205 multi-use path. Once complete, it will serve as the spine of Milwaukie's active transportation network connecting users to the Max Orange Line, Max Green Line, Trolley Trail, 17th Avenue Bike Path, I-205 path, neighborhoods, schools, and parks. Funding grants through ODOT and Metro will allow the city to complete our 2.2-mile section of the Monroe Greenway from the Trolley Trail to Linwood Ave. The Clackamas County portion of the Greenway, from Linwood Avenue to Fuller Road, has moved to the construction phase.

Community Engagement:

Open-Houses were hosted on February 29, 2024, for the Greenway, ODOT's Highway-224 project, the City's TSP, and Kellogg Creek Restoration and Community Enhancement Project, and on September 12, 2024, for the East segment of the Greenway. The City received mixed feedback for moving forward with the project. Feedback from February and September 2024 open houses has been incorporated into the design and city staff prepared an engagement plan to share with the public in October 2024. City staff presented the status of the East Segment of the Monroe Greenway (Washington-Monroe Greenway) to the City Council on December 3. Members of the public attended the presentation and participated in the public comments portion of the city council meeting.

Staff sent a mailer to residents with frontage along the East Segment in March 2025 to provide early warning for potential impacts to fences, mailboxes, and landscaping in the right-of-way. A second mailer will follow closer to construction with additional information for residents.

Staff will host a drop-in Open House October 22, 2025, from 5-6:30 pm in the Community Safety Building for the Central Segment of the greenway.

Segment Update:

East Segment (37th to Linwood): Staff have come to an agreement with ODOT and contracted CONSOR for the design. CONSOR has submitted the Design Approval Package to ODOT (approximately 60% design). The Plans, Specifications, and Estimate (PS&E) submittal was provided to ODOT in August 2025 and is under review by ODOT and City staff. Final project design is expected in April 2026, and the project is expected to go to bid in Summer 2026 with construction starting in Fall 2026.

City staff applied for approximately \$1.7 million of additional funding through the Regional Flexible Funds Allocation (RFFA) grant program to mitigate scope reductions due to inflation. Approximately \$1.5 million was awarded. Updates to the Statewide Transportation Improvement Plan (STIP) and Metropolitan Transportation Improvement Plan (MTIP) were adopted in July 2025. Priorities for the additional funding include paving, a flashing beacon at the 37th Avenue/ Washington Street Crossing, and sidewalks on Monroe west of Garrett to complete the Monroe sidewalks from the greenway/bikeway to 37th Avenue.

Monroe Street & 37th Avenue (34th to 37th): This segment is complete. It was constructed as part of the private development of the 7 Acres Apartments.

Central Segment (21st to 34th): The city and ODOT have signed an IGA that will transfer \$1.55 M in STIP funding to the city to construct this segment of the Monroe Street Greenway. City staff have contracted with 3J Consulting to negotiate work at the Oak Street and 37th Avenue railroad crossings. Resolution 30-2025 was adopted at the June 17, 2025, City Council Meeting, approving a contract with Burgess & Niple, Inc for up to \$472,865 for the design of the central segment of the greenway. Design is underway, with a 30% design anticipated in November 2025, and construction beginning Summer 2026.

Monroe Street & Highway-224 Intersection: This portion of the project was combined with a larger ODOT project to mill and overlay Highway-224 from 17th Avenue to Rusk Road in Fiscal Year 2026. The City received early concerns regarding the development of Highway-224 and Monroe Greenway pushing traffic from Monroe Street onto Penzance Street. The water main in Monroe Street underlying Highway 224 was replaced by pipe bursting in December 2024. Construction of the diverter at Highway-224 was completed in Summer 2025 and signal updates are underway. Staff have received complaints about removing left turns on Monroe and have communicated those complaints to ODOT to see if modifications to nearby signals can be made to compensate for new traffic patterns at Monroe Street.

Downtown Monroe Greenway (Trolley Trail to 21st Avenue): The city is investigating funding to enhance the Monroe Greenway through downtown Milwaukie.

Stanley Reservoir Improvements

Summary: The Stanley Reservoir is a 3.0 million gallon at-grade welded steel tank constructed in 1970 and is supplied directly from Well #6 on the same site. The coating system on the exterior has failed and large pieces of exterior coating are peeling. The project consists of abrasive blasting the exterior to a near white blast (SP-10) and then coating with a three-coat zinc, epoxy, stripe coat with urethane finish. Due to lead paint on the exterior, the project will require a full containment tent using shrink wrap plastic with scaffolding access around and over the top. The interior of the tank will be blasted, tested, repaired, and coated with a three-coat epoxy system as well. The project will include the installation of a seismic valve, seismic upgrades to roof rafter systems, and a new mixing system for improved water quality.

Update: The project was awarded to T. Bailey and work began in October 2024. Water Systems Consulting, Inc., was contracted to manage the project. The new mixing system and interior and exterior blasting, testing, repair, and coating are complete. The reservoir was brought back online in May 2025 and has remained in service since that time. While the reservoir was offline the pump at Well 6 was turned to pump directly into water pressure zone 2. Due to the expense associated with turning the pump, a dual-action pump head was designed and installed to allow the pump at well 6 to pump into either the reservoir or directly to pressure zone 2, which will facilitate future tank maintenance and repairs. Updates were also made to the SCADA remote monitoring system and to the chlorine disinfection system at the site. T. Bailey is currently addressing the contract punch list items, and the project is expected to be completed in October 2025.

Wastewater Pump Station Evaluation and Upgrades

Summary: The City maintains a wastewater collection system which includes 5 pump stations, Island Pump Station, Harrison Pump Station, Home and Monroe Pump Station, Brookside Pump Station, and 55th Avenue Pump Station. The 2022 Wastewater Master Plan identified potential deficiencies in the city's wastewater collection system and pump stations and suggested upgrades to the pump station's instrumentation and communication, electrical systems, mechanical pumping and/or seismic resiliency. The Brookside Pump Station equipment is near its end-of-life and emergency repairs at the Brookside Pump Station are causing operational burdens to city staff. The city will

contract with an engineering firm to assess the 5 pump stations, determine repair/rebuild costs, and design a new Brookside Pump Station that meets current city public works standards.

Water Program

Summary: The City has identified water projects in the Capital Improvement Plan 2025-2030, including but not limited to, PFAS treatment evaluation and design, rehabilitation or reinstallation of Well 8, pump station evaluation and upgrades, pressure zone analysis, evaluating and negotiating an intertie with Oak Lodge Water Services, siting and design of additional water storage capacity for the City, seismic and climate resiliency of the water distribution system, and identifying funding sources for the programmed water work.

Update: In March 2024 the City contracted Water Systems Consulting, Inc. (WSC) and RH2 Engineering, Inc. (RH2) for \$3,000,000 each to support the City with funding and completion of the water projects identified in the Capital Improvement Plan 2025-2030. The City met with WSC and RH2 through 2024 to develop a program charter, review and prioritize projects, and identify funding sources.

Water Treatment Upgrades:

Water testing indicates that PFAS treatment will be required at both the upper and lower treatment plants. The lower treatment plant does not have sufficient area to add PFAS treatment, therefore the upper and lower treatment plants will be combined at the upper treatment plant. Combining the water treatment plants carries efficiencies in safety upgrades as well as long-term operations. Raw water will be diverted from the lower treatment plant to the upper treatment plant, which will be upgraded and sized to treat all water for PFAS and VOCs. Contracting for PFAS treatment column testing is underway.

Funding:

In February 2025 the City submitted a letter of interest to BizOregon, identifying \$27,000,000 of improvements to the city's drinking water infrastructure that would be eligible for funding through the Safe Drinking Water Revolving Loan Fund (SDWRLF). In September 2025 the city was invited to apply for up to \$6,000,000 of funding through the SDWRLF. Up to 50 percent of SDWRLF funding may be forgivable, and the remaining 50 percent is expected to carry an interest rate as low as 1 percent due to the city's status as a disadvantaged community. The application will include funding for construction of a raw water pipeline to direct water from the lower treatment plant to the upper treatment plant, equipment purchase, and site preparation for the water treatment upgrades at the upper treatment plant.

The city is reviewing eligibility for the funding for the design and construction of PFAS treatment through the Safe Drinking Water Revolving Loan Fund Emerging Contaminants (SDWRLF-EC) loan administered by Oregon Department of Environmental Quality. The next application deadline is in December 2025.

Kellogg Creek Restoration and Community Enhancement Project

Summary: Project to remove the Kellogg Creek dam, replace the McLoughlin Blvd. bridge, improve fish passage, and restore the wetland and riparian area. City of Milwaukie staff are part of the project Leadership Team, Core Technical Team, Design Coordination Team, and the Technical Advisory Committee. The Leadership Team and Core Technical Team both meet monthly. The Design Coordination Team meets bi-weekly. In addition to city staff, these groups include staff from North Clackamas Watershed Council (NCWC), Oregon Department of Transportation (ODOT), and American Rivers. The Technical Advisory Committee (TAC) for the Kellogg Creek Restoration & Community Enhancement Project involves all collaborative partners that include the Confederated Tribes of the Warm Springs Indian Reservation of Oregon, the Confederated Tribes

of Grand Ronde, Clackamas Water Environment Services, Metro, North Clackamas Parks and Recreation District, Oregon Department of Environmental Quality, Oregon Department of Fish and Wildlife, Oregon Division of State Lands, the Native Fish Society, and the Natural Resources Office of Governor.

Update: The 30% project design package was submitted to all project partners for review on June 18, 2025. The city as well as all other project partners have provided review comments to the design team, which will be prioritized and discussed at a design workshop on 07/03/25. The project team has also submitted appropriations requests to each of Oregon's legislators, each of which were supported for the next steps in the appropriations review process. There is an upcoming TAC meeting in November.

Right-Of-Way (ROW) Permits (includes tree, use, construction, encroachment)

Downtown Trees and Sidewalks

Update: Staff have a contract with AKS; working on what type of design works best now and in the future with both the trees and sidewalks & curbs.

Private Development – Public Improvement Projects (PIPS)

1600 Lava

Update: This development on Lava drive was completed in February 2025 and adds a new 13-unit multi-family building. Public improvements for this project included a new sidewalk, an ADA ramp, and minor street widening. Building permits have been issued and on-site construction has begun.

Hillside Park

Update: Construction of Phase 1 for this project is underway, and includes 3 new buildings, and their associated public improvements. Public improvements for this development include utilities, new roadway alignment, new sidewalk, ADA ramps, and new asphalt paving.

Seven Acres (formerly Monroe Apartments) – 234 units

Update: Seven Acres has completed construction and is currently occupied. Public improvements for this development included a new bike path and sidewalk from Oak Street and Monroe Street to 37th Avenue and Washington Street. Public improvements are currently under warranty and will receive a final inspection after a one-year period before shifting over to the City for ownership.

Henley Place (Kellogg Bowl redevelopment)- 175 units

Update: Construction is complete, and the building is occupied.

Elk Rock Estates – 5 lot subdivision at 19th Ave & Sparrow St.

Update: All public improvements have been completed; the project is in the close-out phase. The Engineering Department received as-builts from the developer. The land use entitlements have recently expired, so they will need to go back through the process to build units. The lots are currently for sale.

Shah & Tripp Estates – 8-lot subdivision at Harrison Street and Home Ave.

Update: The Right-of-Way improvements have been completed, and the new street has been opened. Currently the developer and contractor are addressing final punch list items. As-builts have been submitted to the City for review.

Bonaventure Senior Living – 170-units

Update: ROW permits have been issued, and public improvements are currently under construction. Milwaukie staff have completed on-site storm water facility inspections and will inspect asphalt multi-use path up to HWY 224.

1847 Scott St Food Park

This new food park will provide up to 17 spaces for food carts, a new tap room and a covered canopy shelter, along with frontage improvements. Frontage improvements include new sidewalks, and a new ramp at Main and Scott. Sitework is currently underway.

Document Administration

Plans

Summary: WSC is preparing the Stormwater System Plan.

COUNCIL STAFF REPORT**To:** Mayor and City Council**Date Written:** Oct. 10, 2025**Reviewed:** Joseph Briglio, Assistant City Manager,
Laura Weigel, Community Development Director,
Peter Passarelli, Public Works Directors,
Jeff Tolentino, Assistant City Engineer,
Katie Gavares, Climate and Natural Resources Manager, and
Vera Kolias, Senior Planner**From:** Emma Sagor, City Manager**Subject:** **Middle Housing Town Hall – Recap and Discussion of Next Steps****ACTION REQUESTED**

Council is asked to recap the main takeaways from the July 28, 2025, town hall on middle housing and provide direction to staff on next steps.

HISTORY OF PRIOR ACTIONS AND DISCUSSIONS

2019: The state legislature adopted Oregon House Bill (HB) 2001, requiring all Oregon cities to allow middle housing types wherever the city allows single-detached homes.

2020: Council adopts an updated Comprehensive Plan, which includes Policy 7.1.1: “Provide the opportunity for a wider range of rental and ownership housing choices in Milwaukie, including middle housing in low and medium density zones.”

June 3, 2022: Milwaukie updates its municipal code to comply with HB 2001.

Spring/Summer 2025: Council and city staff receive multiple public comments and inquiries related to middle housing developments in various neighborhoods, expressing concerns and questions about the city’s ability to regulate this kind of development.

July 17, 2025: The state legislature adopted HB 2138, providing further requirements for cities related to middle housing. This includes defining middle housing as both attached and detached plexes, removing cities ability to regulate detached plexes differently than other types of middle housing.

[July 28, 2025:](#) The city holds a town hall for the community to learn about the policy context behind middle housing and how the city reviews development proposals, as well as to share comments and questions related to what they hope to see the city consider as it relates to middle housing development.

ANALYSIS**Background**

Middle housing is a term used to describe housing types that fall between single-detached homes and larger apartment complexes. These include:

- Duplexes, triplexes, and fourplexes
- Townhomes
- Cottage clusters (small homes arranged around shared open space)

These homes tend to be smaller and more affordable to build than single-detached homes and are designed to fit within the scale of existing neighborhoods.

Due to policy decisions made at the state level (as described in the History section above), including the passage of HB 2001 in 2019, this type of housing is now allowed to be built wherever single-detached homes can be built. Cities are prohibited from making it more difficult to develop middle housing through regulations that don't also apply to single-detached housing.

When HB 2001 passed, cities and counties had narrow abilities to customize regulations for their jurisdiction, as long as requirements for middle housing were not more stringent than for single-dwelling detached homes. One of these options was whether to allow detached plexes, meaning two, three, or four-unit developments that did not share a common wall like a traditional duplex, triplex, or quadplex. When City Council updated our code in 2022 to comply with House Bill 2001, they chose to allow attached and detached plexes. Following the 2025 legislative session and passage of HB 2138, the state now defines middle housing to include detached plexes, so local jurisdictions no longer have the option of regulating these units differently.

Requiring that middle housing be allowed anywhere single-detached housing is allowed does not mean middle housing can be built anywhere. All new developments must follow site development and design standards. These include considerations like:

- Minimum lot size
- Maximum building height
- Minimum setbacks from property lines
- Lot coverage limits
- Design rules like window placement, roof design, and cladding materials
- Tree preservation and planting requirements

As middle housing developments have started to occur across Milwaukie (60 units built or under construction in the city since 2020), the city and Council have received more questions and concerns about this type of development, what is allowed, and what ability the city has to address any perceived impacts or changes it might bring to neighborhoods.

July 28, 2025, Town Hall

In response to these questions and comments from community, the city decided to hold a public town hall to educate interested stakeholders about middle housing, answer questions, and take feedback on what types of steps community members would like the city to consider taking related to middle housing.

The town hall was advertised via the Milwaukie Pilot newsletter and on the city's social media accounts. Prior to the event, the city created a page on Engage Milwaukie, including a frequently asked questions (FAQ) document, to educate community members about the topic and collect questions in advance that people wanted to see answered at the town hall.

The town hall was held at City Hall in Council Chambers on July 28, 2025, from 5:30 – 7:30 p.m. The event included two panels—a staff panel comprised of the planning manager, senior planner, climate and natural resources manager, assistant city engineer, and a senior housing planner from the state housing accountability and production office, as well as a panel of all five members of

Council. The city manager and assistant city manager helped emcee the event and record questions and comments.

In total, approximately 60 community members attended the town hall in person. Twelve questions were asked verbally at the town hall, 3 questions were submitted in writing, and approximately 20 comments were made by attendees. Prior to the event, 19 questions were submitted on the Engage Milwaukie page, as well as 3 comments. Summaries of these questions, responses, and comments can be found online here:

- [Town hall summary](#)
- [Questions and comments submitted via Engage Milwaukie](#)

Overall, the majority of those who engaged in the town hall and Engage Milwaukie page expressed concerns about this type of development and the constraints placed on the city in terms of how it can regulate middle housing. Key themes of questions and concerns include the following:

- Density impacts on neighborhoods – this includes concerns about impacts of more residents on local infrastructure (roads, sidewalks, etc.), pressures on on-street parking, noise, and changes to neighborhood character or safety.
- Design of middle housing – this includes concerns about how middle housing units look, including standards related to eaves or other features that could impact a structure’s aesthetics or function
- Impact on trees and open space – this includes concerns about trees removed for the construction of middle housing and the perceived lack of open space on middle housing development lots
- Desire to restrict where middle housing can be built – this includes desire for higher minimum lot sizes or restrictions on where middle housing is allowed in the city
- Affordability and who has access to this housing – this includes skepticism that middle housing is actually more affordable than other housing types and concerns that Milwaukians may be priced out from purchasing or renting these units.

Possible Topics for Future Consideration

Based on the feedback received at the town hall and the limitations placed on cities and counties by state law, staff have identified the following as potential areas the city could explore to address community impacts of middle housing development. **It is important to note that the ideas marked with an asterisk (*) represent work that is not currently programmed into staff work plans or budgets.**

- **Potential planning work:**
 - *Review building separation requirements for detached plexes**: Council could direct planning staff to review opportunities to tweak our middle housing code to change building separation requirements for detached plexes. This would have to involve exploring what options local jurisdictions have to regulate open space while complying with HB 2001 and HB 2138. In the development of this staff report, staff reached out to Oregon Department of Land Conservation and Development (DLCD) staff, who advised that current rulemaking underway will likely address separation of plexes. DLCD’s recommendation was that this work wait until after rulemaking, as any provisions adopted before rulemaking could be nonconforming.

- *Review design standards for all residential development**: Council could direct staff to engage in a review and community conversation about whether residential design standards should be amended to enable greater control of design decisions. Because of state law’s prohibition on regulating middle housing differently than single-detached housing, any changes to design standards would also have to apply to single-detached units as well. However, recent legislation may affect the city’s ability to increase minimum design standards; staff will continue to follow legislative guidance and rulemaking to ensure the city remains in compliance with state law before making any recommendations.
- **Potential development services work:**
 - *Create a development checklist to improve transparency and communication with builders and neighbors*: Staff are already undertaking efforts to develop better communication tools and information that clarify for developers and neighbors what steps are required in the development permitting and review process by the city as well as who to call/how to report concerns about code violations. Council could provide further direction on what kinds of communication resources they would like to see developed.
 - *Revise city standard operating procedures and code related to collection of fee in lieu of construction (FILOC) revenues**: Council could direct staff to consider new approaches for achieving infrastructure and right-of-way improvements as a result of middle housing development, including whether the city should encourage use of FILOC more for these types of developments to allow more tailored street improvements that respond to development patterns and pressures. This work would require understanding the statutory limits and boundaries of what local jurisdictions can require in terms of FILOC.
- **Potential community development work:**
 - *Increase code compliance efforts related to development activity*: Staff are already undertaking efforts to better align code compliance staffing and resources with community development priorities, including the upcoming move of the code compliance team into the community development department. Council could provide further direction on what kinds of code compliance outcomes they would like to see related to this topic.
 - *Review and/or proactively seek to implement neighborhood parking management programs or strategies**: The city developed a traffic regulation approximately 10-years ago that would enable neighborhoods to implement a parking management program (i.e., requiring permits for on-street parking) if certain conditions were met. The goal of this regulation (No. 470) was to reduce on-street parking taken up by non-residents; anyone living in the neighborhood would be able to get a permit. To date, this program has not been pursued by any neighborhoods. Council could direct staff to review these regulations and more proactively inform neighborhoods about the opportunity, though it may not directly address the concern neighbors have about on-street capacity not being adequate for new residents moving into middle housing units.
- **Potential climate and natural resources work:**
 - *Review tree code and tree fees to further preserve and protect trees during residential development*: Council could direct staff to make changes to the city’s

tree code and/or tree fees in the consolidated fee schedule. Staff are already considering updates to the non-development tree code given other recent Council conversations and plan to bring initial proposals to Council for review in December. Council could direct staff to also bring back proposed changes to the private development tree code at the same time.

BUDGET/WORKLOAD IMPACT

If Council provides direction to staff to undertake any efforts indicated with an asterisk (*) from the list above, staff will return with a proposal for how to resource and advance this work, including what efforts may be deprioritized or delayed as a result.

CLIMATE IMPACT

The intent of middle housing is to enable more units and density on lots that otherwise would only accommodate a single-family home. This can help reduce the need for car trips and can help preserve open space and tree canopy by allowing for infill development as opposed to sprawl. In turn, allowing more types of construction on lots can also incentivize development and maximization of profit or sellable space, which could result in more infill development that removes trees or open space.

EQUITY IMPACT

Middle housing units are traditionally smaller than single-detached dwellings and therefore can provide a more affordable housing option in between apartments and more expensive single-family homes.

COORDINATION, CONCURRENCE, OR DISSENT

Multiple departments are involved in the administration of policies, code, or programs that relate to middle housing, including community development, public works, and the city manager's office. Staff from all these departments have been engaged in the development of this staff report.

STAFF RECOMMENDATION

Staff recommends that Council discuss their primary take-aways from the July 28 town hall and provide direction to staff on any work they would like to see advanced from the potential topics presented above.

ALTERNATIVES

Council can choose not to direct any further staff work on these topics or identify other topics they would like staff to consider instead.

ATTACHMENTS

1. July 28, 2025, Middle Housing Town Hall Event Summary
2. Engage Milwaukie Questions and Responses



CITY OF MILWAUKIE

Middle Housing Town Hall

July 28, 2025

Summary

Questions and Responses

Verbal Questions asked at Town Hall

- **Can people just pay to cut down trees? If so, they should triple the fees.**
 - *Removal of onsite trees which results in a reduction of onsite canopy below 30% canopy coverage will result in required mitigation. Mitigation tiers are cumulative and are calculated based on the resulting final onsite canopy after requested tree removals. The mitigation fee is \$4,000.00 for each reduction of 7.5% site canopy coverage below 30% total site canopy. Fees are cumulative based on total canopy reduction.*

30 - 22.5% | \$4,000.00

22.5% - 15% | \$4,000.00

15% - 7.5% | \$4,000.00

7.5% - 0% | \$4,000.00

**\$2,000.00 per tier for qualified affordable housing developments*

Trees on the Milwaukie invasive tree list are not to be included in the calculations. Trees on the Milwaukie Rare or Threatened tree list are to be preserved where possible, and additional removal fees for these trees may apply. Only onsite trees are included in the preservation standard calculation.

- **Detached quadplex -- could we do lot size minimums like Lake Oswego?**
 - *Lake Oswego has multiple residential zones with varying minimum lot sizes. Milwaukie has two residential zones with different minimum lot sizes, so our codes are difficult to compare. But both cities must comply with state law regarding middle housing and minimum lot size.*
 - *State law requires that middle housing—except cottage clusters—have the same minimum lot size as single detached homes.*

In Milwaukie's Moderate Density Residential Zone, the minimum lot sizes are:

- *5,000 sq ft for single detached home*
- *7,000 sq ft for cottage clusters*
- *3,000 sq ft for duplexes, triplexes, and quadplexes (1,500 sq ft per unit for townhouses)*
 - *In 2022 Planning Commission and City Council adopted the 3,000 sq ft minimum for plexes to incentivize the development of these types of units.*

- *The recent passage of House Bill 2138 changes many of the established rules. Among other changes, cities will have to allow all middle housing types on any lot or parcel zoned for residential use. DLCD will issue specific implementation guidance this fall. In discussions with DLCD Housing Accountability and Production Office staff, the city learned that increasing minimum lot sizes will likely not be defensible and changing the code now in a way that contradicts the new statutory requirements would likely put the city in legal jeopardy. Staff will review DLCD's guidance once released and will update Milwaukie's code to reflect the new legislation as required.*

▪ **Can we revisit minimum lot sizes?**

- *Please see the response to the question above.*

▪ **Doesn't the state law get triggered at a population of 25,000? Why did Milwaukie have to participate?**

- *State law on middle housing applies to "large cities", defined as those cities within the Metro region with a population of over 1,000. Milwaukie meets this definition and must comply with these statutes.*

▪ **How does the middle housing rule benefit existing residents?**

- *Middle-housing requirements were passed by state legislators with the intent to increase housing options and opportunities for all, including current Milwaukians. The hope is that all Milwaukie residents, both past and present, will have more chances to live in the community of their choice.*

▪ **Can you build as many homes as possible on a piece of property?**

- *The zoning code limits the number of units on a lot to 4 units. Cottage clusters are limited to 12 cottages per cluster, but there is no limit on the number of clusters on a property. For example, a large piece of property could be developed as a cottage cluster development or could be divided and then developed with a plex on each lot. Please note that all of this*

development is still subject to minimum development standards, such as lot coverage, setbacks, and vegetation requirements.

- **Is there a requirement for whether these homes are sold or for rent?**
 - *No. The zoning code does not regulate housing tenure (rental or ownership).*

- **What happens when a developer defaults? Can the bank do whatever they want to a property if they take over?**
 - *The City's land use and development code requirements are applied the same regardless of whether a property is owned by an individual or an institution.*

- **In another community the developer was willing to "negotiate" with the neighbors about room size and density. Are we able to do that?**
 - *Property owners are allowed to develop their property to their desired preferences as long as it meets all the regulatory requirements (i.e. planning, building, trees, etc.). Some developers do consider the thoughts and opinions of neighbors when designing their project; however, it is not a legal requirement. The City encourages developers to meet with neighbors and the Neighborhood District Association (NDA) prior to building.*

- **Is Fee In Lieu of Construction (FILOC) or other fees a way to push back on development? Is there an appetite for the council to take these types of actions?**
 - *Frontage improvements may include new sidewalks, new curb and gutter, and half street roadway repaving, according to the city's Public Works Standards. The improvements are limited to the length of the property's frontage.*
 - *The applicant can request to pay a FILOC, rather than construct the improvements, but this request must be approved by city engineer.*
 - *FILOC funds must be spent on similar facility types (streets, stormwater, sewer, etc.) and must be used within the same NDA.*
 - *FILOC is typically considered if extensive offsite improvements are needed or if the improvements are included in an existing Capital Improvement Project. It is not a tool used to "push back" on development.*
 - *FILOC funds are supposed to be spent within 10 years of receipt.*

- *The City Council has expressed an interest in reviewing all the possible ways the city can legally require improvements to address community concerns.*
- **Can planning require more standards on cottages to make it more like Single-Family Dwellings with bigger setbacks for each cottage?**
 - *State law is quite prescriptive with cottage clusters, which are handled differently than other middle housing types. Development standards, including maximum dwelling unit size, requirements for a shared common courtyard, and maximum perimeter setbacks are established in the middle housing statute. Milwaukie elected to comply with state law by adopting, for the most part, the adopted Model Code language for cottage clusters. Per statute, cities cannot adopt code that is more restrictive than the state's Model Code.*
- **Milwaukie has the lowest standard for converting a house into a duplex. Do I have to ask the council to up the standards for conversion?**
 - *The city defines a dwelling as a structure with legal sleeping, cooking (i.e. stove), and sanitary facilities (bathroom). The city allows a property owner to convert a portion of their single-family home into an additional unit (i.e., basement) if they can create a separate area with those elements. Adding a dwelling unit, or converting an area into habitable space, still must meet building code.*
 - *If the City Council wanted to create more requirements for adding a dwelling unit to a single-family home, then they could direct staff to research other jurisdictions' requirements and make recommendations.*

Written questions submitted at Town Hall

- **Where is parking allowed on Home Avenue?**
 - *Generally, parking is allowed on the east side of the street, but admittedly, better signage is needed. The City's code enforcement staff is always willing to meet with neighbors to clarify areas where parking is and is not allowed, and the city will review traffic regulations around areas of significant new residential development to ensure greatest clarity and on-street parking availability, while preserving emergency access and meeting public works standards.*
- **What percentage of new development in Milwaukie is middle housing? Are developers even interested in building single-family?**

- *Currently, it's most residential development. In fiscal year 2025 (July 2024 – June 2025) the Building Division reported that of the 50 residential building permits issued, 6 were for ADUs, 5 were for single detached dwellings, and the remaining 39 were for middle housing units.*
- **How can we reduce the lag time between FILOC charges and investments in infrastructure? Living with construction while waiting for safety/livability improvements impacts residents, not developers.**
 - *Construction can certainly be inconvenient and impactful to adjacent property owners and renters. The infrastructure improvements (i.e. sidewalks, street trees, etc.) that are associated with a development aren't fully realized until project completion. However, the City's code enforcement staff can help address issues that occur during construction. These may include things like debris/erosion run-off, illegal parking, litter, work occurring outside of approved construction hours, and similar issues.*

Verbal Comments made at Town Hall

- Do not make any concessions for the tree code. We need to protect trees more.
- Middle housing makes everything worse for existing residents. I'm not seeing it. We are being forgotten. You want to make housing affordable for folks outside of Milwaukie but not those inside.
- Doesn't seem like the neighborhood is taken into consideration. It's destroying neighborhoods. I want more housing here, but the amount that is coming without parking is too much.
- I hear "this is giving folks an opportunity for ownership," however, it makes more sense for developers to rent that offer for-sale. Cottage clusters are deeply predatory to potential buyers.
- The detached plex's are an "end around" and make livability awful. The Harrison/Home project is a real race to the bottom. There needs to be more vegetation requirements to create more life and add stricter fines for trees. Parking needs to be looked at more closely because the infrastructure is not set up to accommodate all of this development with no parking.

- I can't own a home here. What happens if the developer defaults on the property? Does the bank become the owner? Does that mean that the bank can just create a bunch of things that we don't want? Allow these people to have parking spaces.
- I hate seeing old growth trees get cut down and then are planted with new little trees that we'll never see mature. Don't let that happen.
- Home Ave basically just got rebuilt and I have no idea where we can or cannot park. If we're adding this density and we don't require parking, then I think the council needs to up the code enforcement ability.
- There need to be HOAs required otherwise they will turn into little slums. The infrastructure isn't great, which is why we need to rezone and allow for more amenities in neighborhoods.
- Stanley Ave construction -- It's hard to see a large ranch get subdivided and turned into multiple expensive houses go on them. The developer is making a mess and there needs to be infrastructure.
- We don't have sidewalks on Olsen Street, and I don't want them. I think it's robbery to require the homeowner to maintain the sidewalk. People will need cars and use cars all the time. We need to maintain parking. We homeowners are taxpayers.
- We need higher fines for the tree code and more enforcement. Most of the developers are breaking the law on the weekends and there isn't a staff person who can enforce them. I would like to also see more accessibility for the homes being built. More creative solutions for on-street parking solutions and people are not adhering to the parking requirements.
- You have an opportunity to influence the city and right now it's becoming less desirable. This is not a solution for affordable housing, which is a federal issue.

- Hillside – 32nd is very narrow and not safe. It needs to be a wider road. Driver and Bike safety? Cyclists don't care about the law. They need to obey the law.
- To the City Council, what do you want the city to be? Is the crest of the city really the dogwood tree? Do we really care about trees? If so, we need to step up enforcement.

Written comments submitted at Town Hall

- There should not be fees in lieu allowed for tree removal or frontage improvements.
- Fees should be higher for tree removal.
- The city should do more to clearly define where street parking is and is not allowed.
- Yes, to infrastructure. If you can't require parking and you can't require extension of sidewalks, the city needs to figure out funding (lobby the state!) to protect pedestrians on streets. You can do it! Thank you for your work and your service.



CITY OF MILWAUKIE

Questions submitted via Engage Milwaukie July 2025 with staff responses.

- 1. What are you doing to address the needs for parking for these middle housing developments. They don't even have a space per unit and most people have at least one car. The impact to the neighborhoods is only going to get worse. The middle housing on Harvey has so many units and only parking on one side of the street. It has been a nightmare with just the construction vehicles. Our streets aren't made for this much housing in such a small space. What is being done to combat that.** *Posted by: jhoward, 2 Jul 2025, 12:30*
- 2. What kind of planning has gone into road development considering there has not been enough parking built for all these small homes. I personally live within a quarter mile of three different lots that have been built this way, and every one of them is on a street that is too narrow for street parking. Developers are expecting to move in 10-20 people onto a single lot, and expect them to just not have cars? I would love to see some actual considerations taken to ensure the usability of our streets going forward. It should be the responsibility of our city council, along with our permitting departments, to ensure our roads are not impacted by greedy investors overbuilding on small lots without any regard to the fallout.**

Response to Q1 and Q2:

In 2022 the state adopted the Climate Friendly and Equitable Communities (CFEC) rules which prohibit cities from requiring off-street parking near frequent transit routes—which covers 80% of Milwaukie. City Council extended this policy to the remaining 20%, based on the broader goal of prioritizing land for housing over cars. While most new developments still include some parking, it's no longer required. The vision is for Milwaukie to become less car-dependent, with greater use of transit, car sharing, walking, and biking. Prospective buyers or renters will consider transportation options when choosing where to live, and some may opt out of developments where the lack of parking doesn't meet their needs.

- 3. What has been the average sale price of the middle housing built in Milwaukie and what percentage of the sites built have been sold versus rented?**

Posted by: Paul, 2 Jul 2025, 0:08

Response:

The city does not set rents or sales price for middle housing or any other type of housing. Nor does it track this information on an on-going basis. That said, a little research of public websites shows the following:

- *Rents for the cottage cluster on 40th Ave are approximately \$2,300/month (apartments.com).*

For sale prices for:

- *Townhouses at 52nd Ave and Jackson St between \$450K - \$466K (zillow.com).*
- *Cottages at 4103 SE Olsen St priced at \$479K - \$499K (zillow.com).*
- *Quadplex units at 5069 SE King Rd priced at \$445K (zillow.com).*
- *Cottages at 3736 SE Harvey St are income- restricted homes and are expected to be sold for below \$300K.*

4. **What validated studies has shown that "middle housing" reduced housing costs and actually gets people into entry level housing versus just wind up being rental or another market level home?**

Posted by: Paul, 2 Jul 2025, 0:05

Department of Land Conservation and Development Housing, Accountability and Production Office Response:

There are policy studies that discuss the general or estimated effect of middle housing legalization or harms of exclusionary zoning – e.g. Up for Growth, Brookings, Turner Center, etc. However, because middle housing legalization is so new, there aren't yet studies we are aware of looking at actual development outcomes since middle housing legalization except the Portland Progress Report issued in January of 2025.

According to Portland's report the average sales prices for new middle housing is trending \$250,000 - \$300,000 less than sales prices for new houses (2024 dollars). Sales prices for new single detached homes tend to be considerably higher than sales prices for middle housing. This is because the units tend to be smaller, under 1,500 sq ft, providing a housing type typically unavailable in today's real estate market. In Milwaukie middle housing units are selling for around \$450,000 while new single-family units are selling for about \$700,000.

Middle housing can take the form of either rental or ownership units, offering flexibility to meet a range of housing needs. Middle housing can provide more affordable options than traditional single-unit homes. These housing types are particularly important for creating options for households that earn too much to qualify for subsidized housing but cannot afford market-rate single detached homes.

To meaningfully address the housing shortage, we must increase the overall supply of housing across all income levels and tenure types. This includes both rental and ownership opportunities, as different households have different financial capacities, life stages, and housing preferences. A healthy housing market requires a diverse mix of unit types and price points to accommodate everyone—from young adults and working families to seniors looking to downsize. Middle housing plays a crucial role in filling that gap.

5. **How is the city ensuring that those who will live in middle housing without transportation will still be able to access services including grocery stores, food delivery, etc?**

Posted by: Emylou, 1 Jul 2025, 9:46

Response:

The city's goal is to ensure that services and amenities are reasonably accessible from all neighborhoods. Achieving this requires a multi-faceted approach that includes increasing residential density, zoning for neighborhood-scale commercial uses, and improving the transportation and street network.

Even for households without a personal vehicle, alternatives such as walking, biking, transit, and car share provide access to shopping areas and other destinations. To further support this, the city has identified neighborhood hubs—designated areas where small-scale commercial and community services can be located closer to where people live. These hubs help create more complete neighborhoods and reduce the need for long car trips.

6. **How will middle housing affect our tree canopy goal of 40% by 2040? Can zoning please require developers to include native trees in order to avoid urban heat islands?**

Posted by: Emylou, 1 Jul 2025, 9:44

Response:

The development tree code requires that property owners or developers meet four key standards to support meeting our tree canopy goal of 40% by 2040. The

standards support preserving and protecting existing trees on site, planting back trees on site, and protecting future planting spaces on the site during construction.

Throughout development of the residential tree code, staff worked to ensure the code would support residential development and infill goals while advancing urban canopy objectives. Scenario testing and modeling were used to assess impacts on various lot sizes and housing types. The code incorporates flexibility for feasible development, while still requiring meaningful mitigation, such as replanting or fee-in-lieu payments to maintain canopy goals. This balanced approach works towards supporting both environmental stewardship and housing affordability, recognizing their mutual role in our community's quality of life.

While the residential development tree code does not require the replanting of native trees, the city does provide a list of native and climate-resilient species ideal for planting in our changing climate. The code requires the size of these newly planted trees to be 1.5-inch caliper for broadleaf trees and five feet tall for conifers unless otherwise approved by the Urban Forester, to support a healthy and functioning urban forest.

- 7. How will our zoning address middle housing requests that are not near any public transportation? Can there be a requirement for the developer to create parking spaces for properties that are not accessible by more than 1 bus or other transportation services?**

Posted by: Emylou, 1 Jul 2025, 9:42

Response:

The state's recent adoption of the Climate Friendly and Equity Communities rules precludes cities from requiring off street parking near frequent transit routes. The City Council adopted code language extending that to the entire city. There are many reasons for this, but mostly there is an overarching policy to not use limited land for cars when what is needed is housing. Most new developments provide at least some parking for their residents, but they don't have to. The goal is for Milwaukie to be a city that is less reliant on personal vehicles, opting for car sharing, transit, walking, and cycling as alternatives. Prospective buyers or renters will take location into account when choosing a place to live, with some opting out of a development if transportation is too challenging for them.

- 8. Why did Milwaukie choose to allow detached plexes when it adopted its middle housing code? The allowance of detached plexes seems to allow for less**

desirable development with less light, less open space, etc. Could Council change this code to only allow attached plexes and cottage clusters? Did recently passed HB2138 take away this ability? What remaining options do cities have to prohibit detached plexes?

Question asked by Dylan Kruse to Council via email; follow up questions added by Council members

Response:

When the city was developing code language in response to HB 2001, the proposed code included detached plexes to provide more flexibility in site design, particularly as it related to potential opportunities to preserve existing trees and/or provide areas to plant new trees. There is a difference between siting a large attached quadplex building and four small detached plex units, and the ability to choose to construct detached or attached units provided additional design options that could respond to various lot configurations. It was also a way to allow for a property with an existing home to add a unit in the backyard, for example, thereby providing a way to keep existing houses.

*The recently signed House Bill 2138 now specifically defines duplexes, triplexes, and quadplexes as “... two/three/four **attached or detached** dwellings in any configuration on a lot or parcel, other than a lot or parcel created by a middle housing land division.”*

Cottages in cottage clusters are similarly permitted to be either attached or detached, while still having to meet certain size requirements and minimum open space standards.

- 9. Are the new middle housing units on Olsen considered detached plexes or cottage clusters? What is the difference/what are the requirements for open space for cottage clusters?**

Question asked by Mayor Batey

Response:

The development at 4103 SE Olsen St is an 8-unit cottage cluster. It is not a plex development.

Open space requirements for plexes are the same as for single detached units – for the overall lot (not between units). Requirements are a percentage of the overall lot size, are established by the base zone standards, and vary by lot size.

Open space requirements for cottage clusters are established by the Model Code as provided in OAR 660-046-0010(4)(b). Our code requires that the common area be a minimum of 15 ft wide at its narrowest dimension and have an area of 150 sq ft per unit. This was based on the adopted Model Code developed by DLCD. The city is not allowed to adopt more restrictive code than the model code. For example, we cannot require the common area to be more than 15 ft wide.

10. Can the city require middle housing developers to underground utilities?

Question asked by community member via email

Response:

Currently the city does not have code that enables us to require developers to underground utilities. It is an interesting question as to what are the costs and benefits, and legal aspects of having such a requirement. The city would need to reach out to other cities to understand a) who does have code that requires undergrounding, b) where would the requirements live in the municipal code or standards c) what is the legality of what cities can and can't require in this case. Also, it is important to note that the city can't require undergrounding of utilities for middle housing without having the same requirement for single family development, so this would be a code shift impacting all development.

11. If we have more street parking because development occurs without off street parking, how will we ensure people can park near their homes? Can code enforcement help? What are street parking rules—does the street need to be a certain width for cars to park on it? What needs to be preserved for emergency access?

Question asked by community member via email

Response:

Currently, there is no mechanism that ensures people will have off-site parking near their homes. If a person has on-site parking on their property, they are free to use that space as needed. If they do not have on-site parking, they can use any of the public parking available in the city, but they would not be entitled to specific spaces.

In general, in residential neighborhoods, drivers can park on paved shoulders so long as the travel lanes are not obstructed, or in unpaved shoulders in the right-of-way (typically gravel or dirt areas within public right-of-way), unless the space is otherwise marked with any parking restrictions. In Milwaukie, a typical neighborhood road has two travel lanes.

12. With a 900 ft.² print can the slab foundation be larger to accommodate a patio?

Question asked by ST 07.28.25

Response:

We think you're asking about the 900 sq ft footprint limit because of the size rules for cottages in a cottage cluster. In the zoning code, "footprint" means the area covered by the building's outer walls, measured in square feet. It also includes things like roofed porches, patio covers, and decks if they're more than 18 inches above ground. Eaves are not included.

If your patio design doesn't meet the definition of "footprint," then it's allowed. However, it would still count toward the total impervious surface allowed for the cottage cluster.

13. Will there be limits on how many of these can be built in a neighborhood?

Sent by Jeff on July 28, 2025

Response:

No, there will not be limits on the number of middle housing units that can be built in a neighborhood. Setting such limits would also require capping the number of single-family homes—something the city cannot do. The actual amount of middle housing built in Milwaukie will depend on several factors, including property owners' interest in redeveloping, the financial feasibility of infill or redevelopment, and the characteristics of available parcels.

14. We understand the need for middle housing, but we would like to find out about limiting it. We live at 9876 SE 36th and are concerned about the lack of parking our neighborhood has now due to the contractors who are working on the project at 38th and Harvey. I walk my dog daily and don't feel safe walking down the middle of Harvey due to all the contractors' parked cars. We know these cars will soon be replaced by the new residents' cars. We see properties that can potentially house many of these homes in the future and are concerned about the liveable of our neighborhood. While I hope many of the residents will

use TriMet, this was not the case with the complex on 40th near Harvey, and actually two cars cannot pass with all the cars parked on each side, and that complex actually provides some parking.

Sent by Leslie on July 28, 2025

Please see the response to Q13 and Q11.

15. Lake Oswego has a 7000 square foot minimum lot size require for detached quadplexes. Why isn't Milwaukie adopting the same measures to ensure the homes have adequate space?

Sent by Mcmanual on July 28,2025

Response:

Lake Oswego has multiple residential zones with varying minimum lot sizes.

Milwaukie has two residential zones with different minimum lot sizes, so our codes are difficult to compare. But both cities must comply with state law regarding middle housing and minimum lot size.

- *State law requires that middle housing—except cottage clusters—have the same minimum lot size as single detached homes.*
- *In Milwaukie's Moderate Density Residential Zone, the minimum lot sizes are:*
 - *5,000 sq ft for single detached home*
 - *7,000 sq ft for cottage clusters*
 - *3,000 sq ft for duplexes, triplexes, and quadplexes (1,500 sq ft per unit for townhouses)*
 - *In 2023 Planning Commission and City Council adopted the 3,000 sq ft minimum for plexes to incentivize the development of these types of units.*
- *The recent passage of House Bill 2138 changes many of the established rules. Among other changes, cities will have to allow all middle housing types on any lot or parcel zoned for residential use. DLCD will issue specific implementation guidance this fall. In discussions with DLCD Housing Accountability and Production Office staff, the city learned that increasing minimum lot sizes will likely not be defensible and changing the code now in a way that contradicts the new statutory requirements would likely put the city in legal jeopardy. Staff will review DLCD's guidance once released and will update Milwaukie's code to reflect the new legislation as required.*

- 16. How do I request that my street have updated parking enforcement, like 2 hour public parking, from 8am to 10pm, so my area alone is not burdened with lots of new cars from homes with no driveways?**

Submitted by Mcmanusal, July 28, 2025

Response:

There currently is no formal request process. Traffic regulations (Adding signage and enforcement) are typically driven by a substantiated need as city resources are limited. With that said, the city council has expressed an interest in exploring neighborhood parking permit programs as additional developments come online.

- 17. Is the middle housing meant to be only for renters? Are there a variety of square foot for the homes?**

Submitted by 12106SE, July 28, 2025

Response:

Middle housing can be ownership or rental units – it depends on the developer. There are no regulations requiring these developments to be one or the other, just like single family homes.

The only type of middle housing that has size limitations are cottages in a cottage cluster – they are limited by state law to a footprint of no more than 900 sq ft. The size of the units in other middle housing developments (just like single family homes) are determined by development standards, such as setbacks, minimum vegetation, maximum lot coverage, etc.

- 18. My name is Rod S. I've been following Milwaukie's housing policies for years, and while I support increasing housing options like middle housing, I'm concerned about our implementation strategy. A number of the city's housing goals are dependent on nonprofit partners like Proud Ground and DevNW. These organizations do amazing work, but they rely on grants and external funding that isn't always guaranteed. My question is: has the City confirmed they have what they need to deliver, and if not, what's our contingency? I'm asking this not as criticism, but as someone who wants this strategy to succeed. Plans are great, but only if we have the capacity to act on them.**

Submitted by Rod S, July 28, 2025

Response:

The City adopted the [Milwaukie Housing Affordability Strategy \(MHAS\)](#) in 2018, which provided five-year goals including 1) develop new affordable units, 2) prevent displacement and keep affordable units affordable, and 3) connect people to existing affordable housing. This strategy was later replaced with the state mandated [Housing Production Strategy \(HPS\)](#) in 2023. Similar to the MHAS, the HPS provides goals and potential strategies for increasing specific kinds of housing production. Although the City has and continues to pursue the various strategies and goals called out in these plans, it is still limited in its ability to make housing construction occur. This is primarily due to limited resources - the City owns very little land and has means to fund development on its own, private property owners have general freedom to develop what they want, and the market (i.e. interest rates, material costs, etc.) playing a large role in what's possible at any given time.

Comments received

- I've heard developers are already pushing back on the new tree code. This code is critical for protecting tree and green space in the city. Please hold firm on the code and do not make any concessions.
Submit by Mcmanusal, July 28, 2025
- I realize that much of the City's Middle Housing policy is required by state laws taking effect in recent years, but the City does not have to pursue affordable housing policies by helping subsidize the likes of Hillside Park development. The police chief says that Hillside will triple the calls on Milwaukie's police department, and this is one part of why the City is now going to impose a new fee on water bills to help fund the police department. The City talks of affordability, but for the vast majority of Milwaukie residents, the City government is reducing affordability. I favor eliminating the City's construction tax and increasing system development charges as a way of compensating existing residents, who vote city council into office to represent them, for the increased burdens imposed on them by middle housing developments that have no or limited off street parking.
- It's incredibly disheartening to see a single-family home with a yard replaced by eight tightly packed units—no garages, no green space—just maximum density for profit. As someone actively searching for a home, watching investors transform our neighborhoods like this feels like a betrayal of community values.

Question not directly related to middle housing:

- This may not apply to the Middle Housing discussion but could the new zoning rules affect the possibility of building an additional "tiny house" on my property.
Posted by tom kevin, 2 Jul 2025, 7:47

Response:

Thanks for your question. Folks use the term “tiny house” differently, so I’ll respond with a few different answers. If by “tiny house” you mean a small house on wheels or a chassis, then, at this point, the code would not permit that. Tiny houses and RVs, for example, are considered vehicles, and city code does not allow people to live in vehicles or to connect vehicles to city infrastructure like water and sewer. More discussion would be needed to see how the community might want to accommodate people living in tiny homes on wheels and the new state rules do not address this type of housing.

If by “tiny house” you mean accessory dwelling unit, the city does permit these in residential zones. If you have specific questions about what is allowed on your property you can reach out to the planning division at planning@milwaukieoregon.gov.

WS 1. 10/21/25
Presentation

Middle Housing Town Hall Recap and Next Steps

October 21, 2025



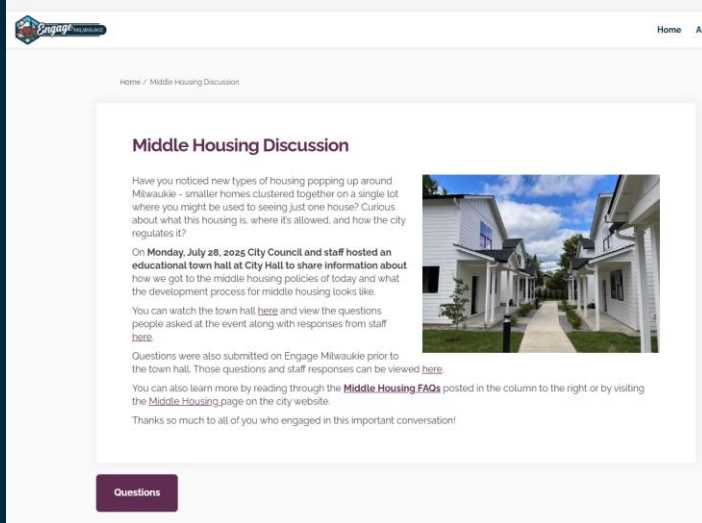
BACKGROUND

- “Middle Housing” describes housing types between single-detached homes and apartment complexes:
 - Duplexes, triplexes, fourplexes
 - Townhomes
 - Cottage clusters
- State law (HB 2001 and HB 2138) require cities like Milwaukie to allow middle housing wherever single-detached homes can be built
 - Pre-empted from making it more difficult to develop Middle Housing
- 60 Middle Housing units built or under construction in the city since 2020



See pg. WS-20 in packet

JULY 28, 2025 TOWN HALL



- Held in Council Chambers from 5:30 – 7:30 p.m.
- Approximately 60 attendees, generating 35 questions or comments
- *Engage Milwaukie* page launched in advance, soliciting 22 questions or comments
- Discussion themes:
 - Density impacts on neighborhoods
 - Design of Middle Housing
 - Impact on trees and open space
 - Desire to restrict where Middle Housing can be built
 - Affordability

See pg. WS20-21 in packet

FOR FUTURE CONSIDERATION: POTENTIAL PLANNING WORK

Review building separation requirements for detached plexes:

- Staff could explore options for regulating open space and/or separation.
- Oregon Department of Land Conservation and Development (DLCDC) advise **not** updating code until HB 2138 rulemaking concludes to avoid non-conforming standards.

Questions received prior to work session:

- Q: Could we instead reduce allowable percentage of lot coverage for plexes/clusters?
 - A: Would have to also update lot coverage for single detached development.
- Q: Could we require a sharable common area in cottage clusters?
 - A: Current code already requires common area be aggregated, shared, contiguous, and a minimum 15 ft wide. DLCDC advises against further code updates until after rulemaking.

FOR FUTURE CONSIDERATION: POTENTIAL PLANNING WORK

Review design standards for all residential development

- Staff could engage in a review and community conversation about residential design standards.
- Must treat Middle Housing and single-detached development the same.
- Recent legislation may affect city's ability to INCREASE minimum design standards.

Questions received prior to work session:

- Q: Is there any way to incentivize more attached units (connected townhomes, attached plexes) over detached units?
 - A: We could explore levers the city could utilize to incentivize a certain type of design, especially on narrow, deep lots.
- Q: Is there a way to incentivize or invite co-housing?
 - A: Code is set up for housing type, not tenure. Affordability code helps incentivize affordable, land-trust style development. Co-housing would generally utilize cottage cluster code. If further incentives are desired, would appreciate Council direction on what kind (financial, density bonuses, etc.)

FOR FUTURE CONSIDERATION: POTENTIAL PLANNING WORK

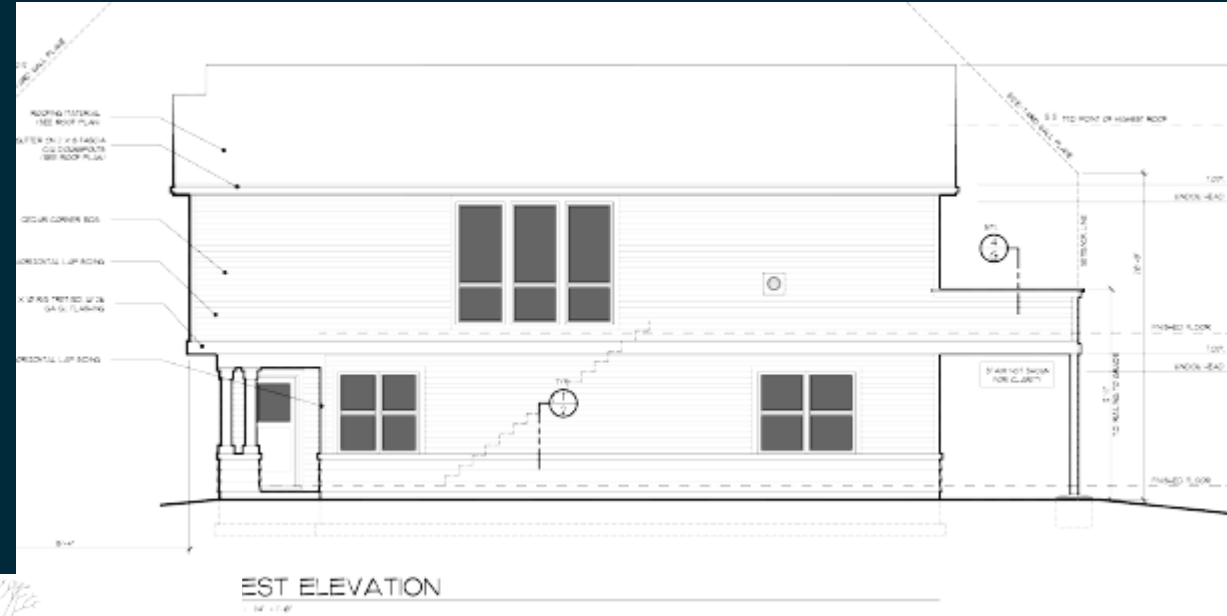
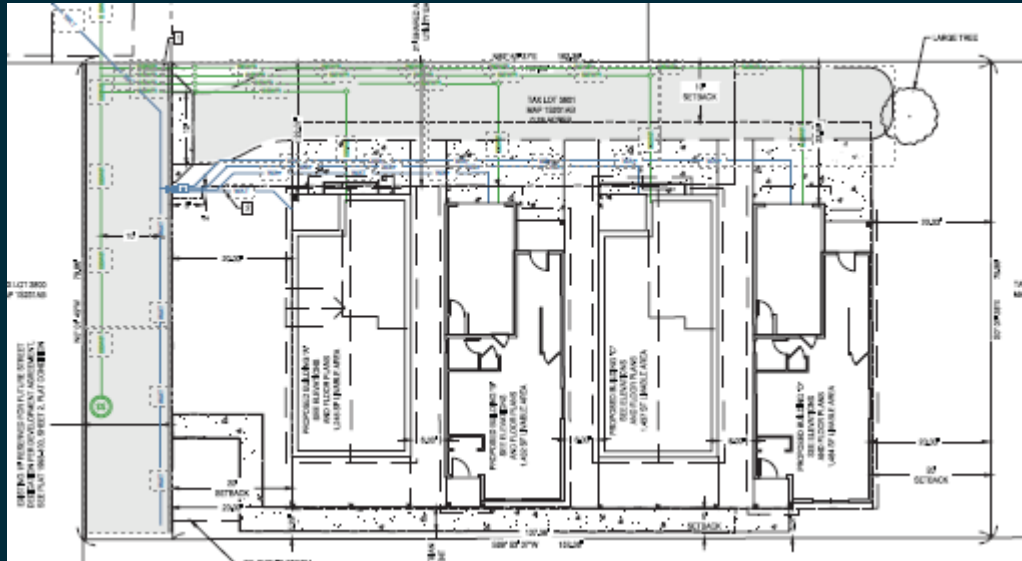
- Q: Is there any way to incentivize more attached units (connected townhomes, attached plexes) over detached units?
 - A: We could explore levers the city could utilize to incentivize a certain type of design, especially on narrow, deep lots.



- Staff could explore options for allowing "sideways-facing" development.

FOR FUTURE CONSIDERATION: POTENTIAL PLANNING WORK

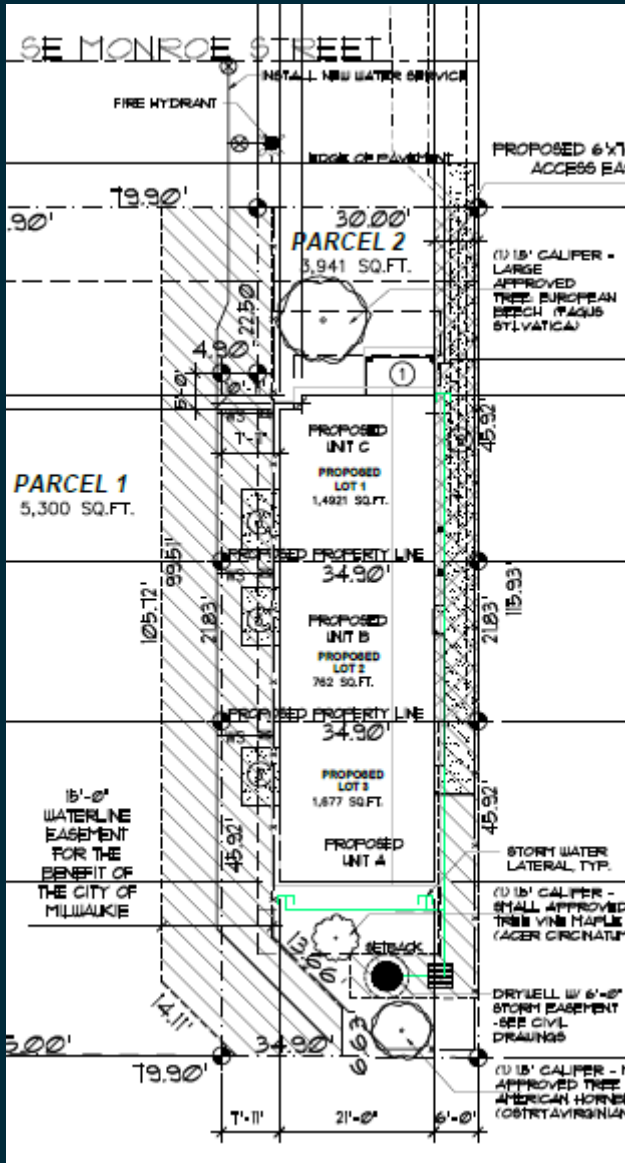
Detached plex example – sideways-facing



55RD PLACE (UNIT 1A)
NORTH ELEVATION
SCALE: 1/4" = 1'-0"

FOR FUTURE CONSIDERATION: POTENTIAL PLANNING WORK

Attached plex example – front and sideways facing



FOR FUTURE CONSIDERATION: DEVELOPMENT SERVICES WORK

Create a development checklist to improve transparency and communication (already underway)

- Resource will be made available to both developers and neighbors of new construction
- Explains requirements of the permitting and development review process, as well as how to report concerns about potential violations
- Are there other topics you want to make sure this resource includes?

FOR FUTURE CONSIDERATION: DEVELOPMENT SERVICES WORK

Revise city standard operating procedures and code related to collection of fee in lieu of construction (FILOC) revenues

- Practice today is, generally, to require developer to build ROW improvements (most cost and resource efficient way for the city); developers can request FILOC
- Challenges:
 - Some streets are non-standard; what infrastructure improvement should be required?
 - ROW improvements happen at the time of construction, which doesn't allow for more responsive intervention to unknown impacts of development
- Could adjust practice to more regularly requesting/requiring FILOC
 - Would not generate significant revenue, but some
 - Would need program management/oversight

See pg. WS22 in packet

FOR FUTURE CONSIDERATION: CODE COMPLIANCE WORK

Increase code compliance efforts related to development activity (already underway)

- Move of Code Compliance division into Community Development underway; complete by early December
- Supporting development code compliance and communication with neighbors about this topic are priorities for the team
- Are there other specific code compliance efforts or outcomes Council wants to see?

FOR FUTURE CONSIDERATION: CODE COMPLIANCE WORK

Review and/or proactively seek to implement neighborhood parking management programs or strategies

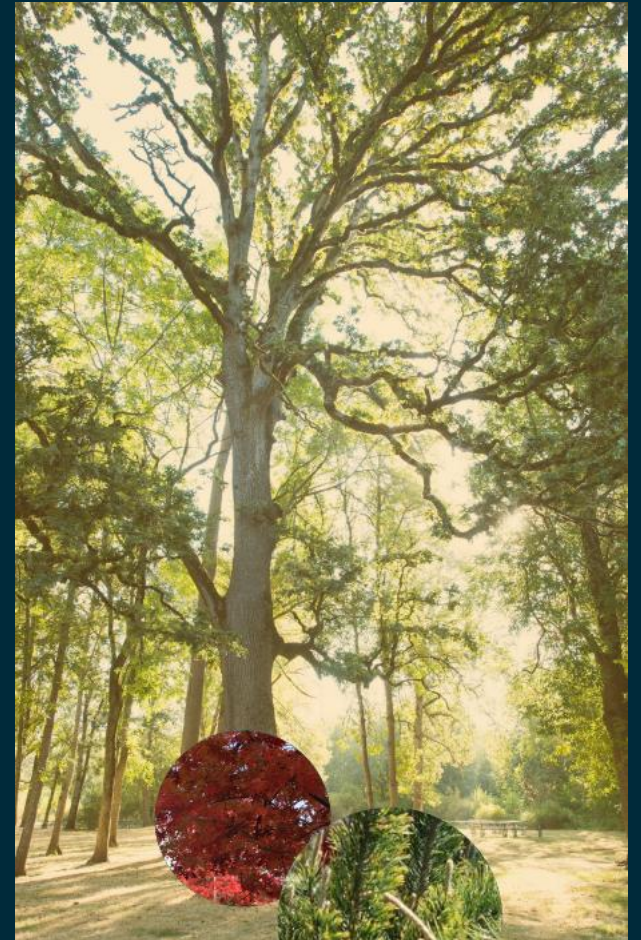
- Traffic reg (No. 470) developed in 2015 enables neighborhoods to request implementation of a neighborhood parking management program in certain conditions
 - Residents would be able to get a permit; goal of the reg was to regulate non-resident parking
- Staff could explore opportunities for using this reg or developing something new that would allow neighborhoods to manage on-street parking further
- Considerations:
 - No uptake so far on No. 470
 - Resource intensive (code compliance, administration, etc.)

See pg. WS22 in packet

FOR FUTURE CONSIDERATION: NATURAL RESOURCES WORK

Review tree code and tree fees to preserve and protect trees during residential development

- Staff already working on updates to non-development tree code per July Council conversation; next slated for discussion on December 2
- Council could direct staff to also bring back proposals for private development code at same time



RECAP AND NEXT STEPS SUMMARY

What is Council direction on the following?

- Review building separation requirements for detached plexes
- Review design standards for all residential development
- Revise city operating procedures and code related to FILOC
- Review and/or proactively seek to implement neighborhood parking management
- Review tree code/fees to further preserve and protect trees during development

NOTE: these items are not currently resourced (staff and/or budget). If direction is given to advance, we would incorporate into work/budget planning through the FY 27/28 budget development process

Work already underway:

- *Create a development checklist for builders and neighbors*
- *Increase code compliance related to development activity*



COUNCIL STAFF REPORT

To: Mayor and City Council
Emma Sagor, City Manager

Reviewed: Joseph Briglio, Assistant City Manager

From: Laura Weigel, Community Development Director, and
Vera Koliass, Planner Manager

Subject: **Increasing High Density Housing Capacity**

Date Written: Sept. 29, 2025

ACTION REQUESTED

Staff was asked to bring this item to Council for discussion as part of the affordability goal action plan. Staff are seeking clarity and direction on what priorities Council has related to this topic to inform future work planning.

HISTORY OF PRIOR ACTIONS AND DISCUSSIONS

[June 6, 2023](#): Council adopted a Housing Production Strategy (HPS) (Attachment 1) via resolution.

[November 5, 2024](#): Council discussed the possibility of a Neighborhood Hubs Phase 3 and provided feedback on whether staff should move forward with all, some, or none of the potential Phase 3 concepts.

[February 18, 2025](#): Council continued the Neighborhood Hubs discussion. Staff presented a three-tiered approach to Phase 3 and there was Council consensus to begin the residential high-density (R-HD) zoning study in 2025 and delay scoping the market analysis for 32nd Avenue and King Road until 2026 and to proceed with activating existing Hubs in 2025.

[July 15, 2025](#): Council adopted a resolution requesting funding assistance from the Oregon Department of Land Conservation and Development (DLCD) to implement the HPS strategy to “increase capacity in the Residential High-Density (R-HD) zone.”

ANALYSIS

Because this work session discussion item was proposed by Council, staff are not yet aware of council direction. That said, staff wanted to provide information regarding the HPS and work committed to related to density as part of that strategy.

The HPS is a state-required plan that identifies strategies to increase housing production. Each strategy has an implementation timeline, and the city is required to report its progress every six years. The HPS states that the city will begin implementing the strategy to “increase capacity in the Residential High-Density (R-HD) zone” in 2025. In the spring of 2025 DLCD announced potential funding opportunities through a grant application process to increase housing production across the state. The city applied for grant with the Council support in July. On October 2, DLCD offered the city a grant award. Once the city has been matched with a consultant the consultant team will reach out to the city to complete a scope of work for contracting with DLCD.

The project summary provided in the grant application states:

“Milwaukie seeks to revitalize its underdeveloped Residential High Density (R-HD) zone by conducting a pro forma analysis to determine feasible densities, adjusting zoning if needed, identifying tools to support redevelopment of underutilized parcels, and exploring rezoning additional land to R-HD to meet housing needs and encourage higher-density residential development.”

Beyond the implementation of this R-HD work, staff will be present to listen to Council’s discussion on other priorities related to the topic of housing density. This direction will inform future work planning and budget development in 2026.

BUDGET IMPACT

Staff will assess the budget impact when direction is provided by Council.

CLIMATE IMPACT

Staff will assess the climate impact when direction is provided by Council.

EQUITY IMPACT

Staff will assess the equity impact when direction is provided by Council.

WORKLOAD IMPACT

Staff will assess the workload impact when direction is provided by Council.

COORDINATION, CONCURRENCE, OR DISSENT

Planning staff, the community development director, and assistant city manager staff are coordinating HPS implementation.

STAFF RECOMMENDATION

Staff recommend the planning division complete the work identified in the DLCD grant application and ask that Council provide clear direction on any other work related to housing density that they would like staff to potentially program into future work plans.

ATTACHMENTS

1. Housing Production Strategy
2. DLCD grant application

Milwaukie

Housing Production Strategy

May 2023

Prepared for: City of Milwaukie

Final Report

ECONorthwest

ECONOMICS • FINANCE • PLANNING

KOIN Center
222 SW Columbia Street
Suite 1600
Portland, OR 97201
503-222-6060

This page intentionally blank

Table of Contents

EXECUTIVE SUMMARY	I
HOW CAN THE HPS SUPPORT HOUSING DEVELOPMENT?	III
HOW WILL THE CITY IMPLEMENT THE STRATEGY? WHO ARE THE PARTNERS?	VI
1. INTRODUCTION.....	1
HOUSING NEEDS ADDRESSED BY THE HOUSING PRODUCTION STRATEGY	2
CONSIDERATIONS FOR IMPLEMENTING THE HOUSING PRODUCTION STRATEGY	2
BUILDING EQUITY INTO THE HPS.....	3
STAKEHOLDER INVOLVEMENT IN DEVELOPING THE HPS	4
2. UNMET HOUSING NEED IN MILWAUKIE	6
MILWAUKIE HOUSING NEEDS	6
3. STRATEGIES TO MEET FUTURE HOUSING NEED	14
EVALUATION CRITERIA FOR ACTIONS IN THE HPS	16
IMPLEMENTATION CONSIDERATIONS	18
FUNDING THE ACTIONS	20
POTENTIAL PARTNERS	22
MONITORING OUTCOMES OF THE HPS	23
IMPLEMENTATION TIMELINE.....	25
RECOMMENDATIONS FOR FUTURE ACTIONS	27
APPENDIX A: REQUIREMENTS OF A HOUSING PRODUCTION STRATEGY	29
REPORT REQUIREMENTS	29
MONITORING OUTCOMES OF THE HPS	30
APPENDIX B: EXISTING POLICIES AND BARRIERS TO DEVELOPMENT.....	31
EXISTING AND EXPECTED BARRIERS TO DEVELOPMENT OF NEEDED HOUSING	32
APPENDIX C: STAKEHOLDER INVOLVEMENT	34
SUMMARY OF HOUSING OUTREACH PRIOR TO THE HPS.....	34
SUMMARY OF OUTREACH IN THE HPS	35
APPENDIX D: DETAILS OF EACH ACTION	40
ACTIONS UNDER CONSIDERATION FOR INCLUSION IN THE HPS.....	40
FUNDING SOURCES	58
APPENDIX E: EVALUATION: ACHIEVING FAIR AND EQUITABLE HOUSING OUTCOMES	63
EVALUATION OF THE POLICIES AND STRATEGIC ACTIONS	63
ASSESSMENT OF BENEFITS AND BURDENS FROM THE ACTION.....	68
APPENDIX F: SUMMARY OF RECENT CITY HOUSING POLICIES AND ACTIONS	70
MHAS AND COMPREHENSIVE PLAN HOUSING ACTIONS INCLUDED IN THE HPS.....	70
MHAS ACTIONS NOT INCLUDED IN THE HPS	77
APPENDIX G: PRE-HPS SURVEY	84

This page intentionally blank

Acknowledgements

ECONorthwest prepared this report for the City of Milwaukie. ECONorthwest and the City of Milwaukie thank those who helped develop the Milwaukie Housing Production Strategy. This project is funded by Oregon general fund dollars through the Department of Land Conservation and Development (DLCD). The contents of this report do not necessarily reflect the views or policies of the State of Oregon.

Housing Capacity Technical Committee

- Seyon Belai, Equity Committee Representative
- Joseph Edge, Planning Commission
- Angel Falconer, City Council
- Sharon Johnson, Renter/CPIC*
- Adam Khosroabadi, City Council
- Julia Metz, Catholic Charities
- Dominique Rossi, CPIC/CPAC*
- Angel Sully, Clackamas County Housing Authority
- Kim Travis, CPIC/CPAC*
- Mari Valencia Aguilar, DLCD* Representative, Housing Planner
- Alison Wicks, Metro Representative
- Nicole Zdeb, Local Realtor/Renter/CPIC*

*CPIC - Comprehensive Plan Implementation Committee

*CPAC - Comprehensive Plan Advisory Committee

*DLCD - Department of Land Conservation and Development

City of Milwaukie

- Laura Weigel, Planning Manager
- Joseph Briglio, Community Development Director
- Adam Heroux, Associate Planner

Department of Land Conservation and Development

- Mari Valencia Aguilar, Housing Planner

ECONorthwest, Consulting Team

- Beth Goodman, Project Director
- Kaitlin La Bonte, Project Manager
- Becky Hewitt, Project Director
- Ariel Kane, Associate
- Barrett Lewis, Technical Manager
- Scott Goodman, Associate
- Jamil Ditter, Research Analyst

For more information about this report, contact:

City of Milwaukie Contact:

Laura Weigel, Planning Manager
City of Milwaukie
6101 SE Johnson Creek Blvd
Milwaukie, OR 97206
503-786-7654
weigell@milwaukieoregon.gov

ECONorthwest Contact:

Beth Goodman, Project Director
ECONorthwest
222 SW Columbia, Suite 1600
Portland, OR 97201
503-222-6060
goodman@econw.com

Executive Summary

The City of Milwaukie has identified housing affordability as a key issue. Many households in Milwaukie are struggling to afford housing. Housing costs for both rental and ownership units are much higher than many residents can afford. About 38% of households in Milwaukie are cost burdened (i.e., paying 30% or more of their income in rent). Cost burden is higher for renter households, 52% of whom are cost burdened. Nearly 40% of Milwaukie’s households have income below \$48,500 (50% of Median Family Income in 2021) and can only afford monthly rent of \$1,200, which is below the average rent of about \$1,600 for a two-bedroom unit in 2021.¹

Looking forward, the *2023-2043 Milwaukie Housing Capacity Analysis* estimates more than a third of new housing built in Milwaukie over the next 20 years will need to be for those with very low or extremely low incomes (below 50% MFI).

Some groups are particularly vulnerable to increasing housing costs and may have special housing needs. The Housing Production Strategy (HPS) is intended to include actions that work together to achieve equitable outcomes for all residents of Milwaukie, with an emphasis on improving outcomes for underserved communities, lower-income households, and people in state and federal protected classes. Key groups with unmet housing need in Milwaukie include:

- **Seniors.** Many seniors live on fixed incomes and cannot always afford increases in housing costs. They may also need housing that is physically accessible and close to services (such as nearby health care or in-home assistance).
- **Black Indigenous and People of Color (BIPOC). Except for Asian Americans,** BIPOC households are more likely to rent their homes and to live in multifamily housing than the overall average in Milwaukie. These households may need assistance to avoid displacement and access to housing without discrimination in locations with “high opportunity” (such as areas near jobs, transit, or services).
- **People with disabilities.** Across Oregon, people with one or more disabilities experience disproportionate cost burden. Some people with disabilities may need physically accessible housing near services (such as nearby health care or in-home assistance).
- **People experiencing homelessness.** People experiencing homelessness (or at risk of homelessness) may need a range of supports from immediate assistance (including rent

¹ This report pulls information from the *2023-2043 Milwaukie Housing Capacity Analysis*, which presented information about Milwaukie’s housing market, housing affordability, and demographics based largely on data from 2021.

Asking rent for a multifamily unit averaged \$1,339 in 2021. Adding in the costs of basic utilities, that results in monthly rental costs of about \$1,600.

support) to permanent supportive housing (including supportive housing with services) and access to affordable units.

This project builds on the City’s past work, which includes several housing planning efforts to address housing access, quality, and affordability concerns, including production of the Milwaukie Housing Affordability Strategy (MHAS) in 2018. The MHAS contains 31 action items from 2018 to 2023 within the three main housing goals: develop new affordable units, prevent displacement and keep units affordable, and connect people to existing affordable housing. The City has completed or started many of the actions in the MHAS, there is still work to be done to ensure Milwaukie’s existing and future housing needs are met.

To build on their progress, the City applied for a grant with the Department of Land Conservation and Development in 2021 to develop a Housing Capacity Analysis and Housing Production Strategy. Milwaukie developed a Housing Capacity Analysis in 2022, which provided key information about the City’s unmet housing needs and informed this report.

How can the HPS support housing development?

This strategy identifies and describes possible steps to support development of new affordable housing, preserve existing affordable housing, stabilize households at risk of displacement, and help address houselessness. If implemented, these actions build on the City’s existing housing policies. The HPS is intended to provide the City with additional options to support affordable housing development and preservation. Individually, these actions may not result in a large change in the availability of affordable housing, but they provide the City with policies to support development proposals that can create substantial change in the availability of affordable housing.

The actions in the HPS, summarized in Exhibit 1, are intended to encourage the development of more affordable and diverse housing types; grow partnerships with housing providers, developers, and agencies involved in housing issues; and increase housing stability for Milwaukie residents.

Exhibit 1. Summary of HPS Strategies

Note: Cells with gray shading indicate items that the City has already adopted but are critical to implementation of the HPS.

Strategies	What is it?	How does the strategy help?
A. Develop a Land Bank Strategy and Partnerships to Support Affordable Housing Development	Using city-owned land or purchasing land for affordable housing development. Acting as a partner to support community land trusts or housing cooperatives.	Supports development of affordable housing through control of land and potential to decrease development costs by contributing land at lower cost. City supports other partners in development of housing affordable for ownership by low-income households.
B. Reduced SDCs or Planning Fees	Milwaukie can reduce or exempt SDCs for domestic water, sanitary sewer, transportation, and stormwater, as well as Planning Fees.	Lowers development costs of affordable housing by exempting the developer from paying city SDCs but may require a source of funding to backfill the cost of SDCs. Can reduce or exempt Planning Fees also.
C. Multiple-Unit Limited Tax Exemption Program	Property tax exemption for up to 10 years for multi-unit housing developed affordable to 80% of MFI. Flexible tax exemption that City sets criteria and location where it may be granted.	Lowers the operational costs of market-rate multi-unit housing, in exchange for lower rents for the duration of the exemption.
D. Increase Capacity in the HDR Zone	Could increase the density of multi-unit housing development standards in the High-Density zones.	Increasing residential densities in the HDR zone can allow for more development of multi-unit housing, both for affordable housing and market-rate multi-unit housing.

Strategies	What is it?	How does the strategy help?
E. Evaluate Incentives for Affordable Housing Development such as Density Bonuses	Milwaukie can provide density bonuses that would allow for more housing units to be built than allowed by zoning, if the proposed project provides a certain number of affordable units.	Can support development of more income-restricted affordable housing, in locations where the City would like to see more of this housing.
F. Develop Pre-Approved Plan Sets for ADUs and Middle Housing Typologies	The City could develop pre-approved plans for middle housing typologies, such as cottage clusters, townhomes, and other middle-income housing types, as well as for accessory dwelling units (ADUs).	Streamlines permitting procedures for middle housing types and ADUs, thereby reducing development timelines and costs.
G. Develop Housing Options and Services to Address and Prevent Houselessness	Milwaukie can partner agencies and nonprofit organizations that provide housing and services to people experiencing houselessness, through development of emergency shelter, permanent supportive housing, and other housing for people experiencing houselessness.	Improve livelihoods by reducing the number of people experiencing houselessness in Milwaukie.
H. Revolving Loan Fund for Homeownership Assistance	Provides funding to increase homeownership opportunities through down payment assistance and helping existing low-income households remain homeowners through housing repair, weatherization, or accessibility improvements.	Increases access to homeownership for low-income households and helps existing low-income households repair their homes or make necessary accessibility improvements to be able to continue living in their homes.
I. Urban Renewal/Tax Increment Finance (TIF)	Milwaukie has an Urban Renewal Area that covers downtown and the city's Central Milwaukie area. Urban Renewal funding can be used to pay for land acquisition, support development of affordable housing, backfill SDC exemptions, develop needed infrastructure, and for other uses.	Over the next 5 years, the City expects to have \$2 million in its Urban Renewal Fund to support mixed-use multi-unit housing, much of which is expected to be affordable at less than 120% MFI.

Strategies	What is it?	How does the strategy help?
J. Construction Excise Tax (CET)	Milwaukie has a CET, which is intended to support development of affordable housing.	The City has \$2 million in CET accumulated since 2017, which it plans to spend to support (1) development of 275 units of housing affordable at 30%-60% of MFI in the Hillside Phase 1 development and (2) development of middle housing courtyard by Shortstack Housing in partnership with Proud Ground's Land Trust for affordable homeownership.

How will the City implement the Strategy? Who are the partners?

Each of the strategies require a different implementation approach, with varying involvement from local partners. The city has identified strategies that it can use to best support the development of affordable housing, but the delivery requires the participation of key partners who have roles essential to the construction, delivery, and preservation of housing units. The city is unable to carry several of these policies to implementation without said partnerships.

Exhibit 2. City and Partner Roles in Implementation

Note: Cells with gray shading indicate items that the City has already adopted but are critical to implementation of the HPS.

Action	City	Funding Partners	Implementation Partners	Year to begin Implementation
A. Develop a Land Bank Strategy and Partnerships to Support Affordable Housing Development	City lead and partner Community Development Department	State of Oregon Federal Government Nonprofits	Nonprofits such as Proud Ground, Northwest Community Land Trust Coalition, DevNW, and Network for Oregon Affordable Housing Center for Community Progress Fair Housing Council Community Partners for Affordable Housing	2024
B. Reduced SDCs or Planning Fees	City lead Community Development Department Public Works Department	Primarily from CET; other funding as available	Market-rate developers Nonprofit developers County agencies that also have SDCs	2024
C. Multiple-Unit Limited Tax Exemption Program	City lead Community Development Department	None	Developers applying for MUPTE	2028
D. Increase Capacity in the HDR Zone	City lead Community Development Department	None	Market-rate developers Nonprofit developers	2025
E. Evaluate Incentives for Affordable Housing Development such as Density Bonuses	City lead Community Development Department	None	Market-rate developers Nonprofit developers	2025
F. Develop Pre-Approved Plan Sets for ADUs and Middle Housing Typologies	City lead Community Development Department	None	Building Department Market-rate developers Nonprofit developers Local architects	2026

G. Develop Housing Options and Services to Address and Prevent Houselessness	City partner Community Development Department	State of Oregon Federal Government Nonprofits	Nonprofits such as Impact NW, Clackamas County Human Services Department, Metropolitan Family Service, and NW Housing Alternatives	2023
H. Revolving Loan Fund for Homeownership Assistance	City partner Community Development Department	State of Oregon Federal Government	Nonprofits offering rehabilitation and down payment assistance, such as DevNW and Network for Oregon Affordable Housing (NOAH)	2026
I. Urban Renewal/Tax Increment Finance (TIF)	City lead Community Development Department Public Works Department Finance Department	None	Market-rate developers Nonprofit developers	
J. Construction Excise Tax	City lead Community Development Department	None	Market-rate developers Nonprofit developers	

1. Introduction

The City of Milwaukie identified housing affordability as a key issue. The City has sponsored several housing planning efforts over the last several years to address housing access, quality, and affordability concerns. The City produced the Milwaukie Housing Affordability Strategy (MHAS) in 2018, which contains 31 action items for short-term, midterm, and long-term implementation from 2018 to 2023 within the three main housing goals: develop new affordable units, prevent displacement and keep units affordable, and connect people to existing affordable housing. The City has completed or started many of the actions in the MHAS (see Appendix F), as well as other actions to address housing affordability (see Appendix B).

While the City has accomplished much to date, there is still work to be done to ensure Milwaukie’s existing and future housing needs are met. To build on their progress, the City applied for a grant with the Department of Land Conservation and Development in 2021 to develop a Housing Capacity Analysis (HCA) and Housing Production Strategy (HPS). Milwaukie developed a Housing Capacity Analysis in 2022, which provided key information about the City’s unmet housing needs and informed this report.

An HPS is intended to include goals and strategic policies to achieve equitable outcomes for all residents of Milwaukie, with an emphasis on improving outcomes for underserved communities, lower-income households, and people in state and federal protected classes. An HPS considers issues of Fair Housing, which is intended to provide access to housing choice by everyone, free from discrimination.²

This HPS includes a range of strategic actions the city intends to further investigate and, where possible, implement them over a six-year period to address the unmet housing needs identified in the HCA. These strategies will provide the city with a range of possible tools to support housing development and innovative ideas to address housing needs in Milwaukie.

What is the City already doing to address housing needs?

Over the last five years, the City has implemented the following actions (many of them are from the *Milwaukie Housing Affordability Strategy* [MHAS] report):

- Streamline the development process.
- Middle housing code changes.
- Regional general obligation bonds.
- Housing Coordinator.
- Construction Excise Tax (CET).
- Property tax exemptions.
- Model potential impact of incentives.
- Eviction mitigation.
- Low-cost loans to support rehabilitation.
- Develop informational materials.

² Federal protected classes are race, color, national origin, religion, gender, familial status, and disability. Oregon’s additional protected classes are marital status, source of income, sexual orientation and gender identity, and status as a domestic violence survivor. Under Fair Housing laws, it is illegal to deny access to housing based on the characteristics of people within these protected classes.

Housing Needs Addressed by the Housing Production Strategy

Across Oregon, developers have been able to build some types of housing without need for public intervention, such as single-dwelling detached housing that is affordable to people with higher incomes. However, many low- and middle-income houses have unmet housing needs because the market has been unable to keep up with their needs.

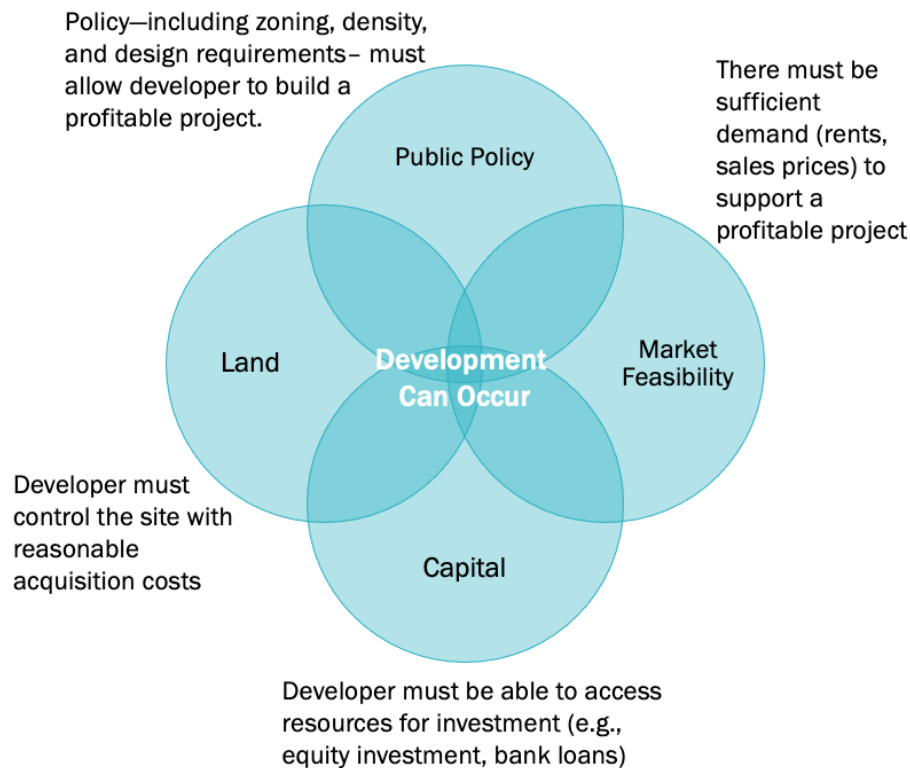
The HPS focuses on strategies that increase the possibility developers can produce housing for low- and middle-income households. Housing at this part of the income spectrum, and housing that meets the special needs of specific groups, usually requires public intervention.

Considerations for Implementing the Housing Production Strategy

A city agency can influence, but not control, housing development that occurs within its boundaries. As shown in Exhibit 3, four factors influence how and where development can occur: public policy, land, market feasibility, and capital. The City has greater influence over some of these factors than others.

Exhibit 3. Four Necessary Factors that Allow Development of New Market-Rate Housing

Source: ECONorthwest



Public policy at the local level is shaped through state policy. Land is generally controlled by the individual landowners, and development of infrastructure necessary to make land

development can be prohibitively expensive. Market feasibility is largely affected by market forces, such as construction costs and achievable rents. Access to capital is largely controlled by investors and banks.

Cities can directly influence public policy (through its development code) and availability of land (through zoning, density, planning for new land needed for housing, redevelopment, government-owned surplus land, potential urban renewal and other types of projects and acquisitions, and infrastructure planning). Cities can also have a limited influence on market feasibility (through policies that reduce costs like tax abatements or waiving fees).

In the process of developing this HPS, the project team (city staff and ECONorthwest) considered how the city can influence the availability of land, public policy, capital, and market feasibility to have the greatest impact on development of needed housing types. Being included or listed in this document is not a representation that each or any of these items will be implemented. In the coming several years, city staff will continue to investigate and assess the feasibility and the policies that will lead to more affordable housing.

Building Equity into the HPS

This HPS has a goal of advancing equitable access to housing in Milwaukie. Equity in this context is both an outcome and a process. As an “outcome,” equity means that race or other markers of social identity would no longer predict one’s life outcomes (for instance in health, socioeconomic advantages, educational access, life expectancy, etc.). To achieve equitable outcomes, equity is also a process to help ensure that diverse and underrepresented communities (including vulnerable and low-income communities) are able to influence and inform policy and program development.

Equitable housing goes beyond affordability. It aims to ensure all people have housing choices that are diverse, high quality, energy efficient, physically accessible, and reasonably priced, with access to employment opportunities, services, and amenities. This includes reducing rates of cost burden and increasing access to homeownership, especially for low-income households and vulnerable groups such as seniors, workers with low pay, people with disabilities, and communities of color. This broad definition of equitable housing includes choices for homes to buy or rent that are reasonably priced (relative to income) and accessible across all ages, household sizes, abilities, and incomes and are convenient to everyday needs such as schools, childcare, food, and parks.

This HPS was developed using an equity framework to guide identification of housing needs, community engagement, and plan development. Exhibit 4 describes how the equity framework has guided each of these processes and how it should continue to serve as a guide in implementation (including measuring impact).

Exhibit 4. Housing Production Strategy Equity Framework

Identify Unmet Housing Needs	Engagement Process ³	HPS Plan Development	Measurement and Analysis
<p>Identify unmet housing needs, such as lower-income, cost-burdened households.</p> <p>Identify vulnerable people within the community who are at risk or who could benefit from access to more affordable housing.</p>	<p>Engage community members to learn about their priorities, needs, and challenges to affordable housing.</p> <p>Build community awareness and support through the engagement process.</p> <p>Continue engagement in implementation of the actions within the HPS.</p>	<p>Ensure that the actions in the HPS address Milwaukie’s unmet housing needs.</p> <p>Identify outcomes within the HPS that respond to community needs and promote housing stability and choice, particularly for those households with the unmet housing need.</p>	<p>Develop measurements to understand the impact and progress toward increasing equity of the actions.</p>

Stakeholder Involvement in Developing the HPS

A key part of developing the HPS was consulting community members to learn about their priorities, needs, and challenges related to affordable housing. The stakeholder outreach process for developing the HPS was collaborative and included input from the following groups. Appendix C provides more information about groups involved in developing the HPS.

- **Housing Capacity Technical Committee (HCTC).** The project included six meetings with the HCTC over the course of the project.⁴ The advisory committee consisted of twelve community members with diverse backgrounds related to housing issues in Milwaukie. The committee met throughout the development of the HPS to review the draft list of housing actions, identify gaps in the list and potential strategies to fill in gaps, refine the list of strategies, and provide input in the draft HPS document.
- **Meetings with Decision Makers.** City staff briefed the Planning Commission and City Council on the Housing Production Strategy work during the project. ECONorthwest presented the results of this analysis, in combination with information from the Milwaukie Housing Capacity Analysis, at meetings of the Planning Commission and City Council.
- **Engage Milwaukie.** This project involved two online ‘events’ through the City’s virtual engagement website, Engage Milwaukie. The first event shared information on changes

³ Engagement builds on prior engagement that the City has done on other housing and community development projects, such as work on the Comprehensive Plan and Milwaukie Housing Affordability Strategy. It also includes engagement conducted as part of the HPS project. Implementation of the HPS will include additional engagement.

⁴ This project included production of a Housing Capacity Analysis followed by this Housing Production Strategy. The first three HCTC meetings were primarily focused on the Housing Capacity Analysis, but they included discussion of the community engagement approach for both studies. The last three HCTC meetings were focused on housing production strategies.

in household incomes, housing costs, and housing cost burden in Milwaukie, and it included a survey to gauge residents' housing needs and preferences to aid the city in developing strategies to address housing needs. The second event highlighted the community priorities identified through the survey in Event 1, and it shared information on the list of the most promising strategies as the details of these strategies were being finalized.

- **Equity Steering Committee (ESC) Meeting.** This project included one meeting with the Equity Program Manager and Equity Steering Committee during the process of identifying unmet housing need and policy gaps. This discussion reviewed information on housing needs gathered through the HCA. Additionally, the project team asked the ESC to identify specific groups and individuals to meet with in subsequent discussion groups and identify key questions and goals for these discussions.
- **Interviews with local housing developers and builders.** The project included interviews with three housing developers that focus on regulated affordable housing development, accessory dwelling units (ADUs), and middle housing, respectively.
- **Interviews with service providers.** This project included interviews with two service providers who contract with Clackamas County to provide an array of direct supportive services to people who are houseless or at risk of houselessness. These interviews provided insight into the range of unmet housing needs for people experiencing houselessness, low-income renter households, and other special needs populations.

2. Unmet Housing Need in Milwaukie

As the City develops strategies to encourage affordable housing, the City must understand the needs that are specific to residents in the City of Milwaukie. The *2023-2043 Milwaukie Housing Capacity Analysis* (HCA) describes the housing needs of current and future residents of Milwaukie based on demographic and socioeconomic characteristics, including age, income, race, ethnicity, people with a disability, or people experiencing homelessness. This Housing Production Strategy (HPS) draws from the information presented in the HCA and connects the unmet housing needs with strategies to address those needs.

This chapter presents a description of the housing needs that the Housing Production Strategy (HPS) is intended to address, as well as existing policies to address Milwaukie's housing needs. It ends with a summary of the existing and expected barriers to development of needed housing.

Milwaukie Housing Needs

This section describes Milwaukie housing needs based on data gathered in the Milwaukie Housing Capacity Analysis report and household income shown in Exhibit 5.

Milwaukie is forecast to grow by 1,670 new dwelling units between 2023 and 2043.

Milwaukie's Housing Capacity Analysis projects that the City will grow by 1,670 new dwelling units in Milwaukie between 2023 and 2043 to accommodate new population growth. These dwelling units will need to be available at a variety of income levels. Assuming future residents of Milwaukie have an income distribution that is the same as existing residents, nearly 40% of new households will need to be for those with very low or extremely low incomes (below 50% MFI).⁵⁶

Nearly 40% of Milwaukie's households earn less than 50% MFI.

Housing costs for both rental and ownership units are much higher than many residents can afford. Exhibit 5 shows financially attainable housing costs for households across the income spectrum in Milwaukie. For example, a household earning median family income in Milwaukie

⁵ Given the fact that incomes have grown at a relatively slow pace over the last two decades in comparison to housing costs (especially home sales prices), this may be a conservative assumption about the future affordability of housing.

⁶ The HPS does not anticipate building new units for all existing households in Milwaukie that have problems affording housing costs. But the HPS does propose actions to promote development of housing that is more affordable to these households, enabling them to stay in Milwaukie.

(about \$96,900 per year in 2021)⁷ can afford a monthly rent of about \$2,420 or a home roughly valued between \$339,000 and \$388,000.

To afford the median home sales price of \$525,000, a household would need to earn about \$145,000 or 150% of MFI. About 9% of Milwaukie's households have income sufficient to afford this median home sales price. To afford the average asking rent of \$1,413, a household would need to earn about \$56,520 or 58% of MFI.

⁷ Note that Median Family Income for the region is different than Median Household Income (MHI) for Milwaukie. MFI is determined by HUD for each metropolitan area and non-metropolitan county. It is adjusted by family size – in that 100% MFI is adjusted for a family of four. MHI is a more general term. MHI includes the income of the householder and all other individuals 15 years old and over in the household, whether they are related to the householder or not.

Exhibit 5. Financially Attainable Housing, by Median Family Income (MFI) for Portland-Vancouver-Hillsboro, OR-WA MSA (\$96,900), 2021

Source: US Department of Housing and Urban Development, 2021. Oregon Employment Department.

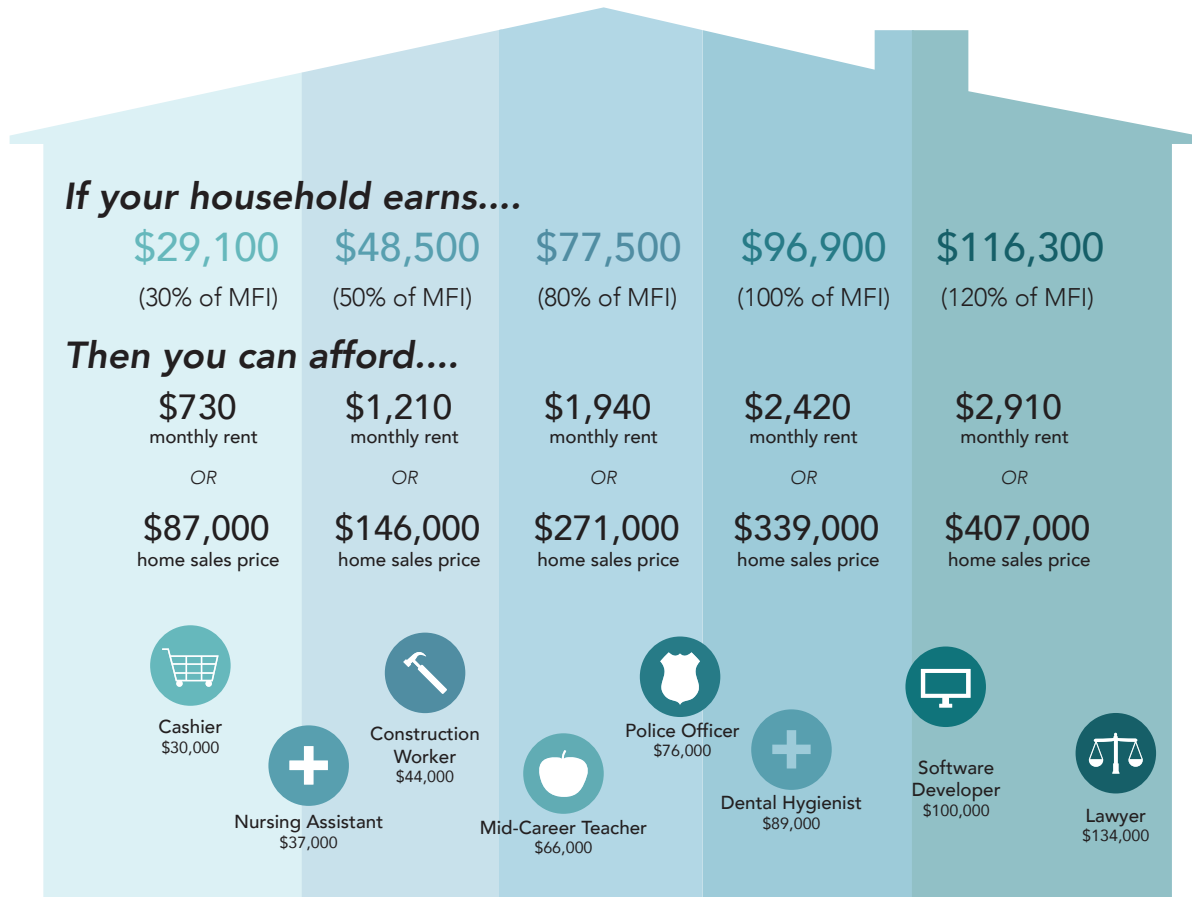
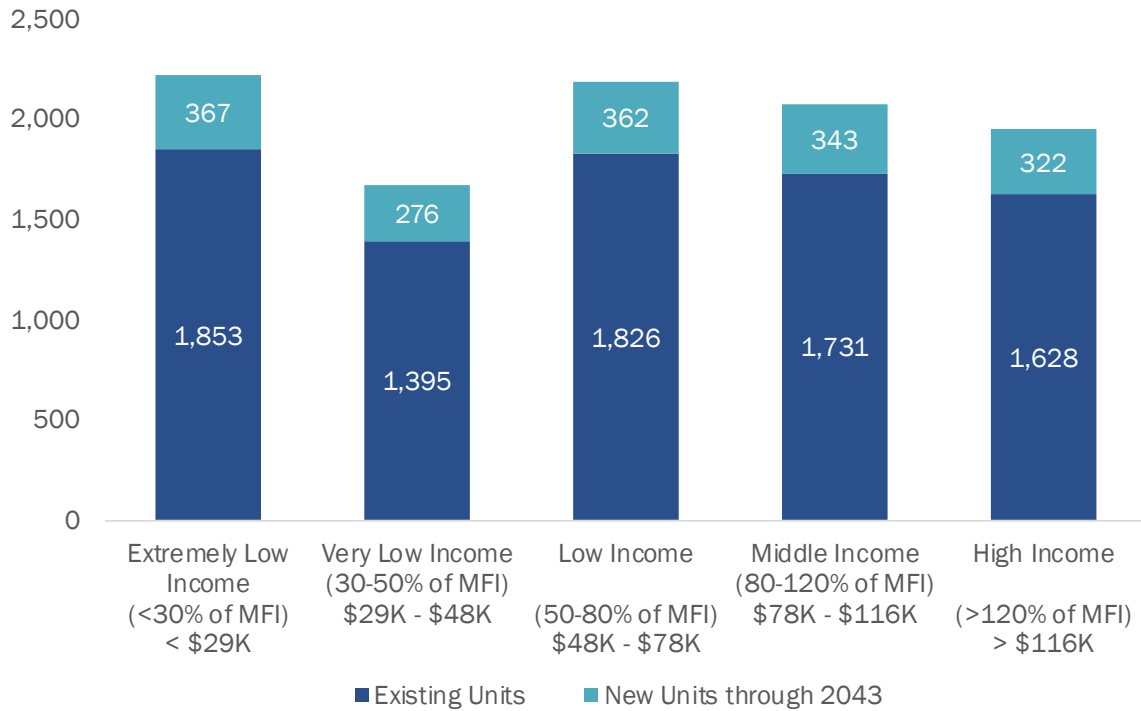


Exhibit 6 shows existing households and the forecast of household growth between 2023 and 2043 by income category (from Exhibit 5). It shows that 39% of Milwaukie’s households had incomes less than 50% of Median Family Income (MFI) (\$48,450) and cannot afford a two-bedroom apartment at the region’s HUD Fair Market Rent (FMR) of \$1,735 in 2021.

Exhibit 6. Share of Existing and New Households by Median Family Income (MFI) for Portland-Vancouver-Hillsboro, OR-WA MSA, Milwaukie, 2023

Source: US Department of HUD. US Census Bureau, 2015-2019 ACS Table 19001, and PSU’s Population Forecast, 2023 to 2043 as found in Milwaukie’s Housing Capacity Analysis.



Defining Median Family Income

Throughout this report, we discuss housing affordability based on Median Family Income (MFI) that is defined by the U.S. Department of Housing and Urban Services (HUD) for Portland-Vancouver-Hillsboro, OR-WA MSA, for a family of four people. The terms used to describe housing affordability by income group are:

- Extremely Low Income: Less than 30% MFI or \$29,100 or less for a family of four
- Very Low Income: 30% to 50% of MFI or \$29,100 to \$48,500 for a family of four
- Low Income: 50% to 80% of MFI or \$48,500 to \$77,500 for a family of four
- Middle Income: 80% to 120% of MFI or \$77,500 to \$116,300 for a family of four
- High Income: 120% of MFI or \$116,300 or more for a family of four

Median Family Income varies by household size.

The actual income thresholds vary in MFI based on household size. For example, a household of one person with an income of 80% of MFI has an income of \$54,1269 compared to the income for a household of four (\$77,520) or a household of six people (\$89,947). The housing needs for a single person are also different than those of a household of four people or six people. Throughout this document, we use the income for a household of four to illustrate housing needs.

Exhibit 7. Median Family Income and Housing Affordability by Household Size, Portland-Vancouver-Hillsboro, OR-WA MSA, 2021

Source: Analysis by ECONorthwest; U.S. Department of HUD, Portland-Vancouver-Hillsboro, OR-WA MSA, 2021.

	30% MFI	60% MFI	80% MFI	100% MFI	120% MFI
1-person					
Annual Income	\$ 20,349	\$ 40,704	\$ 54,269	\$ 67,830	\$ 81,396
Affordable Monthly Housing Cost	\$ 509	\$ 1,018	\$ 1,357	\$ 1,696	\$ 2,035
2-people					
Annual Income	\$ 23,256	\$ 46,536	\$ 62,036	\$ 77,520	\$ 93,024
Affordable Monthly Housing Cost	\$ 581	\$ 1,163	\$ 1,551	\$ 1,938	\$ 2,326
4-people					
Annual Income	\$ 29,070	\$ 58,140	\$ 77,520	\$ 96,900	\$ 116,280
Affordable Monthly Housing Cost	\$ 727	\$ 1,454	\$ 1,938	\$ 2,423	\$ 2,907
6-people					
Annual Income	\$ 35,666	\$ 67,459	\$ 89,947	\$ 112,404	\$ 134,885
Affordable Monthly Housing Cost	\$ 892	\$ 1,686	\$ 2,249	\$ 2,810	\$ 3,372

Many households in Milwaukie pay more than 30% of their income for housing.

Because the local housing market cannot produce income-restricted, subsidized affordable housing at sufficient levels – and because it cannot often produce middle income/workforce housing without subsidy, over a third (38%) of households in Milwaukie are cost burdened or severely cost burdened. Cost burden is higher for renter households, 52% of whom are cost burdened.

A household is defined as cost burdened if their housing costs exceed 30% of their gross income. A household that spends 50% or more of their gross income on housing costs is said to be severely cost burdened.

Housing Needs for Extremely Low Income (Less than 50% MFI) Households

What we know about the need: Within this income range, Milwaukie has housing need of:

- New households: **643** (from 2023-2043)
- Existing households: **3,248**

What can they afford? Rents (including basic utility costs) of not more than \$1,210 per month.

- A household would need to earn **\$56,520** to afford average multi-dwelling rent of **\$1,413** (about 58% of MFI for a family of four). Households with incomes of less than 50% of MFI cannot afford this rent.

What will it take to meet their needs? Meeting the housing needs of these households will require a combination of preserving existing income-restricted affordable housing and development of new income-restricted affordable housing. Development of income-restricted affordable housing typically requires extensive subsidy, with funding from state and federal sources, in addition to any support from the city and other partners.

Housing Needs for Low-Income (50-80% MFI) Households

What we know about the need: Within this income range, Milwaukie has housing need of:

- New households: **362** (from 2023-2043)
- Existing households: **1,826**

What can they afford? Rents (including basic utility costs) between \$1,210 and \$1,940 per month.

- A household would need to earn **\$56,520** to afford average multi-dwelling rent of **\$1,413** (about 58% of MFI for a family of four). Some households cannot afford this rent.
- Households with this income range are likely to live in rental housing predominantly.

What will it take to meet their needs? Meeting the housing needs of these households will require a combination of preserving existing “naturally occurring affordable housing,” development of new income-restricted affordable housing in this price range (for households with income of 50% to 60% of MFI), and development of new market-rate housing. Some households in this income range may need rent assistance, such as a Housing Choice Voucher. Homeownership opportunities for this income range will likely be related to housing developed by nonprofit organizations, possibly with some subsidy, such as through a community land trust.

Housing Needs for Middle-Income (80-120% MFI) Households

What we know about the need: Within this income range, Milwaukie has housing need of:

- New households: **343** (from 2023-2043)
- Existing households: **1,731**

What can they afford? Rents (including basic utility costs) between \$1,940 and \$2,420 per month.

- A household would need to earn **\$56,520** to afford average multi-dwelling rent of **\$1,413** (about 58% of MFI for a family of four).
- Households with this income range are likely to live in rental housing predominantly.

What will it take to meet their needs? A combination of the development of rental housing and lower-cost housing for homeownership. Some homeownership opportunities for this income range will likely be related to housing developed by nonprofit organizations, possibly with some subsidy, such as land banking or a community land trust.

Housing Needs of People of Color

What we know about the need: About **17% of Milwaukie’s population** identify as Latino/a/x (any race), Black, Asian, American Indian or Alaska Native, Native Hawaiian or Pacific Islander, two or more races, or another race. About 9% of Milwaukie’s population identify as Latino (any race).

Households that identified as Black/African American, American Indian and Alaska Native Alone, and Native Hawaiian/Pacific Islander had the lowest rates of homeownership (34%, 23%, and 0%, respectively). In comparison, 61% of households that identified as White Alone, 68% of households that identified as Asian Alone, and 71% of households that identified as Some other Race Alone were homeowners. About 40% of households who identified as Latino/a/x (of Any Race) owned their own home.

Black/African American households or those that identified as Two or more races were more likely to live in multi-dwelling units (47% and 52%, respectively). Households that identified as American Indian and Alaska Native and households that identified as Native Hawaiian and other Pacific Islander, lived in multi-dwelling housing at the highest rates (77% and 100%, respectively). Over half of the households that identified as Latino/a/x lived in single-dwelling detached housing (60%).

What will it take to meet their needs? Addressing the affordability issues discussed above, as well as ensuring that people of color have access to housing without discrimination. This will require increasing awareness of Fair Housing rules for property owners and managers, tenants, City decision makers, and City staff. It will also require careful decision-making to change policies that have created barriers to access housing by people of color.

Housing Need of People with Disabilities

What we know about the need: The Census reports that about **9% of Milwaukie’s population** have one or more disability, such as ambulatory, vision, hearing, cognitive, self-care, or independent living disabilities.

What will it take to meet their needs? Addressing the affordability issues, discussed above, as well as ensuring that people with disabilities have access to housing that addresses their disability and that they have access to housing without discrimination. This will require increasing awareness of Fair Housing rules for property owners and managers, tenants, City decision makers, and

Disabilities include those that are visible, such as ambulatory or vision disabilities, and those that are not readily apparent, such as self-care, independent living, or cognitive disabilities. Other conditions may require special accommodations, such as disabling diseases or mental health conditions.

City staff. It will also require approaches that encourage development of housing with specialized design standards to accommodate special needs.

Housing Need of People Experiencing Houselessness

What we know about the need: There are approximately **568 people** experiencing houselessness in Clackamas County in 2023. It should be noted that the PIT consistently undercounts individuals experiencing houselessness and the numbers maybe unreliable, but it is the count that is available. In addition, **366 students** in the North Clackamas School District experienced homelessness in the 2019-2020 school year. The number of people experiencing homelessness in Milwaukie is not clearly known. In part, this is because people experiencing homelessness may move between neighboring cities.

What will it take to meet their needs? Strategies will range from emergency assistance (including rent and utility assistance), permanent supportive housing (including supportive housing with services), and improved access to an affordable unit (as discussed above).

The data used to estimate people experiencing homelessness, Point-in-Time Count, a snapshot of individuals experiencing houselessness on a single night in a community. HUD requires conducting the PIT count during the last ten days of January. Though the PIT count is not a comprehensive survey, it serves as a measure of houselessness at a given point of time and is used for policy and funding decisions.

3. Strategies to Meet Future Housing Need

This section describes the list of actions that Milwaukie is including in its HPS for further consideration and study by the city to address its unmet housing needs, as described in Chapter 2. The project involved evaluating the community’s interest in a wide range of actions for inclusion in the HPS. Exhibit 8 summarizes the actions included in the HPS. A subsequent section of the chapter presents additional Recommendations for Future Actions in Milwaukie, beyond those included in the table below.

Exhibit 8. Summary of Actions in the HPS

Note: Cells with gray shading indicate items that the City has already adopted but are critical to implementation of the HPS.

Action	What is it?	How does the strategy help?
A. Develop a Land Bank Strategy and Partnerships to Support Affordable Housing Development	Using city-owned land or purchasing land for affordable housing development. Acting as a partner to support community land trusts or housing cooperatives.	Supports development of affordable housing through control of land and potential to decrease development costs by contributing land at lower cost. City supports other partners in development of housing affordable for ownership by low-income households.
B. Reduced SDCs or Planning Fees	Milwaukie can reduce or exempt SDCs for domestic water, sanitary sewer, transportation, and stormwater, as well as Planning Fees.	Lowers development costs of affordable housing by exempting the developer from paying city SDCs but may require a source of funding to backfill the cost of SDCs. Can reduce or exempt Planning Fees also.
C. Multiple-Unit Limited Tax Exemption Program	Property tax exemption for up to 10 years for multi-unit housing developed affordable to 80% of MFI. Flexible tax exemption that City sets criteria and location where it may be granted.	Lowers the operational costs of market-rate multi-unit housing, in exchange for lower rents for the duration of the exemption.
D. Increase Capacity in the HDR Zone	Could increase the density of multi-unit housing development standards in the High-Density zones.	Increasing residential densities in the HDR zone can allow for more development of multi-unit housing, both for affordable housing and market-rate multi-unit housing.
E. Evaluate Incentives for Affordable Housing Development such as Density Bonuses	Milwaukie can provide density bonuses that would allow for more housing units to be built than allowed by zoning, if the proposed project provides a certain number of affordable units.	Can support development of more income-restricted affordable housing, in locations where the City would like to see more of this housing.
F. Develop Pre-Approved Plan Sets for ADUs and Middle Housing Typologies	The City could develop pre-approved plans for middle housing typologies, such as cottage clusters, townhomes, and other middle-income	Streamlines permitting procedures for middle housing types and ADUs, thereby reducing development timelines and costs.

Action	What is it?	How does the strategy help?
	housing types, as well as for accessory dwelling units (ADUs).	
G. Develop Housing Options and Services to Address and Prevent Houselessness	Milwaukie can partner agencies and nonprofit organizations that provide housing and services to people experiencing houselessness, through development of emergency shelter, permanent supportive housing, and other housing for people experiencing houselessness.	Improve livelihoods by reducing the number of people experiencing houselessness in Milwaukie.
H. Revolving Loan Fund for Homeownership Assistance	Provides funding to increase homeownership opportunities through down payment assistance and helping existing low-income households remain homeowners through housing repair, weatherization, or accessibility improvements.	Increases access to homeownership for low-income households and helps existing low-income households repair their homes or make necessary accessibility improvements to be able to continue living in their homes.
I. Urban Renewal/Tax Increment Finance (TIF) ⁸	Milwaukie has an Urban Renewal Area that covers downtown and the city's Central Milwaukie area. Urban Renewal funding can be used to pay for land acquisition, support development of affordable housing, backfill SDC exemptions, develop needed infrastructure, and for other uses.	Over the next 5 years, the City expects to have \$2 million in its Urban Renewal Fund to support mixed-use multi-unit housing, much of which is expected to be affordable at less than 120% MFI.
J. Construction Excise Tax (CET)	Milwaukie has a CET, which is intended to support development of affordable housing.	The City has \$2 million in CET accumulated since 2017, which it plans to spend to support (1) development of 275 units of housing affordable at 30%-60% of MFI in the Hillside Phase 1 development and (2) development of middle housing courtyard by Shortstack Housing in partnership with Proud Ground's Land Trust for affordable homeownership.

⁸ The City has already adopted Urban Renewal and a Construction Excise Tax. These actions focus on how funding from these sources will be used to implement the other actions in the HPS.

Evaluation Criteria for Actions in the HPS

In developing the HPS, we evaluated each of the actions considered for inclusion in the HPS based on the following criteria. However, we did not weigh if any of these criteria would cause an item to be excluded entirely from the future action list. Appendix D provides more details about these evaluation criteria, beyond the summary below.

- **Rationale**, considers how the action would address Milwaukie’s unmet housing needs.
- **City role**, considers whether city staff would take the lead role in implementing an action, or if the city’s role would be to partner with other organizations.
- **Potential impact for housing development**, considers the potential scale of impact of the action, which provides some context for whether the policy tool generally results in a little or a lot of change in the housing market.
- **Administrative complexity**, considers how much staff time and resources (financial or otherwise) are required to implement the action and whether the action is difficult or costly to administer once it is in place.
- **Tenure**, considers whether the action would primarily serve renters, homeowners, or both.
- **Income level served**, focusing on incomes below 120% of MFI is a way to best support housing affordable to households who are most likely to have difficulty affording housing.

Exhibit 9. Evaluation of Actions in HPS

Note: Cells with gray shading indicate items that the City has already adopted but are critical to implementation of the HPS.

Action	Rationale	City Role	Potential Impact on Development Cost or Unit Production	Complexity to Administer	Tenure	Most Likely Affordability Level Targeted
A. Develop a Land Bank Strategy and Partnerships to Support Affordable Housing Development	Reduce land costs	Lead	Small to Large	High	Both	80% MFI and below
B. Reduced SDCs or Planning Fees	Reduce development costs	Lead	Small	Medium	Both	80% MFI and below
C. Multiple-Unit Limited Tax Exemption Program	Reduce development costs	Lead	Small to Moderate	Medium	Rental	80% MFI and below
D. Increase Capacity in the HDR Zone	Increase housing diversity	Lead	Moderate to Large	Medium	Both	Any
E. Evaluate Incentives for Affordable Housing Development such as Density Bonuses	Reduce development costs	Lead	Moderate	Low	Both	60% MFI and below
F. Develop Pre-Approved Plan Sets for ADUs and Middle Housing Typologies	Increase housing diversity	Lead	Small to Moderate	Low	Both	Any
G. Develop Housing Options and Services to Address And Prevent Houselessness	Provide Financial Assistance	Partner	Small to Moderate	High	Rental	60% MFI and below
H. Revolving Loan Fund for Homeownership Assistance	Provide Financial Assistance	Partner	Small to Moderate	Medium	Both	120% MFI and below
I. Urban Renewal/Tax Increment Finance (TIF)	Critical to funding affordable housing actions	Lead	Moderate to Large	High	Both	120% MFI and below
J. Construction Excise Tax	Critical to funding affordable housing actions	Lead	Small to Large	Medium	Both	120% MFI and below

Implementation Considerations

Exhibit 10 provides an assessment of the potential limitations, risks, or funding and revenue implications associated with implementing each action. Any one of the potential limitations, risks, or funding issues could cause an action to not be implemented by the city. This section summarizes the implementation considerations associated with each action:

- **Long-term affordability considerations.** One of the city’s priorities around affordable housing is ensuring that housing stays affordable long term. Many incentives and tax exemption programs require affordability levels for a set period of time, and when that period is over, units can be offered at market-rate. This criterion considers whether the action would ensure long-term affordability or, if not, how long a set affordability level would be required.
- **Risk.** Implementation of housing actions may come with trade-offs. A housing action could potentially impact residents, development patterns, transportation, or revenue for other city departments. Other actions require things like effective partnerships to be implemented sufficiently. This criterion considers potential challenges or impacts for each action.
- **City staffing implications.** Implementing the actions in the HPS will require staff time, with some actions requiring more staff capacity than others. City staff will need to consider the requirements on staff time as actions are implemented.
- **Funding implications.** Implementation of some actions in the HPS will require large or ongoing funding contributions, while others will not require additional funding. Two actions, Urban Renewal and CET, will provide funding that could potentially support implementation of other actions in the HPS.

Exhibit 10. Implementation Considerations

Note: Cells with gray shading indicate items that the City has already adopted but are critical to implementation of the HPS.

Action	Long-Term Affordability Considerations	Risks	City Staffing Implications	Funding Implications
A. Develop a Land Bank Strategy and Partnerships to Support Affordable Housing Development	Depends on land usage. If for income-restricted housing or a CLT, then housing would be long-term affordable	Will require partnerships to result in housing affordable development	Will require partnerships to minimize staffing impacts	Will require funding to support land banking. Supporting land trusts or housing cooperatives may require less money
B. Reduced SDCs or Planning Fees	Depends on type of housing built	Will need to “backfill” the forgone cost of SDCs, using other funding sources	Not significant	Could backfill some or all foregone revenues from CET

Action	Long-Term Affordability Considerations	Risks	City Staffing Implications	Funding Implications
C. Multiple-Unit Limited Tax Exemption Program	Affordable for the duration of the tax exemption – up to 10 years	City would forgo property tax revenue for up to 10 years where MUPTe is granted.	Developing MUPTe program will require significant staff time. Ongoing implementation of MUPTe will require some staff time	Forgoes revenue for up to 10 years. No need for new funding. May require partnerships to verify incomes, which may require funding
D. Increase Capacity in the HDR Zone	Increases supply of housing at all income levels	Could put pressure on the transportation system	Revising the development code will require staff time	Does not require additional funding
E. Evaluate Incentives for Affordable Housing Development such as Density Bonuses	If it results in income-restricted housing development, will maintain affordability for 60+ years	Could impact surrounding neighbors	Revising the development code will require staff time	Does not require additional funding
F. Develop Pre-Approved Plan Sets for ADUs and Middle Housing Typologies	Increases supply of housing at all income levels but would not in itself ensure long-term affordable units.	Impacts are likely to be minor or have no negative impact.	Developing and implementing pre-approved plan set will require a limited amount of staff time	The City will need to work with a consultant to develop such plans.
G. Develop Housing Options and Services to Address and Prevent Houselessness	Income-restricted housing, will maintain affordability for 60+ years	Depends on having effective partnerships, without which this action may not be implemented sufficiently	Will require staff time to develop and maintain partnerships	Could require funds, depending on the amount the City can devote to it
H. Revolving Loan Fund for Homeownership Assistance	Depends on the type of assistance the City offers and the City set requirements	The costs can be high enough per household that funding limits the number of households that can be helped	Will require staff time to develop and maintain partnerships with agencies that focus on this	Requires substantial funding; some funding may be available from the state or federal governments
I. Urban Renewal/Tax Increment Finance (TIF)	Depends on how funds are spent.	Potential for displacing existing residents	Requires substantial staff time	No new funding required
J. Construction Excise Tax	Depends on how funds are spent. Some must be spent on housing that may only be affordable for a limited period.	Impacts permit fees for all housing development. Slower development can reduce accumulation of funding	Requires some staff time	No new funding required

Funding the Actions

One of the key limitations to implementing the actions in the HPS is the availability of funding. Funding is needed not only to build units, preserve affordable housing, and provide access to equitable housing but also for staff time to implement the Plan. Identifying a set of realistic funding sources is necessary for achieving the vision of affordable housing in Milwaukie.

A robust set of housing preservation and development programs requires funding sources that are dedicated toward these activities and that are stable and flexible. In addition to existing available funding options, the City will need to pursue new funding sources that can help fund its programs. The City's existing primary funding sources are:

- **Urban Renewal Revenues.** Milwaukie has an Urban Renewal District covering downtown and the city's Central Milwaukie area. Over the next five to eight years, the City expects to bond about \$4 million to support infrastructure upgrades, such as road and streetscape improvements. These upgrades can support all types of development, including housing development. Over the next five-year period, the City expects to have \$2 million in its Urban Renewal Fund to support housing and development. Housing within the urban renewal district will primarily be mixed-use multi-unit housing, much of which is expected to be affordable at less than 120% MFI.
- **Construction Excise Tax (CET) Revenues.** The City implemented a CET in 2017, including developing criteria and plans for distribution of CET funds. The City released a competitive request for proposals in 2022 to award up to \$2 million in CET funds for qualifying income-restricted housing projects. As funds continue to accumulate over time, the City will release subsequent rounds of funding. CET funds generated from within Milwaukie are also utilized by the State to provide first-time homebuyer assistance for residents.

The City has a variety of other options for locally controlled funding sources that could support affordable housing. While this project did not include a robust funding analysis component, the project team discussed these funding sources with the Task Force.

Exhibit 11. provides an overview of which funding sources advanced to the HPS.

Exhibit 11. Funding Sources Evaluated

Recommendation for Inclusion in the HPS as an Action?	Revenue Source	Rationale for Inclusion/Exclusion?
Yes	Urban Renewal Area	Provides a stable, dedicated revenue source in an area with limited existing infrastructure.
Yes	Use of CET funding	Provides a funding source to support developer incentives, affordable homeownership, and affordable housing programs.
No but staff will continue to pursue	Grants and State Funding	Not included as an action but considered as a source of funding for other housing strategies.
No but the City will accept these	Private donations and gifts	Pursue as the City has staff capacity, without dedicated staff this is not likely to be a substantial source of funding
No but the City could consider as options arise	General Fund	Consider use of General Funds as opportunities arise
No	General Obligation Bond	Requires voter approval
No	New local option levy	Requires voter approval
No	Increased lodging tax	Milwaukie has no hotel or motels, so this is not a viable source
No	Marijuana tax	These funds are currently dedicated for the general fund.
No	Increased utility fee	May not provide a source of funding for development or preservation of housing.
No	New business license fee	May hinder local business development
No	New food and beverage tax	May not be politically feasible
No	New sales tax	May not be politically feasible
No	New payroll or business income tax	May not be politically feasible
No	New real estate transfer tax	Not legal in Oregon
No	New vacant/second home tax	Untested and possibly not legal in Oregon

Potential Partners

Implementing the actions in this strategy will require participation of key partners who have roles essential to the construction, delivery, and preservation of housing units. Exhibit 12 shows how each of the partners would play a role in different actions.

Exhibit 12. Potential Partnerships

Action	City	Funding Partners	Implementation Partners
A. Develop a Land Bank Strategy and Partnerships to Support Affordable Housing Development	City lead and partner Community Development Department	State of Oregon Federal Government Nonprofits	Nonprofits such as Proud Ground, Northwest Community Land Trust Coalition, DevNW, and Network for Oregon Affordable Housing Center for Community Progress Fair Housing Council Community Partners for Affordable Housing
B. Reduced SDCs or Planning Fees	City lead Community Development Department Public Works Department	Primarily from CET; other funding as available	Market-rate developers Nonprofit developers County agencies that also have SDCs
C. Multiple-Unit Limited Tax Exemption Program	City lead Community Development Department	None	Developers applying for MUPT
D. Increase Capacity in the HDR Zone	City lead Community Development Department	None	Market-rate developers Nonprofit developers
E. Evaluate Incentives for Affordable Housing Development such as Density Bonuses	City lead Community Development Department	None	Market-rate developers Nonprofit developers
F. Develop Pre-Approved Plan Sets for ADUs and Middle Housing Typologies	City lead Community Development Department	None	Building Department Market-rate developers Nonprofit developers Architects
G. Develop Housing Options and Services to Address and Prevent Houselessness	City partner Community Development Department	State of Oregon Federal Government Nonprofits	Nonprofits such as Impact NW, Clackamas County Human Services Department, Metropolitan Family Service, and NW Housing Alternatives

Action	City	Funding Partners	Implementation Partners
H. Revolving Loan Fund for Homeownership Assistance	City partner Community Development Department	State of Oregon Federal Government	Nonprofits offering rehabilitation and down payment assistance, such as DevNW and Network for Oregon Affordable Housing (NOAH)
I. Urban Renewal/Tax Increment Finance (TIF)	City lead Community Development Department Public Works Department Finance Department	None	Market-rate developers Nonprofit developers
J. Construction Excise Tax	City lead Community Development Department	None	Market-rate developers Nonprofit developers

Monitoring Outcomes of the HPS

This is Milwaukie’s first HPS. As a result, the City is required to describe how it will measure the implementation and progress of the HPS. This section describes the metrics the City will use to evaluate HPS progress. When Milwaukie produces its next HPS in six years, the City will be required to summarize the efficacy of each action included in this HPS.⁹ The information resulting from these measures will help Milwaukie to summarize the outcomes and efficacy of the actions in this HPS.

The City will review its progress toward the plan on a consistent basis, coinciding with the implementation plan (Exhibit 14) and any Council work planning. During its review, the City will report on the implementation actions taken for the strategies in progress, or any scheduled to begin, along with the housing development activity that has occurred. Every three years, these updates will be combined into a report. Key questions that the City can consider in its assessment include:

- Are new or different actions needed to address new or changing conditions?
- Have any specific strategies proven to be impractical and/or counterproductive?
- What benefits has the City seen from its efforts to date? Are the City’s residents, and especially its lower-income residents and communities of color, seeing a return on the investments that the City has made?

⁹ A detailed summary of DLCD’s monitoring and reporting requirements for Housing Production Strategies is included in Appendix A.

In addition, the City can track indicators of plan progress in Exhibit 13.

Exhibit 13. Monitoring by Strategy

Strategies	Annual monitoring
Overall Monitoring	Number of affordable units developed by income range. Number of affordable projects developed.
A. Develop a Land Bank Strategy and Partnerships to Support Affordable Housing Development	Number of acres acquired for land banking. Number of acres contributed to land trusts. Number of dwelling units developed on land from land banking. Number of dwelling units developed in land trusts. Amount of funding contributed to land banks or land trusts. Number of partnerships with land trusts.
B. Reduced SDCs or Planning Fees	Number of inquiries about SDC or planning fee reduction/waiver program. Number of projects (and units) granted SDC or planning fee reduction/waiver. Amount of money reduced/waived
C. Multiple-Unit Limited Tax Exemption Program	Exemption developed and implemented. Number of inquiries about tax exemption. Number of projects (and units) granted tax exemption.
D. Increase Capacity in the HDR Zone	Ordinance developed and approved. Comparison of newly developed housing in HDR with historical densities
E. Evaluate Incentives for Affordable Housing Development such as Density Bonuses	Ordinance developed and approved. Number of housing projects developed using incentives.
F. Develop Pre-Approved Plan Sets for ADUs and Middle Housing Typologies	Plan sets adopted Number of units developed through pre-approved plan sets.
G. Develop Housing Options and Services to Address and Prevent Houselessness	New partnerships established or expanded. Number of permanently supportive housing projects (and units) developed.
H. Revolving Loan Fund for Homeownership Assistance	Feasibility study completed. Additional funding sources identified. Amount of additional funding directed to partners offering rehabilitation and down payment assistance. Use of funds directed to partners offering rehabilitation and down payment assistance. Number of people in Milwaukie receiving assistance through partner homeownership programs.
I. Urban Renewal/Tax Increment Finance (TIF)	Amount of funding investments made with urban renewal dollars to support affordable housing. Number of all units and of affordable units built using urban renewal dollars.
J. Construction Excise Tax	Use of CET funds. Number and types of units developed supported by CET; affordability levels.

In addition, the City could monitor current market conditions to help the Council understand the context in which the overall HPS is operating:

- Number and type of new homes produced and total within the city over time - tenure, size, sales price/asking rent, and unit type.
- Share of rent-burdened residents
- Sales prices and rents for existing homes
- Number, location, and expiration date of regulated affordable units with change in units provided over time.

Implementation Timeline

Implementation of the HPS will take time because each action will require further consideration, such as additional analysis, engagement of consultants, changes to existing standards or programs, discussions with decision makers, or public hearings. The City has adopted and agreed to some of the actions listed in the HPS, such as the Construction Excise Tax and Urban Renewal. For these actions, the HPS provides additional details about implementation of these actions and puts them into the broader context of Milwaukie's housing needs. For actions that the City has not yet agreed to take action on, the City may be unable to or may choose not to implement some of these actions because of new information that arises from further consideration about the specifics of each action.

- **Further refinement:** The actions will require some level of further refinement prior to adoption, which may range from simple logistics (such as developing materials about an existing program) to complicated coordination between multiple internal and external stakeholders (such as implementation of a tax abatement). The refinement period will occur before adoption.
- **City Council direction:** This occurs when the City takes official action to adopt an action, uses another official acknowledgement that the City is going to execute on the strategic action, or gives staff official direction on implementation of an action. The table below shows the expected time of adoption or receiving official direction from council. The City's deadline for adoption or for other official city action is the last day of the year shown in Exhibit 14.
- **Implementation:** This occurs when the City officially allows the strategic action to be used, represented by a tan color in the table.

If the City is unable to or chooses not to implement an action within 90 days of the timeline proposed in the HPS, the City must notify DLCD about the action(s) that the City is taking to address this issue. The City may propose an alternative schedule for implementing the action or may identify a different action (or actions) to meet the specific housing need addressed by this action. Furthermore, the City may identify reasons for why an action is found to be infeasible.

Exhibit 14. Implementation Schedule

Actions	July 1, 2023, through December 2023	2024	2025	2026	2027	2028	2029
A. Develop a Land Bank Strategy and Partnerships to Support Affordable Housing Development		Evaluate	Council Decision	Implement			
B. Reduced SDCs or Planning Fees		Evaluate	Council Decision	Implement			
C. Multiple-Unit Limited Tax Exemption Program					Evaluate	Council Decision	Implement
D. Increase Capacity in the HDR Zone		Evaluate	Council Decision	Implement			
E. Evaluate Incentives for Affordable Housing Development such as Density Bonuses		Evaluate	Council Decision	Implement			
F. Develop Pre-Approved Plan Sets for ADUs and Middle Housing Typologies			Evaluate	Council Decision	Implement		
G. Develop Housing Options and Services to Address and Prevent Houselessness	Ongoing						
H. Revolving Loan Fund for Homeownership Assistance				Evaluate	Council Decision	Implement	
I. Urban Renewal/Tax Increment Finance (TIF)	Ongoing, as funding is available						
J. Construction Excise Tax	Ongoing, as funding is available						

Recommendations for Future Actions

The following actions, while important and useful, are not included as strategies in the HPS because of uncertainty about availability of funding, likelihood that they will be easily addressed outside of the HPS, or for other reasons. Instead, the HPS will include them as recommendations that the City may want to consider in the future or as part of another process. The City will not have to report on progress toward these actions.

- **Rental Assistance Programs.** The City has implemented a rental assistance program in the past and will continue to do so as funding is available. The City should continue to identify funding sources for this program and implement as funding becomes available.
- **Pursue Community Development Block Grant (CDBG) Funds from Clackamas County.** The City should continue to work with the County to understand and determine how to leverage and receive CDBG funds for local use.
- **Inclusionary Zoning.** Milwaukie has not implemented an inclusionary zoning ordinance for residential developments within the City Limits for proposed structures containing 20 units or more under the State’s inclusionary zoning legislation. Inclusionary zoning policies tie development approval to, or provide regulatory incentives for, the provision of low- and moderate-income housing as part of a proposed development. However, this strategy is development driven and has the potential to curtail development overall if developers look to other cities without these requirements. Additionally, inclusionary zoning requirements could encourage development of 19-unit multi-unit buildings to avoid complying with affordability requirements, discouraging development of multi-unit buildings with 20 or more units. The City should evaluate inclusionary zoning strategies and potential impacts, then consider suitability for Milwaukie’s development context. If findings show suitability for Milwaukie’s development context, the City may consider drafting amendments to the land use ordinance and work with Milwaukie’s Planning Commission and City Council to adopt the revised standards. The City could also work with legislators to modify inclusionary zoning requirements to allow for more broad applicability. For instance, reducing the 20-unit threshold would allow Cities to tailor inclusionary zoning to their development context.
- **Allow Tiny Homes.** The City should evaluate whether to allow tiny homes and tiny home villages. If so, review the development code for barriers to tiny homes and tiny home villages, and amend the code as needed to allow and facilitate development of these housing types.¹⁰
- **Support Preservation of Manufactured Home Parks.** There are only two mobile home parks in Milwaukie. There are two primary ways the City could support preservation of

¹⁰ Portland State University’s [Homelessness Research & Action Collaborative](https://www.pdx.edu/homelessness/village) has evaluated and documented best practices for the Village Model: <https://www.pdx.edu/homelessness/village>

these parks. One option is a regulatory approach, where the City develops and implements a zone over these parks that allows manufactured home parks as a permitted use and prohibits other types of single-family detached or multifamily housing. Another option is to work with owners of manufactured home parks when they go up for sale and facilitate purchase by a nonprofit. The City should evaluate these approaches and determine the most promising option for Milwaukie.

- **Relocation Assistance Requirements.** The City could evaluate implementing a policy that requires landlords to provide financial relocation assistance to renters under specific situations. For instance, the City might model the policy from Portland’s Mandatory Renter Relocation Assistance program, where renters may have the right to be paid relocation assistance from their landlord in the following situations:
 - No-cause eviction
 - Notice of non-renewal of a fixed-term lease (not becoming month-to-month)
 - Qualified landlord reason for termination
 - Rent increase of 10 percent or more over a 12-month period
 - Substantial change of lease terms

Appendix A: Requirements of a Housing Production Strategy

This section briefly describes the monitoring and reporting requirements the City will have to follow after adoption of the HPS. The City is required to submit the HPS to Department of Land Conservation and Development (DLCD) after its adoption by the City Council. The City is then required to monitor progress on implementation of the HPS and progress on production of housing related to the policies and actions in this report. Linking housing development directly to implementation of the actions in this report may be challenging and difficult to quantify. But City staff will be able to report changes in building activity that occur before and after implementation of specific actions and will be able to provide qualitative feedback on implementation of actions based on development of partnerships and discussions with stakeholders.

Report Requirements

OAR 660-008 describes the requirements of a Housing Production Strategy (HPS) in sections 660-008-0050 through 660-008-0070. This section briefly describes these requirements and the review by staff with the Department of Land Conservation and Development (DLCD).

The HPS is required to include the following information.

- **Contextualized Housing Need and Engagement** (Chapter 2 and Appendix C in this report) should provide information about the socioeconomic and demographic trends of households in Milwaukie, the policies the City has adopted to meet housing needs, and a summary of engagement the City has had with stakeholders about housing needs (especially with stakeholders in underrepresented groups).
- **Strategies to Meet Future Housing Need** (Chapter 3 in this report) identifies specific actions, measures, and policies needed to address housing needs identified in Milwaukie's HCA report. Appendix D provides additional information on each strategy.
- **Achieving Fair and Equitable Housing Outcomes** (Appendix E in this report) evaluates the entire list of strategies to achieve equitable outcomes. The valuation considers factors such as location of housing, Affirmatively Furthering Fair Housing, facilitating housing choice, identifying housing options for residents experiencing homelessness, supporting development of affordable housing, and increasing housing stability.

The City is required to submit the HPS to DLCD after its adoption by the City Council.

Monitoring Outcomes of the HPS

The City is then required to monitor progress on implementation of the HPS and progress on production of housing related to the policies and actions in this report. The metrics identified in Section 3 of this report will guide the evaluation of progress.

The City will review its progress toward the plan on a consistent basis, coinciding with the implementation plan (Exhibit 14) and any Council work planning. During its review, the City will report on the implementation actions taken for the strategies in progress, or any scheduled to begin, along with the housing development activity that has occurred. Every three years, these updates will be combined into a report.

Milwaukie will be required to submit a report to DLCD three years after the City adopts the HPS¹¹ that includes:

- A **summary** of the actions taken by that time. For actions not adopted on the schedule in the HPS, the city must provide an explanation of the circumstances that posed a barrier to implementation and a plan for addressing the need identified in the strategy. That plan could include identification of other actions in the HPS that will meet the identified need or it could include development of a new action to meet the need.
- An **evaluation** of the efficacy of the actions that the city has implemented for meeting the needs in the HCA and whether the actions are moving the city to achieve more fair and equitable housing outcomes.

Milwaukie is also required to report about actions that will not be adopted on the schedule presented in Section 3, Exhibit 14. The City must notify DLCD that it will be unable to adopt the action within 90 days of the end of the timeline to implement the action. This notice must identify the actions or combinations of actions that the City will take to address the need that the action was intended to address. The City may propose an alternative schedule for implementing the action or may identify a different action (or actions) to meet the specific housing need addressed by this action.

¹¹ This report is due to DLCD no later than December 31 four years after Milwaukie adopts its HPS.

Appendix B: Existing Policies and Barriers to Development

Over the last five years, the City has implemented the following actions. Many of them are from the *Milwaukie Housing Affordability Strategy* (MHAS) report.

- **Streamline the development process.** Milwaukie took steps to streamline the development process, making development easier for developers. Actions the City has taken include assigning project managers as a consistent point of contact, hiring a housing coordinator, charging consistent and predictable permit fees, providing a predictable review process with early feedback, partnering with nonprofit and other public agencies to inform up-to-date housing needs, and identifying zoning code changes to make development faster.
- **Middle housing code changes.** The City implemented middle housing code changes, consistent with House Bill (HB) 2001, which allows town houses, cottage housing, duplexes, triplexes, and quadplexes in areas that have primarily consisted of single-unit housing.
- **Regional general obligation bonds.** Milwaukie engaged with Metro and its Equitable Housing Program to explore securing bond financing for additional affordable housing. This effort ended up converging with the 2018 regional affordable housing bond that was approved by Metro-area voters.
- **Housing Coordinator.** Milwaukie hired a housing coordinator to ensure dedicated resources would be directed to increasing housing affordability. This position was in charge of MHAS implementation and has morphed over the last several years due to resource constraints and updated council goals.
- **Construction Excise Tax (CET).** The City implemented a CET in 2017, including developing criteria and plans for distribution of CET funds. The City released a competitive request for proposals in 2022 to award up to \$2M in CET funds for qualifying income-restricted housing projects. As funds continue to accumulate overtime, the City will release subsequent rounds of funding. CET funds generated from within Milwaukie are also utilized by the State to provide first-time homebuyer assistance for residents.
- **Property tax exemptions.** The City worked with the various taxing districts to allow nonprofit owned, income-restricted housing developments to apply for an annual property tax exemption. This program has been utilized primarily by Northwest Housing Alternatives Walsh Commons development on Willard Street.
- **Model potential impact of incentives.** Milwaukie started the process of modeling potential impacts of incentives by engaging with the development community to understand the potential impact of reducing or waiving transportation impact fees and

systems development charges. The City is still working with developers to understand impact of incentives of green building standards, density bonuses, development standard variances, and parking reductions.

- **Eviction mitigation.** Milwaukie partnered with county mediation services, training services, and other resources to assist tenants and landlords in eviction prevention. These resources are available and accessible to all on the city website. The City has also offered several rounds of rental assistance to qualifying lower-income residents for additional mitigation.
- **Low-cost loans to support rehabilitation.** The City partners with and supports Clackamas County's affordable housing development and rehabilitation projects in Milwaukie. Milwaukie does not offer loans for rehabilitation but directs interested parties to Clackamas County for these loans.
- **Develop informational materials.** Milwaukie developed (or partners with others who have developed) informational materials available for tenants, prospective homebuyers, and others, making the materials available on the City's website. For example, the City is developing a financial resource guide for tenants and property owners. The City promotes the County's Rent Well program, which provides tenant education to give residents the support, knowledge, and expertise they need to become successful tenants.

Existing and Expected Barriers to Development of Needed Housing

The barriers to development of needed housing in Milwaukie include:

- **Lack of developable residential land, especially in high-density residential zones.** Because the City is surrounded primarily by other developed urbanized areas, it will have to look for opportunities to grow 'up' through increased densities and infill, rather than 'out' via annexing land into the city limits in order to meet future housing needs. The City's buildable lands inventory (2022) found that there are only 51 acres of vacant, unconstrained land within the City limits, with only 12 acres in high-density zones. Milwaukie's HCA shows that the city's high-density residential zones have been developing at far lower densities than allowed by code. Increasing the allowable densities in the City's high-density residential zones would give developers the option of building more units in these zones. To ensure that there is sufficient land to meet needs for higher-density housing types, the City should also look for opportunities to rezone more land to the HDR zone and redevelop existing HDR land at higher densities.
- **Land for development of regulated affordable housing.** Land for development of regulated, income-restricted affordable housing is scarce. Building income-restricted housing (i.e., housing that is affordable at 60% or less of MFI) requires land that is affordable, allows multi-unit development, and is in an appropriate location. The locations best suited for development of affordable income-restricted housing are areas

with access to transit near services (both social services and other services) and jobs (or with easy access to jobs). Land in these locations is often higher cost and may not currently be zoned to allow multiunit housing.

- **Funding and resources to support development of income-restricted affordable housing.** Developing income-restricted housing for households with incomes below 60% of MFI generally requires federal, state, and local subsidy so that it can cover the costs of development and operations with restricted rents. One of the key barriers to development of income-restricted affordable housing is identifying sufficient funding to support its development. A city's options for funding affordable housing development include direct funding (i.e., monetary contributions for housing), contributions of land, and cost reductions (e.g., tax abatements or waiving fees).
- **Funding and resources to support development of housing affordable to middle-income households.** Developing new housing affordable to households with incomes of 60% to 120% of MFI is often not financially feasible without subsidy. Federal and state funding is harder to access for building housing affordable in this income group. As a result, supporting development of housing affordable to middle-income households requires city intervention, such as removing zoning barriers to development of this type of housing and ensuring that infrastructure is available to support housing development. In addition, cities can support development of this type of housing through direct funding (i.e., monetary contributions for housing), contributions of land, and cost reductions (e.g., tax abatements or waiving fees).
- **Limited City staff capacity to implement housing programs.** City staff time is needed to develop, implement, and monitor public programs and policies to support affordable housing development. Staff time is also needed to build and maintain partnerships with the agencies, organizations, and development community needed to build and administer affordable housing. The City of Milwaukie currently has limited staff capacity for housing programs. The number of City-led housing actions underway at any given time must be limited based on available staff capacity.
- **Lack of culturally specific nonprofit capacity to support affordable housing development.** There are few nonprofit organizations focused on serving BIPOC community members in Milwaukie. The City needs relationships with community-based organizations serving specific underrepresented groups, such as African American or Latino households, in order to understand and address needs specific to those groups. Additionally, there are limited nonprofits with sufficient capacity to partner with on housing development, such as nonprofit organizations running local land banks or land trusts. Partnering with local nonprofits that can support the City's broader goals around affordability could help improve access to a variety of housing types affordable at lower and middle incomes. A lack of nonprofit capacity to develop housing, as well as running programs that support the City's broader housing goals, can be a substantial barrier to developing affordable housing.

Appendix C: Stakeholder Involvement

Over the last several years, the City of Milwaukie has convened residents in several planning processes related to housing. The following is a summary of Milwaukie’s primary public engagement efforts regarding housing and housing production along with key findings from each effort. These efforts are reflected in these housing production strategies.

Summary of housing outreach prior to the HPS

Comprehensive Plan

In 2020 the City adopted a new Comprehensive Plan. Over the course of three years, new goals and policies were developed around five different focus areas. Complete Neighborhoods includes extensive goals and policies related to housing. The update was based on a robust community engagement process led by the Comprehensive Plan Advisory Committee (CPAC), a group of local residents appointed by City Council that helped craft the goal and policy language and helped facilitate conversations with the community. Policy language is based on input from hundreds of Milwaukie stakeholders that participated in the process through a series of neighborhood meetings, town halls, open houses, and online surveys.

Milwaukie Housing Affordability Strategy

The MHAS is a blueprint for providing equitable affordable housing opportunities and was intended to help increase the amount of affordable housing in the City. It served as an overarching framework, combining existing land uses, needs assessments, housing policy analysis, and an analysis of best practices from peer cities. The MHAS will be used to support the work in the Milwaukie Housing Strategies Report, a document created as background to the Comprehensive Plan Update and the HNA, and to create an Action Plan that prioritizes the policy changes recommended in the Milwaukie Housing Strategies Report.

Over the course of eight months, the community development department worked with a group of subject matter experts in the housing, tenant, and economic development arena to identify strategies to improve housing affordability in Milwaukie. The result is a strategy that will meet three main goals: increase the housing supply, prevent displacement of existing residents, and connect people to existing resources.

Community Vision

City Council adopted the Community Vision, Milwaukie All Aboard, in September 2017 after a process that engaged more than 1,000 residents. The communitywide engagement process resulted in a Vision and Action Plan that guided development of the Housing Affordability Strategy.

Summary of outreach in the HPS

Housing Capacity Technical Committee

The City of Milwaukie and ECONorthwest solicited input from the City’s Housing Capacity Technical Committee. The advisory committee consisted of twelve community members with diverse backgrounds related to housing issues in Milwaukie. The project included six meetings with the HCTC over the course of the project. The first three HCTC meetings were primarily focused on the Housing Capacity Analysis but included discussion of the community engagement approach for both studies. The last three HCTC meetings were focused on housing production strategies. The committee met throughout the development of the HPS to review the draft list of housing actions, identify gaps in the list and potential strategies to fill in gaps, refine the list of strategies, and provide input in the draft HPS document.

The project relied on the Housing Capacity Technical Committee to review draft products and provide input at key points (e.g., before recommendations and decisions were made and before draft work products were finalized). In short, local review and community input were essential to developing a locally appropriate and politically viable housing capacity analysis and housing strategy.

Meetings with Decision Makers

- **Planning Commission** – The project included two meetings with the Planning Commission. The meeting topics included:
 - 1) reviewing the draft buildable lands inventory, the results of the HCA, and stakeholder and community engagement, and
 - 2) reviewing the final HPS.
- **City Council**. The project included three meetings with City Council. The meeting topics included:
 - 1) reviewing the results draft buildable lands inventory and residential land sufficiency analysis, the results of the HCA, and stakeholder and community engagement,
 - 2) reviewing the preliminary summary of strategies, and
 - 3) reviewing the final HPS.

Engage Milwaukie

The project used Engage Milwaukie as a way to gather broader public input and to provide information to the public about the project.

- **Engage Milwaukie Event 1.** The first online event shared information on the Housing Capacity Analysis. This event was hosted on the Engage Milwaukie platform from late September through early November 2022. This post shared information on changes in household incomes, housing costs, and housing cost burden in Milwaukie and included a survey to gauge residents' housing needs and preferences to aid the city in developing strategies to address housing needs.
 - **Survey Findings.** In the Engage Milwaukie Event 1 survey, respondents cited the following priorities:
 - The housing issues respondents were most concerned about:
 - Cost of buying a home (62% of the 202 respondents);
 - Cost of rent (54%);
 - Housing options and availability (52%).
 - The housing types respondents think Milwaukie needs more of:
 - Duplex/Triplex/Quadplex (62%);
 - Cottage housing (51%);
 - Single dwelling (48%);
 - The housing issues respondents think Milwaukie should focus on:
 - Long-term affordable housing (67% of respondents rated as high importance);
 - Increase access to goods/services accessible by bike and walking (61%)
 - Affordable renting options for households under \$50k (60%)
 - Preserve/maintain existing housing (53%)
 - Prevent housing displacement (49%)
- **Engage Milwaukie Event 2.** The second online event focused on sharing information on potential strategies for the Housing Production Strategy. This event highlighted the community priorities identified through the survey in Event 1 and shared information on the list of the most promising strategies as the details of these strategies were being refined.

Equity Steering Committee Meeting

This project included one meeting with the Equity Program Manager and Equity Steering Committee during the process of identifying unmet housing need and policy gaps. This discussion reviewed information on housing needs gathered through the HCA. Additionally, the project team asked the ESC to identify specific groups and individuals to meet with in subsequent discussion groups and identify key questions and goals for these discussions.

The ESC gave the following recommendations:

- Since the margin of error in HCA data was so high for communities of color, outreach to these groups should be prioritized to gain more information on housing needs and how the City could help meet those needs.
- Outreach should focus on going to where people already are. The City should make it easy and accessible.
- There are limited community organizations in Milwaukie that the City could work with. The City should think about partnership opportunities and other creative ways to access underrepresented people.

Interviews with housing developers and service providers

ECONorthwest collected input from stakeholders in Milwaukie to collect feedback on potential strategies and get insight into development barriers and housing needs in Milwaukie. Five interviews were conducted over the course of March 2023. ECONorthwest spoke with three housing developers that focus on regulated affordable housing development, accessory dwelling units (ADUs), and middle housing, respectively. ECONorthwest spoke with two service providers who contract with Clackamas County to provide an array of direct supportive services to people who are houseless or at risk of houselessness.

Feedback on strategies

Land Banking

- Developers and service providers agreed that the land banking strategy would have a positive impact on affordable housing development.

Reduce SDCs and Planning Fees

- Waive or reduce SDCs for 80 to 100 percent MFI for homeownership. The middle housing developer we spoke to reported that this would lower the cost per unit by about \$20,000.
- Create a separate rate for cottage cluster SDCs and building permit fees or treat them as multi-family.
- Reducing permitting fees for ADUs and reducing SDCs based on size could encourage ADU development.
- Consider a waiver for SDCs on ADUs
- Reducing planning fees, as well as SDC and permit fees, would be helpful for affordable middle housing.

Increasing density and density bonuses

- A combination of incentives would be beneficial to regulated affordable housing development (such as combining density bonuses, height increases, or other incentives to allow more units on a property).
- Allow more densities on the outskirts of the city as well as central/downtown areas.

Pre-approved Plans Sets for ADUs and Middle Housing Typologies:

- Develop pre-approved plans that would expedite and simplify the permitting process for innovative housing types.
- Both the ADU and middle housing developers we spoke to would be interested in getting their product type included as a pre-approved plan.

Develop Housing Options and Services to Address and Prevent Houselessness

- Both service providers would welcome support from the City. Both service providers were interested in expanding their work in Milwaukie and building a relationship with the City.
- Contributions of land and/or funding would be very valuable in supporting the work service providers do. If the City contributed funding or land to housing projects that these service providers could then place people into, it would have a significantly positive impact on their work.
- The City should look for ways to require or incentivize affordable housing developments to have services, education, and resources on the ground floors.

Other stakeholder recommendations

- To increase feasibility of ADUs and middle housing development:
- Hire a specialist that understands the City's requirements and could guide applicants through the process.
- Create pathways for expedited permitting of ADUs and middle housing.

How stakeholder involvement influenced the Housing Production Strategy

Stakeholders helped identify the actions in the HPS, refine the details of each action, and develop the implementation considerations and schedule. The HPS built off prior engagement conducted through the MHAS and Comprehensive Plan, and the policies from those previous documents were used to identify potential HPS actions at the beginning of the HPS project. The HCTC then provided input on, and revised, the list of potential actions. The Planning Commission, City Council, and the HCTC provided input to refine the details of those actions. A survey through the City's Engage Milwaukie gave the public the opportunity to weigh in on housing needs and potential actions, and that feedback was used to help prioritize housing actions in the HPS. Interviews with housing developers and service providers helped identify barriers to housing development and further refine details of the housing actions to address those barriers. The HCTC, Planning Commission, and City Council were all given an opportunity to review and provide comments on a full draft of the HPS, and their feedback was incorporated into the document before it was finalized.

How to continue and improve engagement practices for future housing efforts conducted by the City.

As City staff implement the HPS, they should continue to engage with the stakeholders who advised on the development of the HPS to help guide, gather input on, and monitor impacts of the City's housing efforts. Housing developers of affordable and middle housing, such as those interviewed for this project, can provide valuable input on efforts to streamline the development process and promote housing development. For example, city staff might work with developers of middle housing or ADUs to identify desirable and feasible models for pre-approved plan sets. The City could also work with service providers, such as those interviewed for this project, who currently contract with Clackamas County to provide direct services to people experiencing homelessness and have experience doing 'boots on the ground' engagement with vulnerable community members. City staff might work with these service providers to understand how to better support their work, and they might partner with them to conduct engagement and share information with community members. Lastly, city staff should work with the Equity Steering Committee to identify the best ways to continue outreach to, and develop relationships with, underrepresented populations in Milwaukie.

Appendix D: Details of Each Action

Actions Under Consideration for Inclusion in the HPS

This section presents some information about each action. If selected for inclusion in the HPS, additional information will be included for each action. In Action A, we show all of the information that will be included in the HPS, with placeholders for information we will fill in later.

A. Develop a Land Bank Strategy and Partnerships to Support Affordable Housing Development

Rationale

Land control is critical because costs make affordable housing development difficult or financially infeasible. Control of land also allows the owner to determine how land is developed. Land costs account for a substantial portion of housing development costs. Thus, removing or reducing land costs can dramatically lower the costs of developing affordable housing.

Land banks support low- and moderate-income affordable housing development by reducing or eliminating land cost from development, increasing a nonprofit's capacity to build affordable housing.

Land trusts support affordable housing development by reducing or eliminating land cost from development. Land trusts hold land in perpetuity and sell or lease the housing on the land at below-market-rate prices. Land trusts most frequently provide opportunities for homeownership that remain affordable over the long term.

Description

The City can support development of income-restricted affordable housing (housing affordable at or below 60% of MFI) or moderate-income housing (housing affordable between 60% and 120% of MFI) by helping to reduce costs in a number of ways:

Land Banking

Through **land banking**, the City can provide a pipeline of land for future development and control the type of development that may occur on that land. The City could pursue land banking in three ways:

- Designate city-owned land as surplus and contribute that land to the land bank, eventually conveying that land to affordable housing developers for development of housing at agreed-on level of affordability, such as housing affordable below 60% of MFI.
- Purchase properties for the purpose of building affordable housing and convey that land to affordable housing developers for development of housing at agreed-on level of affordability.
- Provide funds to support land banking done by another organization, with the purpose of building affordable housing in the future.

The land bank can provide land to support residential development, of either rental housing or ownership housing.

To support development of land for rental housing, the City's role could be to partner with a nonprofit affordable housing developer to build housing affordable at less than 60% of MFI or a developer of mixed-income housing, which would include some amount of housing affordable between 60% and 80% of MFI and housing available at market rates. Housing affordable to households with incomes

of less than 60% of MFI is financed with state and federal funds, which mandate long-term affordability (e.g., maintaining affordability for 30 years or longer). Maintaining affordability of mixed-income housing may require direct agreements with the developer and owner, typically tied to low-cost land (such as land in a land bank) and other incentives (such as tax exemptions).

Community Land Trusts

Building affordable housing for homeownership requires different considerations to ensure long-term affordability, beyond the first sale. One arrangement to ensure long-term affordability is a land trust. **Land trusts** support affordable housing development by holding land in perpetuity and selling or leasing the housing on the land at below-market-rate prices. Land trusts most frequently provide opportunities for homeownership that remain affordable over the long term.

A land trust is typically managed by a nonprofit organization that owns land and sells/leases the housing on the land to income-qualified buyers. Because the land is not included in the housing price for tenants/buyers, land trusts can achieve below-market-rate pricing. Land trusts are most commonly used as a method for supporting affordable homeownership goals. The City's role would be one of supporting and partnering with the nonprofit that runs the land trust or developing a city-run land trust.

The City may participate in a community land trust that is operated by an existing entity, often a nonprofit organization. The City's role in a community land trust could be as a partner, possibly assisting the trust with land acquisition through land banking or through providing funding to support housing development.

Housing Cooperative

Another option for maintaining long-term affordability of affordable homeownership units is through a **housing cooperative**, which is a legal structure available to allow resident ownership of multifamily property. Cooperatives provide a flexible and accessible homeownership model and are similar in concept to land trusts in that they allow for long-term affordable homeownership options. Instead of an individual family (or a land trust) owning a single-family home or a condominium, a cooperative corporation (or co-op) formed by the residents owns housing, most often in the form of a multifamily building. Each resident household buys a share in the co-op building at a price that can be far below the cost of a down payment for a market-rate single-family home; this is called a "share price." Purchasing this share makes the household a member of the co-op and entitles the household to live in a unit with a proprietary lease.

The City could support a housing cooperative in a similar way that it could support a community land trust, such as assisting the trust with land acquisition through land banking or through providing funding to support housing development.

City Role

The City's role may vary on different projects, such as contributing city-owned surplus land for development, assisting with land purchase and assembly, providing funding to support land purchase, or partnering in an affordable housing development project that includes land banking as well as other strategies. Specific City roles could include:

- City funds technical or legal assistance needed to form a housing cooperative.
- Partner-led project with a nonprofit developer, land trust, or housing cooperative in which City contributes funds or land to the project.
- City-led affordable housing development project with city-owned land banking. City can provide funds or land and help with parcel assembly.
- Offering assistance to an existing land trust or housing cooperative, such as conveying City-owned land or contributing funds to an existing nonprofit land trust, providing information about the programs to prospective participants, technical assistance in the permitting and

development process, or providing down payment assistance to lower the owner’s share purchase price.

The City could maintain an inventory of land, publicly owned or otherwise, that is available and properly zoned for housing development.

City Policy¹²

Plan Document	Policy Number	Policy
MHAS	1.2	Explore the development of a community land trust (CLT) or another model that supports creative financing for a project (e.g., co-op model, communal living, etc.).
MHAS	1.2.1	In addition to other actions, partner with banks to have rent payments demonstrate responsibility that supports qualification for down payment loan assistance. (Community reinvestment act points could be leveraged.)
MHAS	1.2.2	Further explore the co-op model or one that allows a first right of refusal for renters and look at policies or incentives that the City could implement to encourage this action.
MHAS	1.2.3	Establish an inventory of foreclosed, short-sale homes and multifamily development to encourage the CLT platform or other model and market to mission-driven developers as a pilot project.
MHAS	1.6.3	Continue to find opportunities to land bank and perform necessary due diligence in property negotiations.
Comp Plan	7.1.1	Provide the opportunity for a wider range of rental and ownership housing choices in Milwaukie, including additional middle housing types in low and medium-density zones
Comp Plan	7.2.5	Expand and leverage partnerships with nonprofit housing developers and other affordable housing providers and agencies that preserve or provide new low to moderate-income housing units, create opportunities for first-time homeownership, and help vulnerable homeowners maintain and stay in their homes.
Comp Plan	7.2.12	When negotiating public-private land transactions, pursue the goal of reserving some portion for affordable housing where appropriate.
Comp Plan	7.2.13	Continue to seek out opportunities to land bank for the purpose of affordable housing and perform necessary due diligence in property negotiations.
Comp Plan	7.4.6	Reduce development code barriers for intentional communities
Comp Plan	8.3.5	Expand the use of incentives and other financial tools that serve to: a) Encourage development in Neighborhood Hubs b) Improve housing affordability.

Partners and Their Role

Lead Partner. Community Development Department

Partners. Nonprofits such as Proud Ground, Northwest Community Land Trust Coalition, DevNW, and Network for Oregon Affordable Housing, Center for Community Progress, Fair Housing Council, Community Partners for Affordable Housing; other governmental agencies

¹² This section identifies the policies from the Milwaukie Housing Affordability Strategy and the Milwaukie Comprehensive Plan that support the action.

Anticipated Impacts

Populations Served	Income	Housing Tenure	Magnitude of New Units Produced
Low- and middle-income households	Households with incomes below 80% of MFI May include projects for households with income below 120% of MFI	Renter or Owner	Moderate to Large

Potential Risks

This action will require partnerships to result in affordable housing development.

Long-Term Affordability Considerations

If housing developed under this action is for income-restricted housing or a CLT, then housing would be affordable long term.

Implementation Steps

Land Banking

- Reassess what the City has done around land banking activities from the last 10 years.
- Assess the priority for continuing land banking activities and the City's role in leading land banking.
- Working with the City Council, determine funding, land, staff, and other resources the City can commit to land banking.
- Research partnerships for land banking and how the City can participate in partnerships with different organizations.
- Document the City's proposed approach on land banking and begin executing on the approach, as appropriate.

Community Land Trusts and Housing Cooperatives

- Research partnerships and how the City can participate in partnerships with different organizations.
- Working with the City Council, determine funding, land, staff, and other resources the City can commit to these approaches.
- Document the City's proposed approach on these partnerships and begin executing on the approach, as appropriate.

Funding or Revenue Implications

Partnering is the most administratively efficient and cost-efficient approach to implementing this strategy. If the City is contributing land to the land bank at low or no cost, then the City is forgoing realizing the value of the land if it was sold on the open market. If the City contributes funds to a land bank or land trust, the City will need to identify a source of funding for the contributions.

B. Reduced SDCs or Planning Fees

Rationale

One of the main ways a city can influence project costs is through exempting some developments from paying Systems Development Charges (SDCs) or Planning Fees. SDCs can represent a substantial portion of development costs, while Planning Fees are typically more less costly. When cities reduce these fees, especially SDCs, it can increase the financial feasibility of a project and facilitate more affordable housing production. In most cases, the City will need to find an alternative funding source to pay (“backfill”) the costs of SDCs exempted on specific projects.

Description

SDCs are assessed on new development, and the City must use SDC revenues to fund growth-related capital improvements. They are intended to reflect the increased capital costs incurred by a municipality or utility because of a development. SDCs are one of several ways for local governments to pay for expanding infrastructure and other public facilities, including sewer, water, transportation, and parks and recreation. The City of Milwaukie charges SDCs on new and expanding development within the city that connects to or otherwise will use City services. Milwaukie can reduce Planning Fees and SDCs for domestic water, sanitary sewer, transportation, and stormwater.

Milwaukie already considers waiving SDCs associated with development of income-restricted housing projects that provide housing at 30% or less of Median Family Income. This action proposes to go beyond the existing policies to consider reducing Planning Fees or SDCs for development of housing affordable to households with incomes of 60% or less of MFI. Most service providers that offer SDC exemptions or reductions in Oregon for affordable housing limit it to regulated/income-restricted affordable housing. Some cities have set a cap on the amount of waivers (number of units or dollar amount) they will issue for a given time period.

In most cases, cities must identify ways to “backfill” the cost of reducing SDCs from other sources such as a CET fund and are typically advised to do so, but it is not required by state statute.

The City could also consider deferral of SDCs for development of housing affordable to households with incomes of 80% or less of MFI, if waiving SDCs for these developments is not possible. Deferring payment of SDCs until a development has a certificate of occupancy reduces carrying costs and makes development more feasible.

The City’s Planning Fees are less costly than SDCs, and the City could also consider reducing Planning Fees to support development of affordable housing, such as that affordable to households with incomes of 60% or less of MFI.

City Role

Evaluate updates to the City’s SDC methodology as well as criteria that would make certain types of housing eligible for an SDC reduction and identify a funding source to “backfill” the SDC costs. Implement SDC methodology change by ordinance or resolution. Develop similar criteria for reducing Planning Fees.

City Policy

Plan Document	Policy Number	Policy
MHAS	1.9.5	Waive SDC Fees
Comp Plan	8.3.5	Expand the use of incentives and other financial tools that serve to: a) Encourage development in Neighborhood Hubs. b) Improve housing affordability.

Partners and Their Role

Lead Partner. Community Development Department

Partners. Public Works Department, Market-rate developers, Nonprofit developers, County agencies that have SDCs.

Anticipated Impacts

Populations Served	Income	Housing Tenure	Magnitude of New Units Produced
Low- and middle-income households	80% MFI and below	Renter and Owner	Small to Large

Potential Risks

Funding normally generated from SDCs to support capital improvements would not be available, but this risk can be offset by planning to backfill the costs of SDCs from other sources.

Long-Term Affordability Considerations

This action may or may not result in long-term affordable units, depending on the type of housing built.

Implementation Steps

Systems Development Charges

- Evaluate potential impact of waiving SDCs.
- Identify a source of funding to backfill waived SDCs.
- Working with City Council, develop a policy about when it is appropriate to waive or reduce SDCs.

Planning Fees

- Work with City Finance Department to understand potential impacts of changes in Planning Fees.
- Working with City Council, develop a policy about when it is appropriate to waive or reduce Planning Fees.
- Work with the City Council to adopt changes to the City's Master Fee schedule and budget process.

Funding or Revenue Implications

The City would be foregoing funding generated from SDCs and would need to consider alternative funding sources. The City may need to identify a source to backfill the costs of SDCs, such as with CET or Urban Renewal funds.

C. Multiple-Unit Property Tax Exemption Program

Rationale

The Multiple-Unit Property Tax Exemption (MUPTE) program is flexible, and eligibility criteria can be set locally, allowing the City to target the exemption to meet its needs. It offers an incentive for preservation and development of housing for low to moderate-income households. It can offer an incentive for mixed-income housing, providing a way to leverage private, market-rate development to expand affordable housing.

Description

MUPTE allows cities to offer a partial property tax exemption (limited to the value of the housing, not the land) for multi-unit development that meets specific locally established criteria, such as having an affordability agreement with a public agency. The terms of the affordability agreement can be set by the City—there are no specific income/affordability requirements in the state statute that enable the program. The City can cap the number of MUPTE exemptions it allows.

The City could explore using MUPTE in two possible ways:

- To incentivize mixed-income development through inclusion of below-market-rate units (units affordable below 80% of MFI) in otherwise market-rate developments. The City would not have the capacity to manage the affordable units ensured through this program. This strategy would need to involve partnership with the Clackamas Housing Authority or would need to include requirements for the applicant to demonstrate they can administer and manage the affordability component of developments over the course of the MUPTE period.
- To incentivize owners of existing low-cost market-rate housing to rehabilitate properties without displacing existing tenants or escalating rents.

What does the exemption apply to? It applies to rental housing for low-income and moderate-income persons, often in a mixed-income multi-unit building. The exemption applies only to improvement value of the housing.

How long does it apply? The property tax exemption can be granted for up to 10 years, except for low-income housing, in which case the exemption can be extended for as long as the housing is subject to the public assistance contract.

What taxing districts would participate? The property tax exemption only applies to city property taxes (which account for about 19% of property taxes in Milwaukie, inclusive of levies) unless the City gets affirmative support from at least 51% of overlapping taxing districts for the exemption to apply to their tax collections. Typically, the tax exemption from MUPTE is only large enough to provide an incentive for affordable housing development with support of the overlapping taxing districts (so that all property taxes are exempted by MUPTE).

City Role

- Work with other taxing districts to leverage their support for MUPTE.
- Implement the exemption and execute on annual reporting and administration procedures.

City Policy

Plan Document	Policy Number	Policy
MHAS	1.3	Explore incentivizing the development of affordable units through a local property tax exemption or other form of tax alleviation
MHAS	1.3.1	Explore a partnership with the Clackamas County Housing and Homelessness Task Force
MHAS	1.3.2	Hold education sessions with other taxing districts to leverage their support

MHAS	1.13	Partner and support Clackamas County's affordable housing development and rehabilitation projects in Milwaukie
Comp Plan	8.3.5	Expand the use of incentives and other financial tools that serve to: a) Encourage development in Neighborhood Hubs. b) Improve housing affordability.

Partners and Their Role

Lead Partner. Community Development Department

Partners. Developers applying for MUPTE

Anticipated Impacts

Populations Served	Income	Housing Tenure	Magnitude of New Units Produced
Low- and middle-income households	80% MFI and below	Renter	Small to Moderate

Potential Risks

The City and participating taxing districts will lose property tax income for the duration of the exemption, reducing revenue for city services and revenue for participating taxing districts.

Long-Term Affordability Considerations

Units developed under this program would be guaranteed affordable for the duration of the tax exemption – up to 10 years.

Implementation Steps

To implement the exemption, the City would take the following steps:

- Seek agreement from taxing districts representing 51% or more of the combined levying authority on the property to include all the taxing jurisdictions in the abatement. If the City is unable to get agreement from other taxing districts, the abatement will only apply to the City's portion of property taxes.
- Determine desired eligibility criteria (percentage of affordable or workforce housing or other public benefits, where the program applies, etc.) for granting MUPTE, within input from the City Council.
- Research partner organizations that may assist with program administration and income verification (if any).
- Work with City Council to establish a MUPTE ordinance.
- Establish annual reporting and administration procedures.

Funding or Revenue Implications

The development and ongoing implementation of a MUPTE program will require significant staff time. Revising the development code will also require staff time. MUPTE reduces general fund revenues for all overlapping taxing districts. Administration of this action may require partnerships to verify incomes, which may require funding.

D. Increase Capacity in the High-Density Residential (HDR) Zone

Rationale

Increasing residential densities in the HDR zone can allow for more development of multi-unit housing and support redevelopment, both for affordable housing and market-rate multi-unit housing.

Description

Milwaukie's 2022 Housing Capacity Analysis (HCA) shows that the city's high-density residential zones have been developing at far lower densities than allowed by code. The HCA shows that between 2000 and 2020, in the R-2 and R-3 zones, Milwaukie's newly permitted housing was developed¹³ at a net density of 6 and 9.9 dwelling units per net acre, respectively.

The City recently consolidated its high-density residential zones into one zone, the High-Density Residential (HDR zone). This code change increased the minimum and maximum densities in high-density residential zones to 25 and 32 dwelling units per acre, respectively.¹⁴

Further increasing the allowable densities in the City's high-density residential zones gives developers the option of building more units in these zones. The City could increase density in the high-density residential zones in several ways:

- Evaluate increasing allowed density in the high-density residential zone.
- Look for opportunities to rezone to add more land to the high-density residential zone.
- Evaluate potential opportunities to support redevelopment of underutilized parcels in high-density residential zones, such as parcel assembly (Action A).
- Allow a FAR bonus for family-sized units (3 or 4 bedrooms).

This action should include a proforma analysis to understand the densities that makes redevelopment feasible on underutilized parcels in the HDR zone. The findings from this analysis should be used to evaluate, and inform potential amendments to, density allowances in the HDR zone.

City Role

Evaluate options for increasing density, then adopt code changes or determine other implementation steps.

City Policy

Plan Document	Policy Number	Policy
Comp Plan	7.1.2	Establish development standards that regulate size, shape, and form and are not exclusively focused on regulating density.
Comp Plan	7.2.2	Allow and encourage the development of housing types that are affordable to low or moderate-income households, including middle housing types in low and medium-density zones as well as larger apartment and condominium developments in high-density and mixed-use zones.
Comp Plan	7.4.1	Implement land use and public investment decisions and standards that: a) encourage creation of denser development in centers, neighborhood hubs, and along corridors; and

¹³ Note (for the density analysis by zone): ADUs were included in the single-dwelling housing type category.

¹⁴ The HDR zone includes what was previously the R-3, R-2.5, R-2, R-1, and R-1B zones. Before this code change, the minimum and maximum densities were 11.6 and 14.5 du/acre for R-3 zones, 11.6 and 17.4 du/acre for R-2.5 and R2 zones, and 25 and 32 du/acre for R-1 and R-1B zones.

		b) foster development of accessible community gathering places, commercial uses, and other amenities that provide opportunities for people to socialize, shop, and recreate together.
--	--	---

Partners and Their Role

Lead Partner. Community Development Department

Partners. Market-rate developers, nonprofit developers

Anticipated Impacts

Populations Served	Income	Housing Tenure	Magnitude of New Units Produced
All residents	Any	Renter or Owner	Moderate to Large

Potential Risks

If this action led to a significant increase in density in certain areas, it could put pressure on the transportation system.

Long-Term Affordability Considerations

This action would increase the supply of housing at all income levels and would not in itself ensure long-term affordable units.

Implementation Steps

- Draft code amendment.
- Work with Milwaukie’s Planning Commission and City Council to get public input on and adopt the code revisions.

Funding or Revenue Implications

Revising the development code will require staff time.

E. Evaluate Incentives for Affordable Housing Development such as Density Bonuses.

Rationale

Incentives can help support development of income-restricted housing. Providing more flexibility for development standards can allow for development of more multi-unit housing affordable at about 60% of MFI. The City could offer regulatory incentives, such as a density bonus, for multi-unit housing in locations where it is desired and/or encourage development of particular types of housing, such as mixed-use residential development or income-restricted affordable housing.

Description

The City can evaluate changes to Milwaukie's zoning code to provide density bonuses that would allow for more housing units to be built than allowed by zoning, if the proposed project provides a certain number of affordable units.

Examples of density bonus incentives for affordable housing include:

- Permitting a larger number of units in a building or development site.
- Permitting smaller minimum lot sizes in a development.
- Providing a bonus height allowance or exemption from height restrictions that allow for construction of additional stories.
- Reducing the amount of open space required on a development site.
- Setback reduction of the parent parcel.

City Role

Evaluate incentive options for income-restricted units and determine incentive parameters. Once determined, draft amendments to the land use ordinance and work with Milwaukie's Planning Commission and City Council to adopt the revised standards.

City Policy

Plan Document	Policy Number	Policy
Comp Plan	7.1.3	Promote zoning and code requirements that remove or prevent potential barriers to homeownership and rental opportunities for people of all ages and abilities, including historically marginalized or vulnerable populations such as people of color, aging populations, and people with low incomes.
Comp Plan	7.2.2	Allow and encourage the development of housing types that are affordable to low or moderate-income households, including middle housing types in low and medium-density zones as well as larger apartment and condominium developments in high-density and mixed-use zones.
Comp Plan	7.2.3	Pursue programs and incentives that reduce the impacts that development/design standards and fees have on housing affordability, including modifications to parking requirements, system development charges, and frontage improvements.
Comp Plan	7.2.5	Expand and leverage partnerships with nonprofit housing developers and other affordable housing providers and agencies that preserve or provide new low to moderate-income housing units, create opportunities for first-time homeownership, and help vulnerable homeowners maintain and stay in their homes.
Comp Plan	8.3.5	Expand the use of incentives and other financial tools that serve to: <ol style="list-style-type: none"> a) Encourage development in Neighborhood Hubs. b) Improve housing affordability.

Partners and Their Role

Lead Partner. Community Development Department

Partners. Market-rate developers, nonprofit developers

Anticipated Impacts

Populations Served	Income	Housing Tenure	Magnitude of New Units Produced
Low-income households	60% MFI and below	Renter or Owner	Moderate

Potential Risks

Increases in density could impact surrounding neighbors, possibly requiring buffers to reduce impact.

Long-Term Affordability Considerations

If the action results in income-restricted housing development, will maintain affordability for 60 or more years.

Implementation Steps

- Draft code amendment.
- Work with Milwaukie's Planning Commission and City Council to get public input on and adopt the code revisions.

Funding or Revenue Implications

Revising the development code will require staff time.

F. Develop Pre-Approved Plan Sets for ADUs and Middle Housing Typologies

Rationale

Pre-approved plan sets are building designs that have been reviewed for compliance with the building code and are approved to build. Pre-approved plans for middle housing types and accessory dwelling units (ADUs) would streamline permitting procedures for these housing types, thereby reducing development timelines, uncertainty, and costs. Plans would also reduce the need for architectural costs and reduce barriers to entry. Pre-approved plan sets for ADUs may facilitate ADU development by homeowners as well as developers.

Description

As Milwaukie’s middle housing code was only recently implemented (in June 2022), it is not yet known how the removal of these barriers will shape demand and development trends for middle housing types. The City could develop pre-approved plans for middle housing typologies, such as cottage clusters, townhomes, and other middle-income housing types, as well as for accessory dwelling units.

The plans should be highly efficient, designed for constrained lots and low-cost solutions, and would allow for streamlined permitting.

For pre-approved plan sets, the Building Department may offer decreased review fees and quicker turnaround times, as reasonable, in order to encourage faster housing production.

City Role

The City should monitor middle housing development trends over the next few years and initiate the ‘Pre-Approved Plan Set’ action once there is a better sense of the kinds of middle housing plans that are most desirable and feasible in Milwaukie. At that time, the City can work with architects and developers to identify and develop plan sets for feasible middle housing types and ADUs to incentivize their production within the city. DLCD is currently considering developing and providing middle housing plan sets for use by local governments. The City could evaluate and possibly utilize DLCD’s plan sets. The City might also consider adopting pre-approved plans developed by other cities or working with other cities to develop pre-approved plans.

City Policy

Plan Document	Policy Number	Policy
MHAS	1.7	Partner with architects and builders to create base development plans. Develop template and pre-approved development plans that reflect the community's housing vision and reduce the time, expense, and risk of building housing. Milwaukie can work with architects and builders to create base plans that an owner can use to get a head start on the design process or replicate easily with less time spent designing and less time for City staff to review.
MHAS	1.7.2	Research the Portland infill program and the design templates they created for skinny homes; consider a competition to encourage the design fields to develop prototypes specific to the character of Milwaukie neighborhoods.
MHAS	1.9	Explore incentivizing/encouraging ADU and cottage cluster development
MHAS	1.9.4	Provide community-approved template plans (in Goal 1.7)

Comp Plan	7.2.4	Provide a simplified permitting process for the development of accessory dwelling units (ADUs) or conversion of single-unit homes into duplexes or other middle housing types.
-----------	-------	--

Partners and Their Role

Lead Partner. Community Development Department

Partners. Building Department, Market-rate developers, nonprofit developers, architects.

Anticipated Impacts

Populations Served	Income	Housing Tenure	Magnitude of New Units Produced
Low- and middle-income households	120% MFI and below	Renter or Owner	Small to Moderate

Potential Risks

Impacts are likely to be minor or have no negative impact.

Long-Term Affordability Considerations

This action would increase the supply of housing at all income levels and would not in itself ensure long-term affordable units.

Implementation Steps

- Develop middle housing types and ADU plans in collaboration with developers and the community or use and adapt plan sets developed by DLCD.
- Work with Milwaukie’s Planning Commission and City Council to adopt pre-approved plans.

Funding or Revenue Implications

The City will need to work with a consultant to develop such plans.

G. Develop Housing Options and Services to Address and Prevent Houselessness

Rationale

To improve livelihoods by reducing the number of people experiencing houselessness in Milwaukie.

Description

The city can partner with agencies and nonprofit organizations that provide housing and services to people experiencing houselessness. This could include (1) working with partners to support development of an emergency shelter for people experiencing houselessness, (2) working with service providers who provide rapid re-housing services to exit houselessness, (3) work with nonprofit housing developers and service providers to develop an application to the State for funding for permanent supportive housing, and (4) work with partners to support transitional housing development. This strategy ties to the strategies to expand affordable rental housing and preserve affordable housing.

The City can work with partners, such as the housing authority or nonprofit developers, to support development of housing for households with very low incomes (or no incomes) that includes services necessary to help a person transition from houselessness into housing. These types of housing include:

- Rapid re-housing is an approach to working with service providers to assist qualified households to quickly exit houselessness and regain stability. This may be best for people who need initial support transitioning back into housing but do not need long-term ongoing services.
- Permanent Supportive Housing works with nonprofit housing developers and service providers to provide housing and supportive services for people who need ongoing services over the long term.
- Transitional housing provides support for people who need intensive services on a shorter-term basis, such as people exiting corrections facilities or unaccompanied youth.

A city can support these types of housing by ensuring that they are allowed in the City's zoning code and through facilitating the planning process. The City may also contribute funds, land, or other resources to support development of these housing types.

City Role

- Partner and support Clackamas County's affordable housing development and rehabilitation projects in Milwaukie.
- Collaborate with community partners to provide a continuum of programs that address the needs of unhoused persons and families, including temporary shelters, alternative shelter models, long-term housing, and supportive services.
- Seek opportunities to leverage grants or programming to support additional resident services or supportive housing services.
- Look to reduce barriers associated with siting and allowing transitional housing projects and services.

City Policy

Plan Document	Policy Number	Policy
MHAS	1.13	Partner and support Clackamas County's affordable housing development and rehabilitation projects in Milwaukie

MHAS	1.13.1	Attend the Clackamas County Housing and Houselessness Task force and advocate for Milwaukie needs
MHAS	1.13.2	Partner with Clackamas County on the rehabilitation of the Hillside Manor and the development of the master plan of the Hillside Manor
MHAS	1.13.3	Seek opportunities to leverage grants or programming to support additional resident services or supportive housing services
MHAS	2.4	Support and promote programs that provide financial assistance for seniors and low-income homeowners to remain in their homes
Comp Plan	7.1.8	Collaborate with community partners to provide a continuum of programs that address the needs of unhoused persons and families, including temporary shelters, alternative shelter models, long-term housing, and supportive services.
Comp Plan	7.1.9	Implement and support programs to reduce the displacement of renters.
Comp Plan	7.2.5	Expand and leverage partnerships with nonprofit housing developers and other affordable housing providers and agencies that preserve or provide new low to moderate-income housing units, create opportunities for first-time homeownership, and help vulnerable homeowners maintain and stay in their homes.
Comp Plan	7.2.8	Implement development code provisions to permit shelters and transitional housing for people without housing.

Partners and Their Role

Lead Partner. Nonprofits such as Impact NW, Clackamas County Human Services Department, Metropolitan Family Service, NW Housing Alternatives,

Partners. Community Development Department, other governmental agencies.

Anticipated Impacts

Populations Served	Income	Housing Tenure	Magnitude of New Units Produced
Low-income households	60% MFI and below	Rental	Small to Moderate

Potential Risks

The success of this action depends on having effective partnerships, without which this action may not be implemented sufficiently.

Long-Term Affordability Considerations

This action supports income-restricted affordable housing, which ensures affordability for 60 or more years.

Implementation Steps

- Identify community partners to work and support in implementing the partner’s programs that address the needs of unhoused persons and families.
- Seek opportunities to leverage grants or programming to support additional resident services or supportive housing services.
- Evaluate options to reduce barriers associated with siting and allowing transitional housing projects and services, working with the Planning Commission and City Council to implement needed changes to City policies.
- Continue working with partners on implementation of programs, as opportunities arise.

Funding or Revenue Implications

Successful implementation of this action will require substantial funding and staff time to develop and maintain partnerships. Some funding may be available from the state or federal governments.

H. Revolving Loan Fund for Homeownership Assistance

Rationale

Barriers to homeownership are often costs which are outside of regular monthly housing expenses (such as a mortgage and utility bills) that would figure into a household's budget. A down payment on a new home, physical upkeep work, weatherization, and accessibility additions can all become financial obstacles for residents who are otherwise able to afford housing costs but require a larger lump sum.

A revolving loan fund (RLF) is a self-replenishing pool of money, utilizing interest and principal payments on old loans to issue new ones. Typically, homeownership programs are able to reach households at 80% of median family income.

Description

Much of the housing in Milwaukie that is affordable to low and moderate-income households is older privately owned housing that is not subject to affordability restrictions. This housing may have deferred maintenance issues because of a lack of resources to make improvements and pay for repairs (and, in some cases, owner neglect). In addition, need for a down payment is often a barrier to purchasing housing. The City could support homeownership for lower-income households in a range of ways:

- Down Payment Assistance. Typically for first-time home buyers, generally with incomes below 80% of MFI. Typical assistance per household ranges from \$25,000 to \$110,000.
- Home Repairs. For existing low-income homeowners to make major repairs on their home, such as fixing the roof, foundation, or other major repairs, generally for households with incomes below 80% of MFI. Typical assistance per household ranges from \$10,000 to \$50,000.
- Weatherization. For existing low-income homeowners to make major repairs on their home, such as replacing windows, adding insulation, and other weatherization efforts, generally for households with incomes below 80% of MFI. Typical assistance per household ranges from \$10,000 to \$25,000.
- Accessibility Improvements. For homeowners at or below 80% MFI, seniors, people with disabilities, to add accessibility features like ramps or widen doorways. Typical assistance per household ranges from \$7,000 to \$10,000.

The City should consider funding sources available from the state and federal governments to support rehabilitation and weatherization. For instance, the City could consider pursuing grant funding through the Oregon Healthy Homes Program, which provides financial assistance to eligible homeowners and landlords to repair and rehabilitate dwellings.¹⁵ The City could also evaluate opportunities to use Community Development Block Grant (CDBG) funding to support this action.

¹⁵ HB 2842 recently directed the Oregon Health Authority (OHA) to provide grants to third-party organizations to "provide financial assistance to eligible homeowners and landlords to repair and rehabilitate dwellings to address climate and other environmental hazards, ensure accessible homes for disabled residents, and make general repairs needed to maintain a

City Role

Provide funds to be administered by a third party that support one or more of these programs, possibly funded through use of CET.

City Policy

Plan Document	Policy Number	Policy
MHAS	2.4	Support and promote programs that provide financial assistance for seniors and low-income homeowners to remain in their homes.
MHAS	2.7	Research and market low-cost loans to property owners for maintenance, weatherization, and seismic upgrades.
MHAS	2.7.1	Support and promote rehab loans for multifamily buildings.
MHAS	2.7.2	Partner with agencies to provide low-income renters with emergency housing grants; leverage any existing programs at the county, regional, or state level.
MHAS	2.7.3	Develop and market a financial resource guide for tenants and property owners.
MHAS	2.7.4	Consider developing a renter emergency fund. For households without a financial cushion, unexpected expenses can be the difference between staying in their homes or missing rent payments or sacrificing other important things, like childcare, food, and medicine.
Comp Plan	7.2.7	Support the use of tiny homes as an affordable housing type, while addressing adequate maintenance of these and other housing types through the City's code enforcement program.

Partners and Their Role

Lead Partner. Nonprofits offering rehabilitation and down payment assistance, such as DevNW and Network for Oregon Affordable Housing (NOAH).

Partners. Community Development Department.

Anticipated Impacts

Populations Served	Income	Housing Tenure	Magnitude of New Units Produced
Low- and middle-income households	80% and below may be the primary focus Possibly up to 120% MFI	Rental or Owner	Small to Moderate

Potential Risks

The costs per household for homeownership down payment subsidies can be high. Assuming limited funding availability, the number of households that would be helped through this action would be limited.

Long-Term Affordability Considerations

Long-term affordability depends on the type of assistance the City offers and the set requirements for the program.

safe and healthy home." Rulemaking is currently underway to allow funding for this program in the fall of 2023. Cities and other eligible organizations can then apply for grants to fund these types of rehabilitation and repair programs.

Implementation Steps

- Identify existing programs that support rehabilitation, weatherization, and accessibility improvements from existing nonprofits and agencies.
- Get policy direction from City Council on implementing this action.
- Select the program(s) that the City wants to support and identify criteria (such as income level, financial need, types of rehabilitation, and other criteria).
- Seek and apply for funding opportunities, with a focus on sustainable (rather than one-time) funding sources.
- Develop an outreach program to ensure that underrepresented communities are aware of the program(s) and have opportunities to apply for funding from the program(s).

Funding or Revenue Implications

Implementation of this action will require staff time to develop and maintain partnerships with agencies that focus on this type of assistance. This action will also require substantial funding from the City. Some funding may be available from the state or federal governments.

Funding Sources

The City has already adopted and established Urban Renewal and a Construction Excise Tax. These actions focus on how funding from these sources will be used to implement the other actions in the HPS.

I. Urban Renewal/Tax Increment Finance (TIF)

Rationale

Urban renewal provides a flexible funding tool that can support many of the key strategies identified in the Housing Production Strategy. Urban renewal funds can be used to support development of off-site infrastructure necessary to support new housing development, most likely in commercial areas. In addition, urban renewal funds could be used to support rehabilitation of existing housing in poor condition, possibly with future requirements that it remain affordable at an income level like 80% or less of MFI.

Description

Milwaukie has an Urban Renewal District for Tax Increment Financing. Milwaukie's Urban Renewal District covers downtown and the city's Central Milwaukie area. The purpose of the District is to catalyze improvements to this area by funding development of infrastructure, economic development, and housing development.

The primary purpose of the Urban Renewal District is supporting revitalization through infrastructure upgrades. Over the next five to eight years, the City expects to bond about \$4 million to support infrastructure upgrades, such as road and streetscape improvements. These upgrades can support all types of development, including housing development.

Over the next five-year period, the City expects to have \$2 million in its Urban Renewal Fund to support housing and development. Housing within the urban renewal district will primarily be mixed-use multiunit housing, much of which is expected to be affordable at less than 120% MFI.

City Role

The City will need to decide how to use the funding. The best use of funding may be in coordination with other actions in the HPS, such as with land banking and support of development of income-

restricted housing. The City may also evaluate incorporating anti-displacement strategies into their Urban Renewal plan.

City Policy

Plan Document	Policy Number	Policy
Comp Plan	7.2.2	Allow and encourage the development of housing types that are affordable to low or moderate-income households, including middle housing types in low and medium-density zones as well as larger apartment and condominium developments in high-density and mixed-use zones.
Comp Plan	7.2.3	Pursue programs and incentives that reduce the impacts that development/design standards and fees have on housing affordability, including modifications to parking requirements, system development charges, and frontage improvements.
Comp Plan	7.3.4	Promote the use of active transportation modes and transit to provide more reliable options for neighborhood residents and help reduce driving.
Comp Plan	7.3.5	Increase economic opportunities for locally owned and operated businesses by encouraging the development and redevelopment of more housing near transit, shopping, local businesses, parks, and schools.
Comp Plan	7.4.1	Implement land use and public investment decisions and standards that: a) encourage creation of denser development in centers, neighborhood hubs, and along corridors; and b) foster development of accessible community gathering places, commercial uses, and other amenities that provide opportunities for people to socialize, shop, and recreate together.
Comp Plan	7.4.2	Require that new development improves the quality and connectivity of active transportation modes by providing infrastructure and connections that make it easier and more direct for people to walk or bike to destinations such as parks, schools, commercial services, and neighborhood gathering places.
Comp Plan	8.3.5	Expand the use of incentives and other financial tools that serve to: a) Encourage development in Neighborhood Hubs. b) Improve housing affordability.

Partners and Their Role

Lead Partner. Community Development Department

Partners. Public Works Department, Finance Department, market-rate developers, nonprofit developers

Anticipated Impacts

Populations Served	Income	Housing Tenure	Magnitude of New Units Produced
Low- and middle-income households	120% MFI and below	Renter or Owner	Moderate to Large

Potential Risks

As property values increase in an Urban Renewal District, there is a serious potential for displacing existing residents.

Long-Term Affordability Considerations

This action may or may not result in long-term affordable units, depending on how funding is spent.

Implementation Steps

- Implement the Urban Renewal Plan and Five-Year Action Plan.
- Update the Five-Year Action Plan as needed, paying attention to opportunities to support development of affordable housing.

Funding or Revenue Implications

Implementing the Urban Renewal plan will require substantial staff time.

J. Construction Excise Tax

Rationale

Construction Excise Tax (CET) is one of few options to generate additional locally controlled funding for affordable housing. A CET is intended to provide funding to support development of affordable housing. The funds from the CET are required by State law to be spent on developer incentives, supporting affordable housing programs, and homeownership programs.

Description

Milwaukie collects a Construction Excise Tax. The CET revenue collected will be used to support affordable housing development incentives and for funding programs associated with economic development activities as designated by the city's municipal code. Staff are in the process of developing program details to align with criteria for the program that includes prioritized funding for projects that provide the most income-restricted units, the depth of affordability (lower income preferences), longer guaranteed periods of affordability, financial feasibility, project readiness, transit-oriented development, and service to underserved populations.

CET is a tax assessed on construction permits issued by local cities and counties. In Milwaukie, the tax is 1% of the construction value over \$100,000 on residential, commercial, and industrial construction. The allowed uses for CET funding are defined under Chapter 3.60 (Affordable Housing Construction Excise Tax) of the city's municipal code. The City may retain 4% of funds to cover administrative costs.

The net revenue for the residential CET is allocated as follows:

- 50% to fund incentives for the development and construction of affordable housing;
- 35% to fund programs and activities related to affordable housing; and
- 15% flows to Oregon Housing and Community Services for homeowner programs.

The net revenue from the tax on commercial and industrial improvements is allocated as follows:

- 50% to fund incentives for the development and construction of housing that is affordable at up to 120% of median family income; and
- 50% for economic development programs with an emphasis on areas of the City that are subject to plans designated as eligible by the City.

As of September 2022, the City had the following CET funds available:

- \$1.4 million for affordable housing at or below 80% MFI,
- \$600,000 for housing at or below 120% MFI, and
- \$600,000 for economic development programs.

The City's plans to use the existing CET funds include:

- \$1.7 million to Hillside Phase 1, which includes 275 units affordable to 30 and 60% Area Median Income (AMI).

- \$300,000 for a middle housing courtyard by Shortstack Housing in partnership with Proud Ground's Land Trust, to provide homeownership opportunities for those making 100% AMI (workforce housing).

The City may use CET funds to support other Actions in the HPS such as backfilling SDC reductions or a Revolving Loan Fund for Homeownership Assistance, the City may put out a Request For Proposals for affordable housing or mixed-income developments.

City Role

The City should continue to decide on an annual basis how to use CET funding.

City Policy

Plan Document	Policy Number	Policy
MHAS	1.1	Explore program(s) for affordable housing through the existing construction excise tax (CET)
MHAS	1.1.1	Create an oversight committee for the establishment of the CET programming and create criteria for distributing the funds
MHAS	1.1.2	Develop a workplan for the programming and establish criteria for distribution (keep in mind regional initiatives and leverage opportunities)
MHAS	1.1.3	Develop the marketing plan for the CET fund distribution
Comp Plan	7.2.2	Allow and encourage the development of housing types that are affordable to low or moderate-income households, including middle housing types in low and medium-density zones as well as larger apartment and condominium developments in high-density and mixed-use zones.
Comp Plan	7.2.3	Pursue programs and incentives that reduce the impacts that development/design standards and fees have on housing affordability, including modifications to parking requirements, system development charges, and frontage improvements.
Comp Plan	7.3.5	Increase economic opportunities for locally owned and operated businesses by encouraging the development and redevelopment of more housing near transit, shopping, local businesses, parks, and schools.
Comp Plan	8.3.5	Expand the use of incentives and other financial tools that serve to: a) Encourage development in Neighborhood Hubs. b) Improve housing affordability.

Partners and Their Role

Lead Partner. Community Development Department

Partners. Market-rate developers, nonprofit developers

Anticipated Impacts

Populations Served	Income	Housing Tenure	Magnitude of New Units Produced
Low- and middle-income households	120% MFI and below	Renter or Owner	Small to Large

Potential Risks

The CET impacts permit fees for all housing development. Additionally, slower periods of development can reduce accumulation of funding.

Long-Term Affordability Considerations

Whether or not this action results in long-term affordability depends on how the funds are spent. Some CET funds must be spent on housing that may only be affordable for a limited period.

Implementation Steps

- Continue to implement the CET program and solicit projects to support affordable housing projects.

Funding or Revenue Implications

Implementation of a CET program requires some staff time.

Appendix E: Evaluation: Achieving Fair and Equitable Housing Outcomes

This chapter presents an evaluation of the goals and strategic actions for achieving fair and equitable housing outcomes. It also includes a discussion of monitoring the outcomes of Milwaukie's HPS.

Evaluation of the Policies and Strategic Actions

OAR 660-008 requires an evaluation of all the HPS for achieving the following types of outcomes. The discussion below provides a brief evaluation of each of the expected outcomes for the policies and actions of the HPS, with a focus on housing opportunities for federal and state protected classes.¹⁶ This is not intended to be an exhaustive evaluation of how each action addresses these outcomes but a high-level overview of the HPS as a whole.

Affordable Homeownership. This criterion focuses on actions that support production of housing affordable for homeownership and includes actions to support development of housing affordable at less than 120% of MFI. Many of the actions in the HPS support development of affordable housing for homeownership through supporting development of lower-cost ownership housing, removing regulatory barriers to development of affordable ownership housing, supporting Fair Housing, and making capital improvements necessary to support affordable homeownership. Some of the actions within the HPS that support affordable homeownership include:

Existing actions and programs

- Middle housing code changes
- Low-cost loans to support rehabilitation

Actions in the HPS

- Develop a Land Bank Strategy and Partnerships to Support Affordable Housing Development
- Reduced SDCs or Planning Fees
- Increase Capacity in the HDR Zone
- Develop Pre-Approved Plan Sets for ADUs and Middle Housing Typologies

¹⁶ Federal protected classes are race, color, national origin, gender, familial status, and disability. Oregon's additional protected classes are marital status, source of income, sexual orientation, and status as a domestic violence survivor. Under Fair Housing laws, it is illegal to deny access to housing based on the characteristics of people within these protected classes.

- Revolving Loan Fund for Homeownership Assistance
- Inclusionary zoning
- Urban Renewal/Tax Increment Finance (TIF)
- Construction Excise Tax

Affordable Rental Housing. Supporting affordable rental housing includes actions to support production of both income-restricted affordable housing (affordable to households with incomes below 60% of MFI) and privately developed affordable housing (affordable for households with incomes between 61% and 80% of MFI). Actions within the HPS that support affordable rental housing development include:

Existing actions and programs

- Middle housing code changes
- Property tax exemptions
- Construction Excise Tax
- Model potential impact of incentives
- Eviction mitigation
- Develop informational materials for tenants

Actions in the HPS

- Develop a Land Bank Strategy and Partnerships to Support Affordable Housing Development
- Reduced SDCs or Planning Fees
- Multiple-Unit Limited Tax Exemption Program
- Increase Capacity in the HDR Zone
- Evaluate Incentives for Affordable Housing Development such as Density Bonuses
- Develop Pre-Approved Plan Sets for ADUs and Middle Housing Typologies
- Develop Housing Options and Services to Address and Prevent Houselessness
- Urban Renewal/Tax Increment Finance (TIF)
- Construction Excise Tax

Housing Stability. Increasing housing stability includes actions that increase the stability of existing households and prevent displacement, mitigating gentrification resulting from public investments or redevelopment. Actions within the HPS that address housing stability include:

Existing actions and programs

- Eviction mitigation

- Low-cost loans to support rehabilitation
- Develop informational materials for tenants

Actions in the HPS

- Develop a Land Bank Strategy and Partnerships to Support Affordable Housing Development
- Multiple-Unit Limited Tax Exemption Program
- Evaluate Incentives for Affordable Housing Development such as Density Bonuses
- Develop Pre-Approved Plan Sets for ADUs and Middle Housing Typologies
- Develop Housing Options and Services to Address and Prevent Houselessness
- Revolving Loan Fund for Homeownership Assistance

Housing Options for People Experiencing Homelessness. Increasing options for people experiencing homelessness includes working with partners and identifying ways to address homelessness and actions that reduce the risk of households becoming homeless (especially for households with income below 30% of MFI). The HPS includes the following options for people experiencing homelessness:

Existing actions and programs

- Eviction mitigation

Actions in the HPS

- Develop Housing Options and Services to Address and Prevent Houselessness

Housing Choice. Increasing housing choice involves increasing access to housing for communities of color, low-income communities, people with disabilities, and other state and federal protected classes. Increasing housing choice also means increasing access to existing or new housing that is located in neighborhoods with healthy and safe environments and high-quality community amenities, schooling, and employment and business opportunities. Actions within the HPS that increase housing choice include:

Existing actions and programs

- Streamline the development process
- Middle housing code changes
- Property tax exemptions
- Model potential impact of incentives

Actions in the HPS

- Develop a Land Bank Strategy and Partnerships to Support Affordable Housing Development

- Reduced SDCs or Planning Fees
- Multiple-Unit Limited Tax Exemption Program
- Increase Capacity in the HDR Zone
- Evaluate Incentives for Affordable Housing Development such as Density Bonuses
- Develop Pre-Approved Plan Sets for ADUs and Middle Housing Typologies
- Develop Housing Options and Services to Address and Prevent Houselessness
- Urban Renewal/Tax Increment Finance (TIF)
- Construction Excise Tax

Location of Housing. Diversifying the location of housing requires increasing options for residential development that is compact, in mixed-use neighborhoods, and available to people within state and federal protected classes. This measure is intended, in part, to meet statewide greenhouse gas emission reduction goals. Actions within the HPS that support development of compact, mixed-use neighborhoods include:

Existing actions and programs

- Streamline the development process
- Middle housing code changes
- Construction Excise Tax
- Property tax exemptions
- Model potential impact of incentives
- Eviction mitigation
- Much of the redevelopment occurring in Milwaukie is in mixed-use areas, as documented in the Housing Capacity Analysis

Actions in the HPS

- Develop a Land Bank Strategy and Partnerships to Support Affordable Housing Development
- Multiple-Unit Limited Tax Exemption Program (depending on where it is applied)
- Evaluate Incentives for Affordable Housing Development such as Density Bonuses
- Develop Housing Options and Services to Address and Prevent Houselessness
- Urban Renewal/Tax Increment Finance (TIF)

Fair Housing. Supporting Fair Housing is accomplished by increasing access to housing for people in state and federal protected classes, Affirmatively Furthering Fair Housing, addressing disparities on access to housing opportunity for underserved communities, and decreasing

patterns of segregations or concentrations of poverty. Actions within the HPS that further Fair Housing policies include:

Existing actions and programs

- Housing Coordinator
- Construction Excise Tax
- Eviction mitigation
- Low-cost loans to support rehabilitation
- Develop informational materials for tenants, prospective homebuyers, and others

Actions in the HPS

- Develop a Land Bank Strategy and Partnerships to Support Affordable Housing Development
- Evaluate Incentives for Affordable Housing Development such as Density Bonuses
- Develop Housing Options and Services to Address and Prevent Houselessness
- Revolving Loan Fund for Homeownership Assistance

Taken together, the policies and actions included in Milwaukie’s Housing Production Strategy are intended to work together to achieve equitable outcomes for all residents of Milwaukie, with an emphasis on improving outcomes for underserved communities, lower-income households, and people in state and federal protected classes.

Assessment of Benefits and Burdens from the Action

Milwaukie is required to consider the anticipated benefit and burden from each action for the following groups of people who have been historically marginalized: low-income communities, communities of color, people with disabilities, and other state and federal protected classes.¹⁷

Exhibit 15. Assessment of Benefit and Burden for Historically Marginalized Communities as a Result of Each Action

Strategies	Benefits	Burdens
A. Develop a Land Bank Strategy and Partnerships to Support Affordable Housing Development	<ul style="list-style-type: none"> Depending on the structure, could benefit households at extremely low income, very low-income, low-income, and limited moderate-income households. The groups more likely to have incomes qualifying for this action are disproportionately marginalized communities, including POC, people with disabilities, and seniors. Some land trusts specialize in providing services to these communities. To increase benefits to people in state and federal protected classes, the City may want to consider focus on working with land trusts that prioritize working with these groups of people. 	<ul style="list-style-type: none"> Unlikely to increase burdens for these communities.
B. Reduced SDCs or Planning Fees	<ul style="list-style-type: none"> Will benefit extremely low income, very low-income, and low-income households. The groups more likely to have incomes qualifying for this action are disproportionately POC, people with disabilities, and seniors. The City may want to incorporate specific criteria into its policies about reducing SDCs or planning fees to ensure that the policies benefit these groups. 	<ul style="list-style-type: none"> Unlikely to increase burdens for these communities.
C. Multiple-Unit Limited Tax Exemption Program	<ul style="list-style-type: none"> Will benefit low- to middle-income households. 	<ul style="list-style-type: none"> Unlikely to increase burdens for these communities.
D. Increase Capacity in the HDR Zone	<ul style="list-style-type: none"> Depending on the structure, could benefit households at all income levels. 	<ul style="list-style-type: none"> Unlikely to increase burdens on POC, people with disabilities, and seniors.
E. Evaluate Incentives for Affordable Housing Development such as Density Bonuses	<ul style="list-style-type: none"> Depending on the structure, could benefit extremely low income, very low-income, and low-income households. The City may want to incorporate specific criteria into its policies about affordability incentives to ensure that 	<ul style="list-style-type: none"> Unlikely to increase burdens for these communities.

¹⁷ Federal protected classes include race, color, religion, national origin, age, sexual orientation, gender identify, familiar status, and disability. Oregon’s protected classes include race, color, national origin, religion, disability, sex (including pregnancy), sexual orientation, gender identify, age, and marital status.

Strategies	Benefits	Burdens
	the policies benefit these groups, including people in protected classes.	
F. Develop Pre-Approved Plan Sets for ADUs and Middle Housing Typologies	<ul style="list-style-type: none"> • Could benefit households at all income levels. 	<ul style="list-style-type: none"> • Unlikely to increase burdens for these communities.
G. Develop Housing Options and Services to Address and Prevent Houselessness	<ul style="list-style-type: none"> • Will benefit extremely low, and very low-income households and people experiencing homelessness. The groups more likely to have incomes qualifying for this action are disproportionately POC, people with disabilities, and seniors. 	<ul style="list-style-type: none"> • Unlikely to increase burdens for these communities. • Could have less positive impact for POC, people with disabilities, or seniors if these communities are not recruited for participation in the program.
H. Revolving Loan Fund for Homeownership Assistance	<ul style="list-style-type: none"> • Depending on the structure, could benefit low- to middle-income households. The City may want to incorporate specific criteria into its policies about homeownership assistance to ensure that the programs benefit people in protected classes. 	<ul style="list-style-type: none"> • Unlikely to increase burdens for these communities unless funding is diverted from other affordable housing programs to support homeownership for higher-income households. • Could have less positive impact for POC, people with disabilities, or seniors if these communities are not recruited for participation in the resulting development.
I. Urban Renewal/Tax Increment Finance (TIF)	<ul style="list-style-type: none"> • Will benefit extremely low, very low, low, and middle-income households, depending on how the City prioritizes funding. • The groups more likely to have incomes qualifying for this action are disproportionately marginalized communities, including POC, people with disabilities, and seniors. 	<ul style="list-style-type: none"> • As property values increase in an Urban Renewal District, there is a potential for displacing existing residents. The City could evaluate incorporating anti-displacement strategies into their Urban Renewal plan to mitigate this risk.
J. Construction Excise Tax	<ul style="list-style-type: none"> • The CET could benefit households at extremely low, very low, low, and middle-income households, depending on the City's funding priorities. • The City is required to use half of funds for developer incentives for affordable housing. • Fifteen percent of funds go toward statewide affordable housing programs, which would benefit low- and middle-income households. • Thirty five percent of funds go toward affordable housing programs. The City has full discretion on how to use these funds. 	<ul style="list-style-type: none"> • Developers may pass along some of the costs of the tax to future renters. However, many renters in new market-rate buildings would be middle- to high-income households.

Appendix F: Summary of Recent City Housing Policies and Actions

For Milwaukie, the HPS is an opportunity to build off the City’s previous housing work and implement actions from the MHAS and Comprehensive Plan, with new guidance from the state. Information from the MHAS and the City’s Comprehensive Plan Housing policies have been incorporated into the HPS. Going forward, the City will update the HPS every six years. This appendix serves as a record of how the MHAS and Comprehensive Plan Housing policies have been incorporated into each HPS action.

MHAS and Comprehensive Plan Housing Actions included in the HPS

Exhibit 16 shows each MHAS and Comprehensive Plan policy that supports the actions in the HPS, along with the status of these policies at the time the HPS was being developed.

Exhibit 16. MHAS and Comprehensive Plan Housing Actions included in the HPS

Plan	Policy Number	Strategy	Status for MHAS Policies (complete, in progress, not started, or not in MHAS)
		A. Develop a Land Bank Strategy and Partnerships to Support Affordable Housing Development	Not Started
MHAS	1.2	Explore the development of a community land trust (CLT) or another model that supports creative financing for a project (e.g., co-op model, communal living, etc.)	HPS Action
MHAS	1.2.1	In addition to other actions, partner with banks to have rent payments demonstrate responsibility that supports qualification for down payment loan assistance. (Community reinvestment act points could be leveraged.)	HPS Action
MHAS	1.2.2	Further explore the co-op model or one that allows a first right of refusal for renters and look at policies or incentives that the City could implement to encourage this action.	Potential Future HPS Consideration
MHAS	1.2.3	Establish an inventory of foreclosed, short-sale homes and multifamily development to encourage the CLT platform or other model and market to mission-driven developers as a pilot project.	Incomplete – No staff capacity to develop or track

Plan	Policy Number	Strategy	Status for MHAS Policies (complete, in progress, not started, or not in MHAS)
MHAS	1.6.3	Continue to find opportunities to land bank and perform necessary due diligence in property negotiations.	HPS Action
Comp Plan	7.1.1	Provide the opportunity for a wider range of rental and ownership housing choices in Milwaukie, including additional middle housing types in low and medium-density zones	
Comp Plan	7.2.5	Expand and leverage partnerships with nonprofit housing developers and other affordable housing providers and agencies that preserve or provide new low to moderate-income housing units, create opportunities for first-time homeownership, and help vulnerable homeowners maintain and stay in their homes.	
Comp Plan	7.2.12	When negotiating public-private land transactions, pursue the goal of reserving some portion for affordable housing where appropriate.	
Comp Plan	7.2.13	Continue to seek out opportunities to land bank for the purpose of affordable housing and perform necessary due diligence in property negotiations.	
Comp Plan	7.4.6	Reduce development code barriers for intentional communities.	
Comp Plan	8.3.5	Expand the use of incentives and other financial tools that serve to: a) Encourage development in Neighborhood Hubs. b) Improve housing affordability.	
B. Reduced SDCs or Planning fees			In Progress
MHAS	1.9.5	Waive SDC Fees	In Progress – City currently considers waiving or reducing SDC fees associated with certain (30% MFI) income-restricted housing projects
Comp Plan	8.3.5	Expand the use of incentives and other financial tools that serve to: a) Encourage development in Neighborhood Hubs. b) Improve housing affordability.	
C. Multiple-Unit Limited Tax Exemption Program (Locally Enabled and Managed)			In Progress

Plan	Policy Number	Strategy	Status for MHAS Policies (complete, in progress, not started, or not in MHAS)
MHAS	1.3	Explore incentivizing the development of affordable units through a local property tax exemption or other form of tax alleviation	In Progress - Nonprofit Tax Exemption
MHAS	1.3.1	Explore a partnership with the Clackamas County Housing and Homelessness Task Force	In Progress - Ongoing Meetings
MHAS	1.3.2	Hold education sessions with other taxing districts to leverage their support	In Progress - Started in Summer of 2019 but later placed on hold due to staffing changes and pandemic
MHAS	1.13	Partner and support Clackamas County's affordable housing development and rehabilitation projects in Milwaukie	In Progress - Continuing to build partnership with county programs and staff
Comp Plan	8.3.5	Expand the use of incentives and other financial tools that serve to: a) Encourage development in Neighborhood Hubs. b) Improve housing affordability.	
D. Increase Capacity in HDR Zone			Not in MHAS
Comp Plan	7.1.2	Establish development standards that regulate size, shape, and form and are not exclusively focused on regulating density.	
Comp Plan	7.2.2	Allow and encourage the development of housing types that are affordable to low or moderate-income households, including middle housing types in low and medium-density zones as well as larger apartment and condominium developments in high-density and mixed-use zones.	
Comp Plan	7.4.1	Implement land use and public investment decisions and standards that: a) encourage creation of denser development in centers, neighborhood hubs, and along corridors; and b) foster development of accessible community gathering places, commercial uses, and other amenities that provide opportunities for people to socialize, shop, and recreate together.	
E. Evaluate Incentives for Affordable Housing Development such as Density Bonuses			Not in MHAS

Plan	Policy Number	Strategy	Status for MHAS Policies (complete, in progress, not started, or not in MHAS)
Comp Plan	7.1.3	Promote zoning and code requirements that remove or prevent potential barriers to homeownership and rental opportunities for people of all ages and abilities, including historically marginalized or vulnerable populations such as people of color, aging populations, and people with low incomes.	
Comp Plan	7.2.2	Allow and encourage the development of housing types that are affordable to low or moderate-income households, including middle housing types in low and medium-density zones as well as larger apartment and condominium developments in high-density and mixed-use zones.	
Comp Plan	7.2.3	Pursue programs and incentives that reduce the impacts that development/design standards and fees have on housing affordability, including modifications to parking requirements, system development charges, and frontage improvements.	
Comp Plan	7.2.5	Expand and leverage partnerships with nonprofit housing developers and other affordable housing providers and agencies that preserve or provide new low to moderate-income housing units, create opportunities for first-time homeownership, and help vulnerable homeowners maintain and stay in their homes.	
Comp Plan	8.3.5	Expand the use of incentives and other financial tools that serve to: a) Encourage development in Neighborhood Hubs. b) Improve housing affordability.	
F. Develop Pre-Approved Plan Sets for ADUs and Middle Housing Typologies			
MHAS	1.7	Partner with architects and builders to create base development plans. Develop template and pre-approved development plans that reflect the community's housing vision and reduce the time, expense, and risk of building housing. Milwaukie can work with architects and builders to create base plans that an owner can use to get a head start on the design process or replicate easily with less time spent designing and less time for City staff to review.	HPS Action
MHAS	1.7.2	Research the Portland infill program and the design templates they created for skinny homes; consider a competition to encourage the design fields to develop prototypes specific to the character of Milwaukie neighborhoods.	Incomplete – Unclear on whether previous staff made progress or not
MHAS	1.9	Explore incentivizing/encouraging ADU and cottage cluster development	Completed – HB2001 Code

Plan	Policy Number	Strategy	Status for MHAS Policies (complete, in progress, not started, or not in MHAS)
MHAS	1.9.4	Provide community-approved template plans (in Goal 1.7)	Incomplete – Future HPS action
Comp Plan	7.2.4	Provide a simplified permitting process for the development of accessory dwelling units (ADUs) or conversion of single-unit homes into duplexes or other middle housing types.	Completed
G. Develop Housing Options and Services to Address and Prevent Houselessness			In Progress
MHAS	1.13	Partner and support Clackamas County's affordable housing development and rehabilitation projects in Milwaukie	In Progress – Continuing to build partnership with county programs and staff
MHAS	1.13.1	Attend the Clackamas County Housing and Houselessness Task force and advocate for Milwaukie needs	Completed – City staff currently sits on the board
MHAS	1.13.2	Partner with Clackamas County on the rehabilitation of the Hillside Manor and the development of the master plan of the Hillside Manor	In Progress – City is working with the Housing Authority on redeveloping this site via Hillside Park Phase I
MHAS	1.13.3	Seek opportunities to leverage grants or programming to support additional resident services or supportive housing services	Ongoing – Staff remains open to grant opportunities as long as there is capacity to manage the funds and project
MHAS	2.4	Support and promote programs that provide financial assistance for seniors and low-income homeowners to remain in their homes	In Progress – Part of city website information portal
Comp Plan	7.1.8	Collaborate with community partners to provide a continuum of programs that address the needs of unhoused persons and families, including temporary shelters, alternative shelter models, long-term housing, and supportive services.	In Progress
Comp Plan	7.1.9	Implement and support programs to reduce the displacement of renters.	Ongoing

Plan	Policy Number	Strategy	Status for MHAS Policies (complete, in progress, not started, or not in MHAS)
Comp Plan	7.2.5	Expand and leverage partnerships with nonprofit housing developers and other affordable housing providers and agencies that preserve or provide new low to moderate-income housing units, create opportunities for first-time homeownership, and help vulnerable homeowners maintain and stay in their homes.	Ongoing
Comp Plan	7.2.8	Implement development code provisions to permit shelters and transitional housing for people without housing.	Completed
H. Revolving Loan Fund for Homeownership Assistance			In Progress
MHAS	2.4	Support and promote programs that provide financial assistance for seniors and low-income homeowners to remain in their homes	In Progress – Part of city website information portal
MHAS	2.7	Research and market low-cost loans to property owners for maintenance, weatherization, and seismic upgrades	In Progress – HPS Action Item
MHAS	2.7.1	Support and promote rehab loans for multifamily buildings	In Progress
MHAS	2.7.2	Partner with agencies to provide low-income renters with emergency housing grants; leverage any existing programs at the county, regional, or state level	In Progress
MHAS	2.7.3	Develop and market a financial resource guide for tenants and property owners	In Progress
MHAS	2.7.4	Consider developing a renter emergency fund. For households without a financial cushion, unexpected expenses can be the difference between staying in their homes or missing rent payments or sacrificing other important things, like childcare, food, and medicine	In Progress – More research needed and coordination with the county
Comp Plan	7.2.7	Support the use of tiny homes as an affordable housing type, while addressing adequate maintenance of these and other housing types through the City’s code enforcement program.	
G. Urban Renewal/Tax Increment Finance			Not in MHAS
Comp Plan	7.2.2	Allow and encourage the development of housing types that are affordable to low or moderate-income households, including middle housing types in low and medium-density zones as well as larger apartment and condominium developments in high-density and mixed-use zones.	

Plan	Policy Number	Strategy	Status for MHAS Policies (complete, in progress, not started, or not in MHAS)
Comp Plan	7.2.3	Pursue programs and incentives that reduce the impacts that development/design standards and fees have on housing affordability, including modifications to parking requirements, system development charges, and frontage improvements.	
Comp Plan	7.3.4	Promote the use of active transportation modes and transit to provide more reliable options for neighborhood residents and help reduce driving.	
Comp Plan	7.3.5	Increase economic opportunities for locally owned and operated businesses by encouraging the development and redevelopment of more housing near transit, shopping, local businesses, parks, and schools.	
Comp Plan	7.4.1	Implement land use and public investment decisions and standards that: a) Encourage creation of denser development in centers, neighborhood hubs and along corridors. b) Foster development of accessible community gathering places, commercial uses, and other amenities that provide opportunities for people to socialize, shop, and recreate together.	
Comp Plan	7.4.2	Require that new development improves the quality and connectivity of active transportation modes by providing infrastructure and connections that make it easier and more direct for people to walk or bike to destinations such as parks, schools, commercial services, and neighborhood gathering places.	
Comp Plan	8.3.5	Expand the use of incentives and other financial tools that serve to: a) Encourage development in Neighborhood Hubs. b) Improve housing affordability.	
H. Construction Excise Tax			In Progress
MHAS	1.1	Explore program(s) for affordable housing through the existing construction excise tax (CET)	Ongoing – City released a competitive RFP (Aug 2022) to award up to \$2M in CET funds for qualifying income-restricted housing projects.
MHAS	1.1.1	Create an oversight committee for the establishment of the CET programming and create criteria for distributing the funds	Completed

Plan	Policy Number	Strategy	Status for MHAS Policies (complete, in progress, not started, or not in MHAS)
MHAS	1.1.2	Develop a workplan for the programming and establish criteria for distribution (keep in mind regional initiatives and leverage opportunities)	Completed
MHAS	1.1.3	Develop the marketing plan for the CET fund distribution	Completed
Comp Plan	7.2.2	Allow and encourage the development of housing types that are affordable to low or moderate-income households, including middle housing types in low and medium density zones as well as larger apartment and condominium developments in high-density and mixed-use zones.	
Comp Plan	7.2.3	Pursue programs and incentives that reduce the impacts that development/design standards and fees have on housing affordability, including modifications to parking requirements, system development charges, and frontage improvements.	
Comp Plan	7.3.5	Increase economic opportunities for locally owned and operated businesses by encouraging the development and redevelopment of more housing near transit, shopping, local businesses, parks, and schools.	
Comp Plan	8.3.5	Expand the use of incentives and other financial tools that serve to: a) Encourage development in Neighborhood Hubs. b) Improve housing affordability.	

MHAS Actions not included in the HPS

Not all MHAS policies were included in HPS actions. Exhibit 17 lists all the MHAS policies that were not included in the HPS, along with the status of these policies at the time the HPS was being developed. Since the City will update the HPS going forward, rather than the MHAS, Exhibit 17 serves as record of other housing policies the City has recently completed, is currently working on, or aspires to implement.

Exhibit 17. MHAS Actions not included in the HPS

MHAS number	Strategy	Status (Completed, in progress, not started)
1.4	Create an internal culture that is friendly to developers	Ongoing
1.4.1	Assign project managers to provide a consistent point of contact to coordinate among internal and external agencies and to take ownership of a project to facilitate the development process	Incomplete
1.4.2	Charge consistent and predictable permit fees. Public-accessible information helps housing providers make informed decisions about their projects, while unforeseen changes can interrupt financing and delay the process	Complete – Master Fee Schedule and Regular Review/Predictable Adjustments
1.4.3	Provide a predictable review process with early feedback to avoid costly delays and duplication, for City transparency for community members and assists them in engaging and providing input	Completed – Pre-Application Conferences, Consistent Review Processes, and Transparency Upfront
1.4.4	Identify zoning code fixes that could alleviate the time and cost of development	Completed – HB2001 Code
1.4.5	Explore how other cities in the region are streamlining their processes	Ongoing
1.5	Engage with the development community to model the potential impact of incentives, such as changes to zoning or the structure of development fees	In Progress
1.5.1	Continue to develop public-private partnerships to reduce the impact of development fees with the expectation of additional affordable housing development	Ongoing – Meetings with Catholic Charities, NWAHA, NEDCO, Hacienda CDC, Proud Ground, Clackamas County
1.5.2	Structure incentives to encourage universal design and age-friendly housing	In Progress – Started in 2019 but did not complete due to staffing changes
1.5.3	Incentivize sustainable design (energy efficiency measures) to reduce the cost of utilities to the tenants	In Progress – The city incentivizes sustainable development, MC Chapter 19.510 (Green Building Standards). There are possibly more incentives with HB 3414 (2023) and other code updates.

1.5.4	Explore a transportation impact fee exemption. Exempting or reducing affordable housing units from transportation impact fees can reduce the cost of development.	In Progress – Not just exploring transportation impact fee exemptions, but numerous other incentives for affordable housing. The city considers some SDC waivers/reductions for affordable housing projects.
1.6	Develop public lands policy that supports the goal of increasing affordable housing while improving workforce development opportunities for construction workers. A predictable public lands policy that supports affordable housing preservation and creation is an effective way to leverage land as a city-owned resource. Public lands policies can establish a minimum percentage of sales revenues to be dedicated to affordable housing programs, a minimum percentage of affordable housing units to be created on formerly publicly owned lands, and other public interest objectives like wage standards and diversity goals.	Not Started – No staff capacity to develop or track
1.6.1	Partner with Clackamas Workforce Partnership to leverage employees and recent high school graduates to explore the field of construction and the trades.	Incomplete – Unclear on whether previous staff made progress or not
1.6.2	When negotiating public-private lands, consider developing a policy to reach a certain percentage of units of varying sizes that are affordable.	Incomplete – Unclear on whether previous staff made progress or not
1.7.1	Market/promote the designs of the Cottage Cluster Feasibility Analysis.	Complete - HB 2001
1.8	Explore right-sizing parking requirements for ADUs, cottage clusters, tiny homes, etc. Thoughtful, right-sized off-street parking requirements for affordable housing can increase the financial feasibility of desired housing types. Parking maximums may also be appropriate in certain areas. Parking should be reduced for affordable units within the area of a major transit stop, to be defined based upon frequency of service, connectivity, and other factors.	Complete – HB2001 Code and CFEC
1.9.1	Implement the recommendations of the cottage cluster code audit	Completed – HB2001 Code
1.9.2	Explore what other cities have implemented and what our Housing Strategies Report (under the housing assessment) recommended for easing the development requirements for ADUs, etc.	Completed – HB2001 Code
1.9.3	Partner with community banks or credit unions to create a loan product with favorable terms, like lower interest rates and lower fees (e.g., Network for Oregon Affordable Housing)	In Progress and Future HPS action
1.9.6	Revise the zoning code and other development standards to facilitate creation of ADUs	Completed – HB2001 Code

1.9.X	Convene a group of Subject Matter Experts (SMEs) to discuss the ADU work to be undertaken in the following months.	Completed – 2019 ADU study
1.9.7	Market the results of the Cottage Cluster Feasibility Study and seek to implement one or two cottage cluster developments	Completed – HB2001 Code
1.10.	Explore lean construction methods to bring down the cost of housing development and market those cost reducing methods to developers.	Incomplete – Unclear on whether previous staff made progress or not
1.10.1	Research traditional construction costs against adding additional elements and sustainability efforts (cross-reference with the Climate Action Plan results) and consider programming/incentives to assist.	Incomplete – Unclear on whether previous staff made progress or not
1.11	Engage Metro's Equitable Housing Program to pursue a general obligation bond for affordable housing	Completed
1.11.1	Continue to attend committee meetings to discuss how Milwaukie could use funds from a general obligation bond	Complete and Ongoing – Bond passed
1.11.2	Continue to communicate with Clackamas County Housing Authority to advocate for Milwaukie's needs	Complete and Ongoing – Bond passed
1.12	Develop and maintain a database of available properties (all zones) to market to developers	Not Started – Incomplete from an internal standpoint; however, there are already websites that provide this service (e.g., Loopnet.com).
1.12.1	Develop a website to promote the opportunity sites and explain the constraints and opportunities of the sites	Not Started – https://www.milwaukieoregon.gov/communitydevelopment/opportunity-sites
2.1	Hire a Housing Coordinator	Completed – however, the position no longer exists
2.2	Partner with nonprofit organizations and housing agencies to fund the purchase of existing, affordable multifamily housing to preserve it long term. (Leverage Clackamas County Housing Authority's existing program and develop a stronger relationship with financiers).	Incomplete – Unclear on whether previous staff made progress or not
2.3	Consider developing an affordable housing trust fund or partnering with the County's efforts. Existing and potentially new impact fees or construction excise taxes on residential, commercial, and industrial development can capitalize on a dedicated affordable housing trust fund to support housing affordability programs in a variety of ways depending on local need.	Incomplete – Unclear on whether previous staff made progress or not

2.4	Support and promote programs that provide financial assistance for seniors and low-income homeowners to remain in their homes	In Progress – Part of city website information portal
2.5	Adopt policies to mitigate the impact of rental displacement. Explore a relocation assistance ordinance or similar type of tenant assistance policy	Complete and Ongoing – Council adopted rental protection policies during COVID and staff administers rental assistance as funds are available.
2.5.1	Research and make policy recommendations related to other city's relocation assistance policies or other similar tools	Portland Housing Director provided the Portland Context on Dec 18, 2019
2.5.2	Conduct more targeted policy outreach to impacted stakeholders	Incomplete
2.6	Assist in eviction prevention by supporting Clackamas County's landlord-tenant mediation services	Completed – On website
2.6.1	Partner with the county mediation services to connect tenants and landlords through mediation services	Completed – On website
2.6.2	Connect with organizations that provide training and resources for landlords and tenants and help to market their programs	In Progress – On website
2.6.3	Explore monitoring and developing habitability standards that will be enforced through a property-owner database	In Progress – Research began in early 2019-- explored Gresham and Portland model. Not much completed over the last year due to staffing limitations.
2.6.4	Explore a rental database to monitor available rentals and market rents	In Progress – Has been explored on and off for the last few years with no product. Staff has not been able to make this a priority as of late.
2.7.5	Promote, when possible, career and technical trades to property owners and residents to help them learn the trades to maintain their own homes and understand the employment landscape potential	Incomplete
2.8	Partner with Clackamas Housing Authority to support new affordable units for Milwaukie renters	Ongoing
2.9	Build community among rental housing providers. Renting out housing can be confusing, intimidating, and risky. Rental housing providers can build community among themselves, support each other, share information and best practices, and mentor new and small rental property providers to provide better services to the community and maintain the supply of	Incomplete

	rental units. Milwaukie can connect housing providers to existing networks and services and provide support for these groups to enhance their efforts.	
2.10.	Create an internal culture that is friendly to rental housing providers. Rental housing providers need to know that Milwaukie understands and values their contribution to the city.	Not Started – Making the development process predictable and consistent
2.10.1	Provide consistent and reliable permit and license fees that are predictable.	Complete
2.10.2	Send packets of information to rental housing providers who receive or renew a business license or permit.	Incomplete
2.11	Build stronger alignment with the workforce development system. Through partnership with Clackamas Workforce Partnership, WorkSource Clackamas, and the greater workforce system, community members will have access to both appropriate job placement and opportunities for skill building, reinforcing the goal of stabilizing households living in Milwaukie to prevent displacement.	Ongoing
3.1	Partner with nonprofits and employers to provide first-time homebuyer education and support	In Progress – 15% of CET funds go to the Oregon Housing and Community Services Department for local homebuyer education and support
3.2	Support and promote programs to certify renters and reduce their move-in costs	Complete – See 3.2.1
3.2.1	Promote the County's Rent Well program. Rent Well provides tenant education to give residents the support, knowledge, and expertise they need to become successful tenants	In Progress – on website
3.3	Support and promote programs that streamline the rental application process and reduce application fees	Incomplete – Staff does not have capacity to prioritize this item.
3.3.1	Research and promote program(s) that provide a one-stop application and fee process for renters (e.g., One App)	OneApp fee has been contacted, but there is no update.
3.4	Develop a marketing campaign to educate and engage the community on housing affordability, density, and development realities in order to develop community capacity	In Progress – Housing Forum held on Dec 6, 2019; considering a housing fair with partners; working materials on all the resources
3.5	Develop a financing and resource database	In Progress – On website
3.6	Partner with Oregon IDA Initiative to help Milwaukie residents build financial management skills and build assets	In Progress –

Staff had contacted Oregon IDA but there is no current update.

Appendix G: Pre-HPS Survey

Housing Portal

Pre-HPS Survey Submission

Page: 1 of 2

Year: 2021 City: Milwaukie

Submitted Date: 12/23/2021

4/12/2023 1:22:05 pm

Category	Strategy	Encourage Needed Housing	Increase Affordability	Reduce Rent Burden
A - Zoning and Code Changes	A02 - Zoning Changes to Facilitate the Use of Lower-Cost Housing Types	Yes	Yes	No
Comments:				
A - Zoning and Code Changes	A05 - Code Provisions for ADUs	Yes	Yes	No
Comments:				
A - Zoning and Code Changes	A08 - Promote Cottage Cluster Housing	Yes	Yes	No
Comments:				
A - Zoning and Code Changes	A15 - Encourage Diverse Housing Types in High-Opportunity Neighborhoods	Yes	Yes	No
Comments:				
A - Zoning and Code Changes	A18 - Increase Density near Transit Stations and Regional Multi-use Trails	Yes	No	No
Comments:				
B - Reduce Regulatory Impediments	B01 - Remove or Reduce Minimum Parking Requirements	No	Yes	No
Comments:				
B - Reduce Regulatory Impediments	B02 - Remove Development Code Impediments for Conversions	Yes	Yes	No
Comments:				
B - Reduce Regulatory Impediments	B11 - Pro-Housing Agenda	Yes	Yes	No
Comments:				
B - Reduce Regulatory Impediments	B12 - Pro Affordable Housing Agenda	Yes	Yes	No
Comments:				
B - Reduce Regulatory Impediments	B14 - Adopt Affirmatively Furthering Fair Housing as a Housing Policy in Comprehensive Plan	Yes	No	No
Comments:				



**Department of Land Conservation and Development
2025-2027 HOUSING PLANNING ASSISTANCE APPLICATION**

Please complete each section in the form below. Fill out the requested information in the spaces provided. **For applicants requesting multiple services, submit a separate form for each. Submit completed applications by midnight on August 4, 2025.**

Date of Application: July 31, 2025

Applicant (Jurisdictional Entity): City of Milwaukie

If applying on behalf of a jurisdiction or pursuing a joint project, please also include the recipient jurisdiction name(s)

Contact Name and Title: Laura Weigel, Planning Manager

Contact e-mail address: weigell@milwaukieoregon.gov

Contact phone number: 503.786.7654

Requested Service:

	Direct Grant (& budget estimate)	DLCD-Provided Consultant
Housing Planning Assistance Projects		
Development Code Amendment	<input type="checkbox"/> \$	<input checked="" type="checkbox"/>
Housing Capacity Analysis (HCA) ¹	<input type="checkbox"/> \$	<input type="checkbox"/>
Housing Production Strategy (HPS)	<input type="checkbox"/> \$	<input type="checkbox"/>
Housing Implementation Plan (Housing planning activities other than an HCA or HPS)	<input type="checkbox"/> \$	<input type="checkbox"/>
Urbanization Planning Assistance Projects		
Urban Growth Boundary Land Exchange	<input type="checkbox"/> \$	<input type="checkbox"/>
Urban Growth Boundary Amendment ²	<input type="checkbox"/> \$	<input type="checkbox"/>
One-Time Urban Growth Boundary Amendment ³	<input type="checkbox"/> \$	<input type="checkbox"/>
Urban Reserves	<input type="checkbox"/> \$	<input type="checkbox"/>
Public Facilities Area Plan	<input type="checkbox"/> \$	<input type="checkbox"/>
<p><i>1. Housing Capacity Analyses initiated under this Housing Planning Assistance Program are expected to be conducted under the Oregon Administrative Rules implementing the Oregon Housing Needs Analysis that the Land Conservation and Development will adopt in December 2025.</i></p> <p><i>2. A UGB amendment requires a land deficiency identified in a Housing Capacity Analysis.</i></p> <p><i>3. As provided in SB 1537 (2024) Section 48-60.</i></p>		

Project Title: Housing Production Strategy Implementation: Redevelopment Strategy for Residential High Density Zone

Project Summary: (Summarize the project and products in 50 words or fewer)

Milwaukie seeks to revitalize its underdeveloped Residential High Density (R-HD) zone by conducting a pro forma analysis to determine feasible densities, adjusting zoning if needed, identifying tools to support redevelopment of underutilized parcels, and exploring rezoning additional land to R-HD to meet housing needs and encourage higher-density residential development.

Project Description & Work Program

Please carefully review the attached Sample Work Program applicable to your jurisdiction’s proposed project. The work programs included represent typical tasks and work products associated with common project types. If you expect the project to be substantially similar (i.e. there may be minor variations, but major project deliverables align with applicant expectations) to the project included in the Sample Work Program, the applicant does not need to submit a work plan.

However, if the applicant anticipates a proposal for a project that is substantially different from the projects included in the Sample Work Program, please include an attachment detailing the proposed project, addressing each of the following in an attachment. *Applicants applying for distinct or unique projects are expected to submit detailed applications that specify the work tasks, products, and timelines unique to their project. Priority will be given to applications that provide well-defined tasks, products, and timelines.*

Is the jurisdiction planning to utilize the applicable Sample Work Program as the project statement of work? Yes No

If “yes”, please skip to the “Tasks, Timelines, and Budget” section below. If “no”, please attach a detailed work program including the following.

A. Goals and Objectives. The purpose of housing planning assistance projects is outlined in the attached Sample Work Program for reference. Please state the goals or overall purpose of the project. Describe particular objective(s) the community hopes to accomplish. Please indicate whether this is a stand-alone project or is part of a longer multi-year program. If it is the latter, describe any previous work completed, subsequent phases and expected results, and how work beyond this project will be funded.

B. Products and Outcomes. Please describe the product(s) and outcome(s) expected from the proposed project in detail, including a brief description of any anticipated significant effect the project would have on development, livability, regulatory streamlining, and compliance with state/ federal requirements, equitable socioeconomic benefits, or other relevant factors.

C. Work Program, Timeline & Payment. Please include a comprehensive work program describing the specific tasks, timelines, expected budget, and deliverables. Public engagement is a necessary component of any planning process but may be tailored to fit the project context. Some projects, such as code amendment or technical projects, may not require extensive engagement in comparison to major projects with substantial local policy impacts. If other changes are necessary, please consult with your Regional Representative.

Tasks, Timelines, and Budget

List and describe the major tasks, including:

- The title of the task;
- Anticipated timeline for each task, including the tentative start date after the grant agreement or consultant contract is executed, task completion dates, and project completion date. Note that all tasks must be completed before the end of the biennium. We request that project timelines conclude no later than June 15, 2027;
- For direct grant projects, anticipated budget for all tasks; and
- Expected local contribution, including budget, staff time, and resources.

Task	Title	Timeline (Month, Year)	Estimated Budget*	Local Contribution
1	Refine scope _____	January to 2026	\$ _____	\$ _____ Staff time
2	Conduct pro forma analysis _____	February to 2026	\$ _____	\$ _____ Staff time
3	Explore code changes and other redevelopment tools. _____	April to 2026	\$ _____	\$ _____ Staff time
4	Developer interviews to discuss potential code changes and refine develop_____	July to 2026	\$ _____	\$ _____ Staff Time
5	Community outreach to discuss potential code changes _____	August to 2026	\$ _____	\$ _____ Staff Time
6	Evaluate areas outside R-HD for potential rezoning to R-HD if warranted _____	November to 2026	\$ _____	\$ _____ Staff Time
7	Community outreach in potential rezoning areas _____	December to 2026	\$ _____	\$ _____ Staff Time
8	Review/Hearings with Planning Commission and City Council _____	February to 2027	\$ _____	\$ _____ Staff Time
TOTAL		January 2026 to May 2027	\$ _____	\$ _____ Staff Time

** Budget estimates are only required for Direct Grant requests. Applicants requesting DLCD-provided consultants can leave this field blank.*

If the project is part of a multi-year program, provide an overview of the expected timelines in sequence of expected start dates and completion date for each phase and describe subsequent phases to be completed. You may attach your response in a separate document if needed.

Project Criteria and Additional Information

- 1. Evaluation Criteria.** Include a statement that addresses the program priorities and evaluation criteria presented in the application instructions (“Eligible Projects and Evaluation Criteria”).

This project will advance housing production, affordability, and choice by addressing underdevelopment in Milwaukie’s Residential High-Density (R-HD) zone. The city’s adopted Housing Capacity Analysis (HCA) identifies a zoning capacity deficit, with existing development averaging only 7.8 dwelling units per net acre—well below the permitted 25–32 units. Targeted efforts in this zone will help the city meet identified housing needs.

This project is an identified strategy in the city’s DLCD acknowledged Milwaukie Housing Production Strategy.

- 2. Project Partners.** List any other public or private entities that will participate in the project, including federal and state agencies, council of governments, city and county governments, and special districts. Briefly describe the role of each (*e.g.*, will perform work under the grant; will advise; will contribute information or services, etc.). If the project includes multiple jurisdictions, briefly describe the capacity and support of those jurisdictions to support and participate in the project.

While the city will not be working with any public partners, we do plan to have developer interviews to understand the challenges and limitations of the R-HD and discuss ideas that might spur redevelopment/development.

3. Advisory Committees. List any advisory committee or other committees that will participate in the project.

While the city does not foresee creating an advisory committee it does foresee area specific and community wide engagement events to review code and or zone changes.

4. Cost-Sharing and Local Contribution. DLCDC funds may comprise a portion of overall project costs; if so, please identify sources and amounts of other funds, staff time, or services that will contribute to the project's success. Cost-sharing (match) is not required, but recommended.

City staff will contribute the time required to complete the project and will play a major role in project management, coordination, community outreach and the adoption process.

Will a consultant be retained to assist in completing grant products? Yes No

Will you be utilizing this funding to dedicate your own staff resources in completing grant products? Yes No

Local Official Support

The application **must include a resolution or letter from the governing body** of the city or county demonstrating support for the project. If the applicant is a regional entity proposing a joint project including multiple local governments, a letter from the local government governing body or administrator with authorization to execute intergovernmental agreements supporting the application may be included in lieu of a resolution. The letter of support may be received by DLCD after the application submittal deadline, but it must be received before planning assistance is awarded.

Submit your application electronically with all required information to:

E-mail: housing.dlcd@dlcd.oregon.gov

Please note that we will not be accepting applications by mail. If your jurisdiction requires special accommodations, please reach out to a Grant Program Contact as soon as possible.

If you have questions about the Housing Planning program or projects funded by this round of planning assistance, please contact:

DLCD Housing Team: housing.dlcd@dlcd.oregon.gov

DLCD HAPO Team: dlcd.hapo@dlcd.oregon.gov

For all correspondence, please include the appropriate [Regional Representative](#).

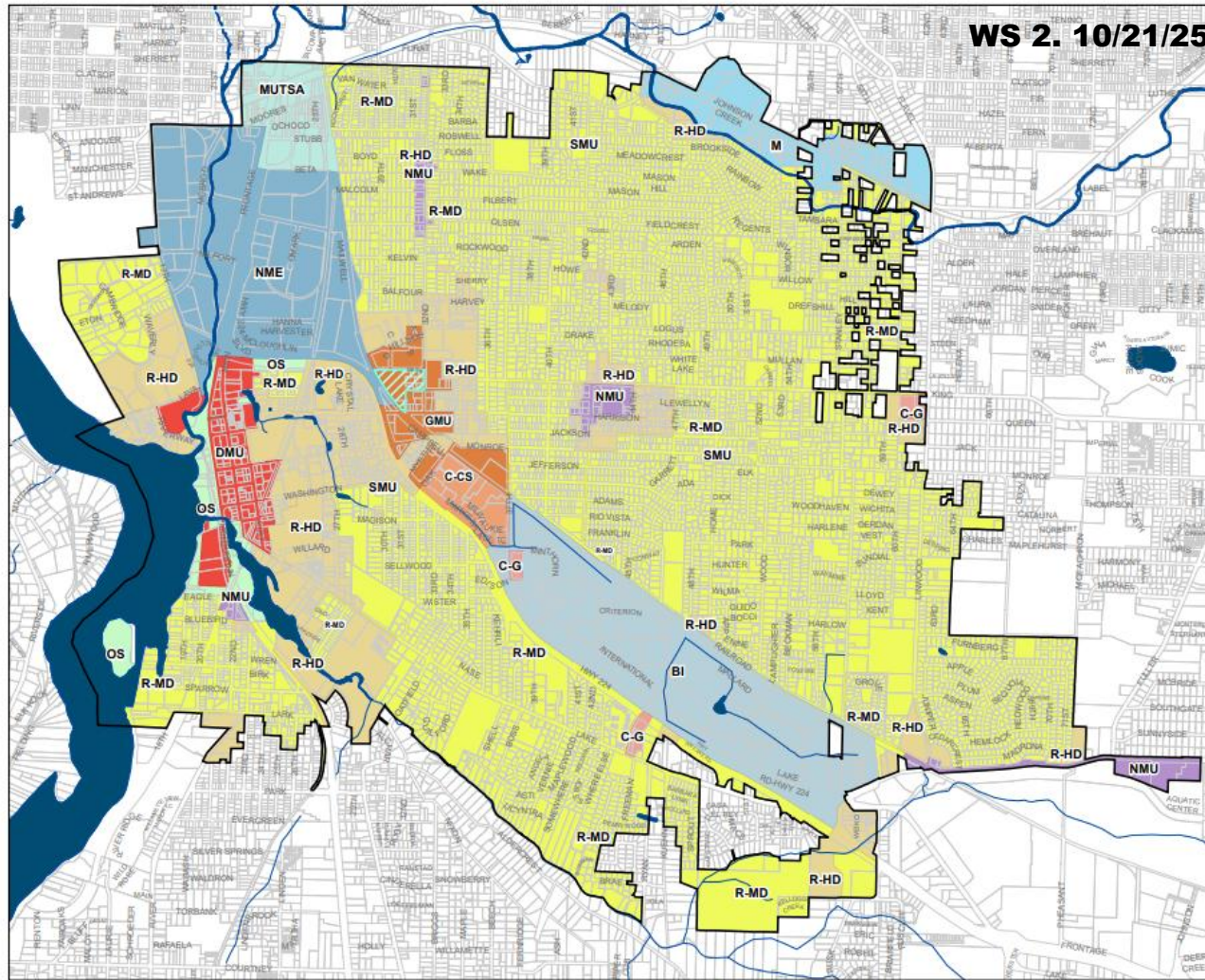
Mid-Willamette Valley	Melissa Ahrens	melissa.ahrens@dlcd.oregon.gov
Central Oregon	Angie Brewer	angie.brewer@dlcd.oregon.gov
North Coast & Lower Columbia	Brett Estes	brett.estes@dlcd.oregon.gov
Eastern Oregon	Dawn Hert	dawn.hert@dlcd.oregon.gov
Portland Metro (West)	Laura Kelly	laura.kelly@dlcd.oregon.gov
Southern Oregon	Josh LeBombard	josh.lebombard@dlcd.oregon.gov
Portland Metro (East)	Kelly Reid	kelly.reid@dlcd.oregon.gov
South Coast	Hui Rodomsky	hui.rodomsky@dlcd.oregon.gov
South Willamette Valley	Patrick Wingard	patrick.wingard@dlcd.oregon.gov

Important Housing Planning Assistance Dates

Date	Housing Planning Assistance Milestone
June 2, 2025 1:30 – 3p	Open Forum for follow-up question & answer Zoom link Meeting ID: 821 4886 4505 Passcode: 598033
June 3, 2025	Application period opens; materials distributed
August 4, 2025	Application period closes; materials submittal deadline
Early September	Anticipated funding decision; award notices sent
October – November 2025	Direct grant agreements anticipated execution
November – December 2025	Consultant contract anticipated execution
June 15, 2027	Project completion deadline

APPLICATION DEADLINE: August 4, 2025

WS 2. 10/21/25 Presentation ZONING



- | | |
|--------------------|---------------------------------|
| Industrial | Commercial and Mixed Use |
| BI | NMU |
| M | SMU |
| MUTSA | C-G |
| NME | C-CS |
| | GMU |
| Residential | |
| R-MD | Flex Space Overlay |
| R-HD | City Boundary |
| | Water Body |
| Downtown | |
| DMU | |
| OS | |



Adopted by Ord. # 1438, effective Dec. 5, 1979
Rev. as of Ord. # 2245, effective Sept. 5, 2024

Data Source: City of Milwaukie GIS, Metro Data Resource Center
8/19/2024
The information depicted on this map is for general reference only. The City of Milwaukie cannot accept any responsibility for errors, omissions or positional accuracy. There are no warranties, expressed or implied, including the warranty of merchantability or fitness for a particular purpose, accompanying this product. However, notification of errors would be appreciated.

Please check with Planning Department for most
up-to-date information.
503-795-7630
planning@milwaukieoregon.gov



CITY OF MILWAUKIE



**WS 2. 10/21/25
Correspondence**

From: [Sheri](#)
To: [OCR](#)
Subject: Mixed use zoning
Date: Tuesday, October 14, 2025 7:28:11 PM

This Message originated outside your organization.

Dear City Council,

I'm writing to urge the city to prioritize neighborhood-scale mixed-use development, not just expanding high-density apartment zones. Walkable neighborhoods with local shops and small businesses make Milwaukie a stronger, more connected community. Please reflect the goals of our Comprehensive Plan and Climate Action Plan by legalizing more mixed-use zoning outside of downtown.

Thank you for your service to our community.

Sincerely,
Sheri Metschan

From: [Joann Macey](#)
To: [OCR](#)
Subject: Housing Issues
Date: Tuesday, October 14, 2025 10:38:23 PM

This Message originated outside your organization.

Dear City Council Members

My name is Joann Macey and I live in Historic Milwaukie Neighborhood. Since you are considering zoning and housing issues, I would like to describe a type of housing I have had experience with something known as co-housing. The Daybreak CoHousing located in North Portland are co-housing condominiums. (<https://www.daybreakcohousing.org/>)

I became aware of this place while living in Overlook Neighborhood. These apartments are a community of people living in proximity to one another and sharing some community buildings including large dining room and kitchen. They also shared their common spaces with the larger neighborhood to use for meetings. I went there for gardening meetings. Our sustainability group met there for planning. The only requirement was Clean Up After Yourself.

This type of housing seems ideal for so many people who want to live in a community instead of a huge apartment complex I once heard someone refer to as an “ant farm”.

They live with others and share in some of the upkeep with their neighbors. There is a real sense of belonging in this type of property. I think that living is that type of community housing extends that idea of community into the larger city as they did with their sharing of meeting space. Compare this type of housing to massive apartment buildings which builders prefer for their high returns where occupants live separately, come and go separately, and probably are not directly involved with neighbors or their city.

My hope is that Milwaukie can grow without all the huge apartments lining the streets and filling the neighborhoods with lots of cars that empty daily and return nightly

Thank you

Joann

From: [Pam Husband](#)
To: [OCR](#)
Subject: Housing Production Strategy
Date: Wednesday, October 15, 2025 3:39:25 PM

This Message originated outside your organization.

Dear Mayor and Council Members

I certainly appreciate your efforts to increase development in Milwaukie, making better use of properties and making our neighborhoods more vibrant and walkable. My concerns with changing zoning to allow for more mixed-use growth are as follows:

- 1) Not all small businesses will be financially successful. It takes customers to bring in revenue and manageable costs for a business to actually make money. If there is little coffee shop in the Linwood neighborhood and another one 10 blocks away in Hector Campbell, will each have enough of a customer base to be successful. What will the city be willing to do to help small businesses get started and stay in business?
- 2) What businesses do our neighborhoods need? While it might be nice to have a "convenience" store around the block to pick up a quart of milk, when I need groceries, I will get in my car and go to Fred Meyers, Safeway or New Seasons. I am a big fan of walking but I am not going to carry a heavy bag of groceries several blocks. How many coffee shops, ice cream/treat shops, cafes can truly be viable?
- 3) We have some neighborhood business hubs. Are they being used effectively? The shopping center at King and Linwood has a wonderful coffee/ice cream/video rental business. There is a deli, pub and pizza place. The skate park and bottle drop serve important constituencies but are not draws for the older populations.
- 4) When the 7 Acres development was proposed. I thought several ground floor units were to be reserved for small neighborhood businesses. What happened to that idea.

I think this idea of mixed-use growth should be approached slowly. Maybe a demonstration project would be appropriate. For example, what about the new Hillside apartments...this would be a perfect spot to development some small neighborhood businesses. Or, on SE 32nd near Olson, there is a cafe and a dog grooming business and across the street is a vacant lot. It seems that could be developed and see if the neighborhood supports this type of development. The last thing any neighborhood needs is empty storefronts.

Pam Husband
Linwood Neighborhood
6023 SE Monroe St

From: linda@hammy.org
To: [OCR](#)
Subject: Development in Milwaukie
Date: Wednesday, October 15, 2025 4:33:14 PM

This Message originated outside your organization.

Dear Council Members:

As you consider how the City will move forward with affordable housing development, please keep in mind that not everyone can or wants to walk to stores, coffee shops and businesses. Many of our long-time residents are aging in place, and cannot walk easily anymore. We cherish still our ability to drive to our store or to meet with neighbors. I would hate to have you forget that as you plan new development. Also, many single parents have to drive kids to daycare, stop and run errands, and the day isn't long enough to try to walk to do everything that needs to be done. Consider that too – it's impossible to walk with a 3 year old and accomplish anything but keep them from running into traffic.

I also want to encourage you, in your rush to build every square inch available, to be mindful that we should consider feeding these people. Require developers to allow for vegetable gardens on their lots, community gardens or just one square meter of a pollinator garden. We can't live without bees and insects in our lives Low-income families should learn to be self-sufficient by growing their own vegetables on or close to their own property. But they have to have the room on their property to do that.

I personally would like to stop building anything more. We've done our bit – how about Gladstone, Molalla, Lake Oswego and West Linn building more affordable housing before we build anything more? I prefer my single family house. I've lived here now for more than 45 years. And I like my garden, my quiet back yard and my parking space for myself and visitors. Consider we don't all want to live the same way as those who would build out to the fence line.

Thanks for considering another perspective.

Linda Hedges
5185 SE Elk St.
Milwaukie
Hector Campbell neighborhood

From: [Heather Buchanan](#)
To: [OCR](#)
Subject: Public Comment for 10/21 Work Session
Date: Wednesday, October 15, 2025 8:20:44 PM

This Message originated outside your organization.

Dear City Council,

I'm writing to express my strong support for the expansion of mixed use zoning in Milwaukie. As our neighborhoods become more dense with less room for cars, it is imperative that Milwaukie grow in a way that makes it feasible to live and work here without owning a car. I believe expanding mixed use development throughout Milwaukie would help this.

I love our downtown and how walkable it is, but it can be difficult to access without driving a car to the downtown area. I would love to have more walkable, mixed used neighborhoods throughout Milwaukie.

Thank you!

Heather Buchanan

Hector Campbell Neighborhood

From: [William Johnson](#)
To: [OCR](#)
Subject: Comment for Council Oct 21st
Date: Wednesday, October 15, 2025 8:35:17 PM

This Message originated outside your organization.

Hello,

I would like to submit the following comment to the City Council session October 21, 2025.

Thank you,

Dear City Council,

I am writing in support of increasing mixed-use development in our city. With my current job and apartment, I am able to easily conduct most of my life on foot. That is a serious benefit of living in Milwaukie that many cannot currently enjoy and that we could lock out for others in the future by creating density without mixed-use.

I believe mixed-use density will create progress on multiple city goals. Scattering businesses amongst homes will mean lower emissions and increased affordability from fewer and or shorter car trips. Increasing the number of locations available for businesses ought to increase the competition between landlords on commercial rental rates, improving the cost of business in Milwaukie.

In response to a comment from the middle housing town hall, I would appreciate knowing how much of the city would ideally get increased density. We are not replacing every neighborhood with apartment blocks. I think for those who are concerned that the character of Milwaukie will be marred by density, knowing that 40% or whatever the number ends up as will still be single family homes would be useful.

Thank you,
William Johnson
Budget Committee Member

From: [Katie M](#)
To: [OCR](#)
Subject: October 21st Meeting: Comprehensive Plan and Walkable Neighborhoods
Date: Thursday, October 16, 2025 11:51:31 AM

This Message originated outside your organization.

Dear City Council,

My name is Katie Schutz and I live in the Linwood Neighborhood. I love walking and really appreciate the bike path that was installed on Linwood Avenue. I would love to see even more walkability in our neighborhood, particularly more places to walk to. I would love to have places to walk to for coffee or dinner. I would love to organically meet my neighbors at a local establishment. I would love walkable, mixed-use development in my own neighborhood.

As you plan for future growth, please expand mixed-use zoning so more of Milwaukie can enjoy the benefits of walkability, small businesses, and vibrant neighborhood life. Growth should reflect our values, not just our housing numbers.

Sincerely,

-Katie Schutz, Linwood Neighborhood

From: [Elizabeth Luthy](#)
To: [OCR](#)
Subject: Walkable neighbourhoods
Date: Thursday, October 16, 2025 8:17:01 PM

This Message originated outside your organization.

Dear City Council,

I'm 70 and may not be able to drive much longer. I need an apartment, parks, stores, and community I can walk to so I can age-in-place --and I am not alone. Our aging population can be a drain on resources requiring independent living facilities or it can be a blessing of wisdom and volunteer assistance.

As a retired psychologist, I am aware of how structuring community development leads to interactions and mutual aid that benefits the mental health of a community from birth to old age. We need to be more thoughtful and develop mixed use communities with mass transit, common areas, and access to grocery stores.

I support prioritizing neighborhood-scale mixed-use development that brings housing and small businesses together, not just building more apartments without services. I urge Council to take bold action to expand mixed-use zoning in neighborhoods across Milwaukie.

Thank you for hearing my request.

Elizabeth Luthy

From: [Mykle Curton](#)
To: [OCR](#)
Subject: Residential Housing
Date: Tuesday, October 21, 2025 4:02:03 PM

This Message originated outside your organization.

Dear City Council,

I support the city growing in a way that aligns with the Comprehensive Plan and Climate Action Plan. That means prioritizing neighborhood-scale mixed-use development that brings housing and small businesses together, not just building more apartments without services.

Walkable neighborhoods reduce carbon emissions, support local businesses, and make our community more resilient. I urge Council to take bold action to expand mixed-use zoning in neighborhoods across Milwaukee.

Sincerely,

Mykle Curton

Historic NDA