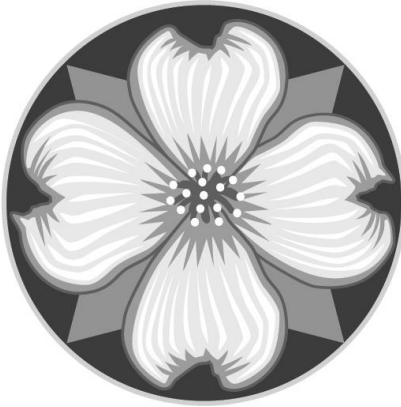




Work Session

WS

Milwaukie City Council

COUNCIL WORK SESSION

City Hall Council Chambers
10722 SE Main Street
www.milwaukieoregon.gov

AGENDA

FEBRUARY 18, 2020

Note: times are estimates and are provided to help those attending meetings know when an agenda item will be discussed. Times are subject to change based on Council discussion. **Page #**

- 1. Downtown Parking Management Strategy – Update (4:00 p.m.)** **5**
Staff: Leila Aman, Community Development Director, and
Alison Wicks, Development Project Manager
- 2. System Development Charge (SDC) Waivers for Accessory Dwelling Units (ADUs) – Update (4:30 p.m.)** **8**
Staff: Kelly Brooks, Assistant City Manager
- 3. Adjourn (5:30 p.m.)**

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Executive Sessions

The City Council may meet in Executive Session pursuant to ORS 192.660(2); all discussions are confidential and may not be disclosed; news media representatives may attend but may not disclose any information discussed. Executive Sessions may not be held for the purpose of taking final actions or making final decisions and are closed to the public.

Meeting Information

Times listed for each Agenda Item are approximate; actual times for each item may vary. Council may not take formal action in Study or Work Sessions. Please silence mobile devices during the meeting.



COUNCIL WORK SESSION

City Hall Council Chambers
10722 SE Main Street
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MINUTES

FEBRUARY 18, 2020

Mayor Mark Gamba called the Council meeting to order at 4:05 p.m.

Present: Council President Angel Falconer; Councilors Lisa Batey, Wilda Parks, Kathy Hyzy

Staff: Assistant City Manager Kelly Brooks
City Attorney Justin Gericke
City Engineer Steve Adams
City Manager Ann Ober
City Recorder Scott Stauffer

Community Development Director Leila Aman
Development Program Manager Alison Wicks
Library Director Katie Newell
Library Circulation Supervisor Kim Olson
Supervising Librarian Jana Hoffman

1. Downtown Parking Management Strategy – Update

Ms. Wicks reviewed Council's adoption of the Downtown Parking Management Strategy and explained that in the next year the city would focus on strategies around parking policy, off-street parking, and integration with alternative modes of transportation. She reviewed recent actions the city had taken and asked for Council direction on the city's role in parking management.

Councilor Batey asked if the city could facilitate the sharing of private parking spaces. **Ms. Wicks** reported that 90% of downtown Milwaukie's parking supply was off-street and private use. **Ms. Aman** noted that Council could discuss the extent to which the city wants to be involved in such agreements. **Ms. Wicks** suggested a downtown parking working group could be established to help guide the implementation of the strategy. She noted the city could establish an annual parking study and expand the studied area.

Ms. Aman explained that in addition to an expanded downtown parking study, the city was looking into adding residential neighborhood streets to see current use which would help inform discussions related to planned housing code work.

Ms. Wicks added that the 2020 parking work plan included the desire to improve off-street parking and encourage the use of alternative modes of transportation. She and **Mayor Gamba** noted that the city was looking to change the code to allow more forms of transportation. **Ms. Wicks** said she was also working on a package of policies for the city to encourage its employees to use alternative modes of transportation.

Ms. Wicks explained staff was looking into developing a solution for event parking. She and **Ms. Aman** discussed parking pass options for people who may be at the library for extended hours. **Councilor Batey** asked how many library events lasted more than two hours and **Ms. Newell** reported that parking was more of a concern for larger community events or trainings that take place at the library. **Ms. Ober** said the city had seen an increase in demand for longer term parking permit options. She remarked that the city did not have a good way to distribute event parking permits where attendees come from multiple organizations.

Council discussed which businesses, organizations, neighbors, and city staff should be part of the downtown parking working group. **Councilor Hyzy** suggested staff work with groups noted by Council about their possible participation in the working group.

Mayor Gamba believed the city should work with private lot owners to develop parking partnerships. **Council President Falconer** suggested a centralized system facilitated by the city could be developed. **Ms. Aman** noted that the parking working group was a great place to start such a system. The group discussed transit management associations.

Councilor Hyzy wanted to learn more about how a city goes from not charging for parking to installing parking meters. **Ms. Aman** discussed how parking use was measured and noted the importance of focusing on measuring parking use on an average day.

The group continued to discuss potential partners to include in the parking working group. **Mayor Gamba** asked about the potential to work with TriMet to provide free transit passes from Park Avenue to Milwaukie during the Milwaukie Sunday Farmer's market.

2. System Development Charge (SDC) Waivers for Accessory Dwelling Units (ADUs) – Update

Ms. Brooks noted Council had expressed interest in offering incentives to those who build ADUs. She discussed current city and county SDC costs totals and frontage improvement requirements. She noted that the city had waived the transportation impact study requirement for building ADUs. She explained that ADU builders could pay a fee in lieu of construction (FILOC) at a rate similar to the SDC rate. She noted that the city needed to update the Transportation System Plan (TSP) to implement the fee change.

Ms. Brooks explained that the city could waive SDCs for ADUs and noted how other jurisdictions had done that by backfilling funding from other sources. She added that the city could use the construction excise tax (CET) program to create affordable ADU units.

Councilor Batey asked Mr. Gericke about litigation in other jurisdictions related to a city's SDC methodology or perceptions of the misuse of SDCs. **Mr. Gericke, Councilor Batey,** and **Mayor Gamba** discussed legal standings on SDC challenges.

Council President Falconer asked if the city could revisit the SDC methodology. She noted county conversations about changing some SDCs. She believed the city could accomplish the same goal without legal risk or depleting the SDC fund. **Ms. Brooks** explained why she believed the TSP needed to be updated before the SDC methodology.

The group discussed the SDC fund. **Ms. Ober** explained how SDC funding was implemented and how the city was looking at changes to the fund.

Mr. Gericke noted additional SDC fund considerations, explaining that other jurisdictions were looking at CETs to backfill SDC funding. He noted that the city's SDC funds are smaller and the infrastructure problems are greater in relation to other jurisdictions. He observed that the city was unsure how many ADUs would be built and that the city could potentially run an SDC pilot program focusing on affordable housing.

Councilor Batey noted the CET Oversight Group (CETOG) had recommended five years of affordability for each housing unit and asked who was monitoring that program. **Mr. Gericke** and **Ms. Aman** discussed the CETOG recommendation to put restrictive covenants on deeds. **Councilor Batey** asked who enforced deed covenants. **Ms. Aman** explained the county had done it for themselves and the city may ask them for help. She believed the city would probably ask for annual compliance from an applicant to make sure they were charging the rent as they said they would. **Councilor Hyzy** noted that the applicant would have a business license in order to rent, so the city would be in contact with them at least annually.

Mayor Gamba commented on a person he knew who wanted to build an ADU but had been shocked at the city's high rates. He explained that SDCs were called "impact fees" in other jurisdictions since the intent was for the fees to proportionally make up for the impact a dwelling has on the system. He explained the size of ADUs and discussed their impact to the system. He believed that not charging for the frontage improvements, the sewer SDC, or park SDC for a new ADU would not break the system. He suggested the city initiate a pilot program to waive SDC fees for a limited number of ADUs while also updating the TSP and working with the county to revise their SDCs.

Mayor Gamba expressed support for the city waiving SDCs for long-term rentals. He observed that short-term rentals had benefits and understood why it could be ideal to not waive SDCs for short-term rentals. He summarized that he was in favor of waiving SDCs and frontage improvement requirements for ADUs in a limited pilot program while the city also looked at how to restructure the system. He wanted to maximize the CET program to get as many people housed as quickly as possible.

Mayor Gamba believed it would not cost the city to allow someone to build an ADU in their backyard. He noted that if an ADU was not built, then the sidewalk was not improved, which was the same as if the city allowed them to build an ADU and did not charge to improve the sidewalk. **Ms. Brooks** and **Councilor Batey** noted that the conversation had evolved over the last few years and that the fee amounts had changed. **Ms. Brooks** believed that the eligibility section of the Milwaukie Municipal Code (MMC) detailed how structures outside the home were defined. She suggested Council may want to change that eligibility section of the MMC.

Ms. Ober clarified that transportation SDCs had to be backfilled because there were projects such as repaving Lake Road that were dependent on SDC funding.

Mayor Gamba discussed the need to incentivize housing.

Ms. Brooks discussed how the city projected its budget and how SDCs were factored in. **Councilor Batey** observed that the city budget should not be relying on SDC funding from ADUs because the city had not had many ADUs. The group discussed SDCs related to project funding.

Ms. Brooks commented on the city running an ADU pilot program and noted that ADUs would still have to pay county SDCs. **Mayor Gamba** observed that ADUs had the same impact to the system as a spare room rental, but only ADUs had to pay SDCs and frontage improvements. The group discussed SDCs.

Mr. Adams reported that he did track potential SDCs projects in the city. He explained that it was difficult to project long-range SDCs and that Milwaukie's SDC rates were comparable to Wilsonville's. The group noted the differences in the two communities.

Mayor Gamba agreed with the staff note that Milwaukie's SDC rates on large homes were drastically lower than what other communities charged. He believed the city's large home rate should change. The group discussed how other cities charged SDCs. **Ms. Brooks** discussed the importance of frontage improvements and helping to complete the infrastructure system. **Mr. Adams** explained that FILOC funding could be used in the same neighborhoods, which could result in large portions of new sidewalks.

Councilor Hyzy asked if the city could explore something specifically for corner lots to reduce double frontage fees they are currently charged. **Ms. Brooks** noted that the city

had recently worked with a corner lot to reduce their frontage fees. **Mr. Adams** briefly touched on the idea of proportionality related to corner lots.

Mayor Gamba discussed his support of woonerf-style roads and how those types of improvements help create safe neighborhoods. The group discussed the cost of converting streets to woonerfs and street design and funding. **Council President Falconer** and **Mayor Gamba** noted that networks of streets that operated like woonerfs could be included in the TSP. **Ms. Brooks** noted that there were opportunities to create those networks and suggested inserting them into the TSP with clear standards. She also noted the need to finish the Comprehensive Plan before starting work on the TSP.

Mayor Gamba summarized that staff wanted to encourage ADUs by pulling money out of the CET, while he advocated for a pilot program to waive fees for a limited number of ADUs. **Councilor Hyzy** suggested putting a cap on how much money could be pulled out of the CET program. **Mayor Gamba** and **Council President Falconer** observed the need for affordable housing while not pulling money out of the CET fund.

Councilor Batey and **Mayor Gamba** discussed a potential ADU pilot program. **Ms. Ober** suggested that a pilot program include similar waiver criteria as the CET program. The group confirmed that qualification for a low-income waiver was 80% of median family income.

Ms. Brooks asked Council to confirm they were okay with the same criteria of eligibility but not funding be used for CET. **Mayor Gamba** and the group noted the potential of the county changing their fees.

Ms. Ober remarked on her insistence that program funds be backfilled so they continued to support important projects. **Mayor Gamba** asked where funding would come from if no one built ADUs. **Ms. Ober** said the city would pull from general fund money or from another transportation funding source. She clarified that if she did not have to backfill the funds, she would not. But she needed to make sure that projects were funded.

The group discussed budget projections and how projects were funded based on predictions versus actual known funds.

Councilor Batey suggested following the staff recommendation for 2020 and in the meantime try working with the county and other agencies on revising their SDCs.

Mr. Gericke believed the likelihood of a legal challenge to the pilot program was small.

Mayor Gamba wanted to see the numbers for what the bill would be for a homeowner to build an ADU on a corner lot, a collector street, and in a neighborhood. **Ms. Brooks** and **Mayor Gamba** noted other ADU cost considerations and agreed that costs would vary depending on the situation.

2. Adjourn

Mayor Gamba adjourned the Work Session at 5:41 p.m.

Respectfully submitted,


Amy Aschenbrenner, Administrative Specialist II



CITY OF MILWAUKIE

Memorandum

To: City Council
From: Community Development Director Leila Aman
CC: City Manager Ann Ober
Date: Friday, February 14, 2020
Re: Community Development and Engineering Department Projects - City Council Update for February 18, 2020 Council meeting

Community Development/Housing/Economic Development ▪ CET ▪ VHTC ▪ Sparrow Property ▪ Nonprofit Low-Income Housing Tax Exemption ▪ City Hall ▪ Current City Hall ▪ Pond House	Building ▪ Jan 2020 in review to come
Planning ▪ Comprehensive Plan ▪ Land Use/Development Review: • City Council • Planning Commission ▪ Design and Landmarks Committee	Engineering ▪ CIP Projects

COMMUNITY DEVELOPMENT/ECONOMIC DEVELOPMENT/HOUSING

Construction Excise Tax (CET)

- Staff are preparing to return to City Council, tentatively, on March 17 to discuss a potential amendment to the CET Ordinance for clarification on exemption qualifications for mixed-use, and multi-family developments that have a percentage of income-restricted units.

Vertical Housing Tax Credit (VHTC)

- The Axletree property, located at 11125 SE 21st Ave, was issued an approved project certificate by the City as the first project to qualify for the vertical housing tax credit for a 20% tax exemption for each of the residential units above the first commercial floor. Axletree had four qualifying residential floors for the exemption for a total property tax exemption of 80%, for up to 10 years. Currently 22% of the units at Axletree have been leased. One retail bay has also been leased to a dentist. Leasing staff continue efforts to attract new tenants.

Sparrow

- Staff submitted a technical assistance grant for the Sparrow property located at the corner of SE Sparrow St and SE 25th Ave to Business Oregon for funding towards the site design planning, reimbursement for the Prospective Purchaser Development, the Remedial Action Plan development and Department of Environmental Quality Coordination and the

Contaminated Media Management Plan. Staff will be coming to City Council on February 18th to discuss development goals for the site. Staff have also been working with the community engagement team to develop an outreach and engagement strategy for the site. Council will be asked to provide input and guidance on both goals and engagement at the February 18th meeting.

Nonprofit Low Income Housing Tax Exemption

- Initial informational discussions with overlapping taxing districts occurred on February 12th to share city goals, hear concerns, and understand impacts of a 100% nonprofit low-income housing tax exemption program. Attendees included Clackamas Community College, Fire District and representative from the County.

City Hall

- Advantis has exercised its option to extend closing 90 days. Staff anticipate a closing date of June 22nd, 2020. The Purchase and Sale Agreement will be amended to reflect that date once finalized.

Current City Hall

- On January 7th, 2020 staff presented to City Council about the formation of a City Hall Blue Ribbon Committee (CHBRC), a short-duration advisory committee that will include city representatives and community partners. The Committee members will learn about the site and help create goals for the future of the site. Applications for the CHBRC were accepted through February 10th, 2020. The city has received 25 applications or nominations to fill the approximately 14 seats on the committee.

Pond House

- Staff issued Request for Bids for the purchase of the Pond House. The bid deadline was January 31, 2020 at 12:30 p.m. Staff received two bids for the Pond House property. Staff is moving forward with the highest bidder and negotiating a Purchase and Sale Agreement for the Pond House property.

PLANNING

Comprehensive Plan Update

- At their February 11, 2020 meeting, the Planning Commission held deliberations on multiple sections of the draft Comprehensive Plan. The Commission continued their hearing until February 25 and are expected to make a recommendation at that meeting. The City Council is tentatively scheduled to open their public hearing on the draft plan on April 7, 2020.
- On February 10, 2020, the application window closed for applications for the Comprehensive Plan Implementation Committee (CPIC). Twenty-nine applications were received for what is expected to be a 12-member committee. City Council members are reviewing applications.

Land Use/Development Review

City Council

- An amended application for Elk Rock Estates has been submitted. The 12-unit natural resource cluster development proposed west of 19th Ave in the Island Station NDA has been redesigned as a 5-lot subdivision. Public notices will be sent out on February 25. The continued public hearing is tentatively scheduled for March 17.
- A-2020-001 – On February 4, the City Council approved the expedited annexation of the property located at 5809 SE Hazel Pl.

Planning Commission

- CSU-2020-001 – The North Clackamas School District has proposed a modification of

the current parking and loading arrangement at Ardenwald Elementary School (8950 SE 36th Ave). The project is being reviewed as a major modification to the school's existing Community Service Use (CSU) approval. The application has been deemed complete and is tentative scheduled for a hearing with the Planning Commission on March 24, 2020.

Type II Review

- DEV-2019-009 – The Planning Director issued a Notice of Decision to approve with conditions the application for a 234-unit multifamily development on the site located at 37th Ave and Monroe St. The appeal period ends on February 20.
- VR-2020-001 – A Notice of Decision to approve with conditions the application for a variance to allow a 6-ft high fence in the front yard at 6460 SE Furnberg St was issued on February 6. The appeal period ends on February 21.

Design and Landmarks Committee

- The next regular meeting of the DLC is Monday, March 2, 2020. The group will review and discuss a draft of proposed amendments to the Downtown Design Review code.

BUILDING

Jan 2020 in review to come

ENGINEERING

CIP Projects

Meek Stormwater South Phase:

- The portion of the project located south of Meek Street was advertised for bid on January 16, 2020 and bids are due February 13, 2020.

McBrod Avenue

- Seven bids were received at the bid closing on February 4, 2020. A staff report will be presented at the City Council meeting held February 18, 2020.

Linwood Avenue SAFE:

- The second open house was held January 15 for 60% plan design, with approximately 50 attendees. Staff continues to work towards solutions for driveway and tree impacts; however, several secondary, unimproved driveways from the back or side of lots in the Cedarcrest neighborhood, which are used to connect to Linwood Ave., will be closed. This has caused high concern with one resident and we are currently working through legal channels to resolve.

43rd Avenue SAFE:

- A 30% plan design open house was held on Wednesday January 29 from 5 to 7 pm at Lewelling Elementary School. A tentative design has been selected which includes one shared bike/ped path and one standard sidewalk on 43rd Avenue. Due to right-of-way constraints, Howe Street will receive two standard sidewalks and sharrows in the travel lanes for bicycles.

42nd Avenue SAFE:

- At the open house held in October 2019, citizens expressed that more was needed to control speeding and make the road feel safer for pedestrians and cyclists. To address these needs, the city is proposing installation of curb extensions and pedestrian refuge islands, as well as painting fog lines to create the appearance of narrower lanes. To offset the proposed scope changes, the 42nd Avenue SAFE project may be combined with the 43rd Avenue SAFE project to create cost savings and other efficiencies. The

combination of the two projects would delay the 42nd SAFE project one year, from summer 2020 to summer 2021. Proposed conceptual designs will be available on the city webpage at the end of February and a public comment period will be open until late March. The public comment period will be announced via a Pilot article, social media posts, and post cards mails to nearby residents.

22nd Avenue and River Road SAFE Project:

- Due to a scheduling conflict at the Grange, the Public Open House is being rescheduled for early March.

Kronberg Park Multi-Use Walkway:

- The light poles have been delivered and installed. Final finishes to the railing to be completed this week along with signage. Boulders have been placed under the bridge as the first step in creating a habitat for wildlife. NCPRD will be placing wood stags and then we will add shrubs on the outer edge. The site is being cleaned and graded for landscaping. Please join us for the Grand Opening on January 25, 2020 at 1 p.m.

Lake Road reconstruction:

- Being designed in-house. In both January and February staff met with both the Lake Road NDA and the Historic Milwaukie NDA to share the design concepts to date. A public open house is scheduled for February 27, from 5-7 PM at City Hall. The project is essentially minimal widening from sidewalk to sidewalk; street widening will be mostly on the north side - mostly narrowing the landscape area by some four feet. A contract has been signed with Kittelson & Associates to design the relocation of the NW and NE signal poles.

21st and Washington Signal Timing:

- A contract has been signed with Global Transportation Engineering to tweak the signal timing program here. Currently the signal operates on a 6-phase system and resets to Phase 1 every time it is interrupted by a train. This will be changed to continuing with the next scheduled phase each time an interrupts occurs.

COUNCIL STAFF REPORT

To: Mayor and City Council
Ann Ober, City Manager

Date Written: Feb. 6, 2020

Reviewed: Leila Aman, Community Development Director

From: Alison Wicks, Development Project Manager

Subject: **Update on Downtown Parking Management Strategy Implementation**

ACTION REQUESTED

Council is asked to receive an update on the downtown parking management strategy and the intended workplan items for 2020.

HISTORY OF PRIOR ACTIONS AND DISCUSSIONS

On [April 10, 2018](#), Council received an overview of the downtown Milwaukee parking study and initial data findings.

On [July 10, 2018](#), Council received an update on the data analysis and findings, stakeholder input and feedback, and initial strategies for the 2018 Downtown Milwaukee Parking Management Strategy.

On [September 18, 2018](#), Council passed Resolution 82-2018 adopting the Downtown Milwaukee Parking Management Strategy and directed staff to move forward with implementation.

On [November 13, 2018](#), Council discussed and directed staff to move forward with a budget adjustment to increase the half-time parking enforcement officer position to full-time.

In June 2019, transportation vendor Lime began a one-year trial operation of 75 e-scooters in Milwaukee city limits.

On [November 5, 2019](#), Council received an update on the downtown parking management strategy and discussed the use of skateboards, roller-skates, and in-line skates as a form of transportation in commercial and industrial zones, and provided staff direction to pursue revising the municipal code to allow for these uses in the downtown.

DISCUSSION

Parking Strategy Update

The Downtown Parking Management Strategy was adopted in September 2018. Since adoption of the strategy, the city has taken some implementation steps including increasing enforcement and working with local businesses impacted by construction in south downtown.

Over the next year staff anticipates prioritizing the following near-term parking management strategies:

- Clarifying and/or reaffirming the city's role in parking management. Staff will host a discussion with Council about the city's role in parking management. This includes confirming the city's role in managing on-street parking, off-street parking, event parking, and the employee parking permit program (Strategy 1).

- Establish a downtown parking working group. Convene a group of residents, business owners, property owners, and city staff from engineering, parking enforcement, planning, and community development to guide implementation of the parking management strategy (Strategy 8).
- Regular parking data collection. Continue the collection of parking data (including the 12-hour study of parking utilization), update parking data with the completion of major construction downtown, and consider data collection in residential areas to gauge the need of parking regulation in residential neighborhoods adjacent to downtown (Strategy 9).
- Improve off-street parking. Identify off-street, shared-use opportunities for long-term parking and employee parking permits (Strategy 10).
- Encourage the use of alternative modes. Update Milwaukie Municipal Code (MMC) 10.44.070 Rollerskate, Skateboard, and Inline Skate Regulations to allow the use of these alternative modes in downtown. Staff is scheduled to discuss this with Council on April 7 (Strategy 24).
- Employee alternative mode incentives. Working with the climate action and sustainability coordinator and human resources, develop pilot policies to encourage city staff to use alternative modes and lead by example for the Milwaukie business community (Strategy 25).

The city will also continue to actively engage in conversations with community members including the Downtown Milwaukie Business Association (DMBA) and the Historic Milwaukie Neighborhood District Association (NDA) about downtown parking management. Staff have recognized that the City needs to develop a parking solution for events held in the library community room that are two hours or longer and are held during enforcement hours. Staff are proposing to charge a reduced rate for day passes specific to such events that would allow participants to park on street or in designated city off street lots for a specified period of time. Staff are exploring other off street options as well to address this issue as it is anticipated that with a new city hall this issue will be further exasperated.

Questions for Council:

1. Does Council have any input on who staff should contact about serving on the downtown parking working group?
2. Does Council have any questions or requests for additional information regarding the city's role in parking management?

BUDGET IMPACTS

The city will use budgeted general funds within the community development department budget for consulting services. Additional resources may be needed to implement off-street parking agreements and for implementing employee alternative mode incentives. Staff will return with more detailed budget impacts at the time these efforts move forward.

WORKLOAD IMPACTS

The community development director and development project manager will work to implement the Downtown Milwaukie Parking Management Strategy. Staff from public works, engineering, parking enforcement, and planning will participate.

COORDINATION, CONCURRENCE, OR DISSENT

The city manager, assistant city manager, police chief, community development director, and development project manager have coordinated on these efforts to date. Staff agrees on the importance of implementing near-term strategies of the downtown parking management strategy.

STAFF RECOMMENDATION

Not applicable.

ALTERNATIVES

Staff is seeking general direction. No alternative approaches have been explored.

ATTACHMENTS

None.

DOWNTOWN PARKING MANAGEMENT STRATEGY IMPLEMENTATION

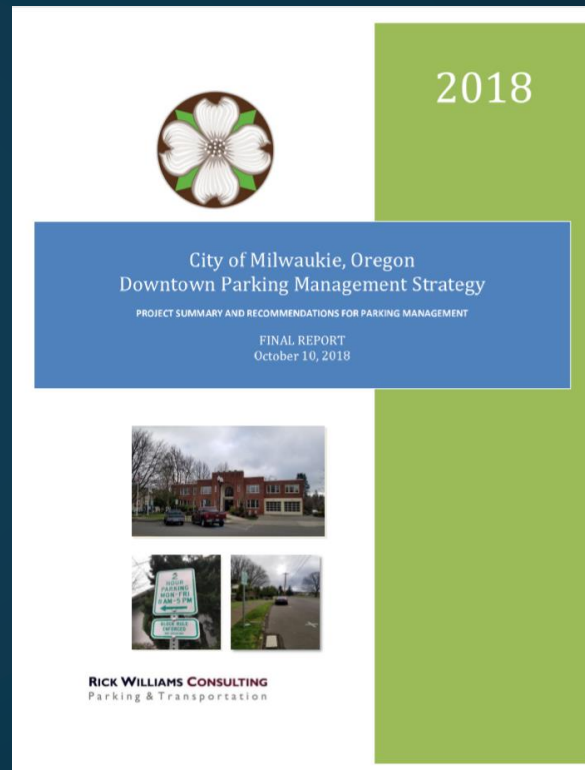
Alison Wicks, Development Project
Manager

Leila Aman, Community
Development Director



Downtown Parking Management

- September 2018:
Council adopted
the Downtown
Milwaukie Parking
Management
Strategy



February 18, 2020

Downtown Parking Management



Downtown Parking Management

- Early Implementation
 - Increased enforcement
 - Communication with business owners



February 18, 2020

Downtown Parking Management

Downtown Parking Management

- 2020 Work Plan
 - Council Discussion on City's Role in Parking Management
 - Establish Downtown Parking Work Group
 - Annual parking study

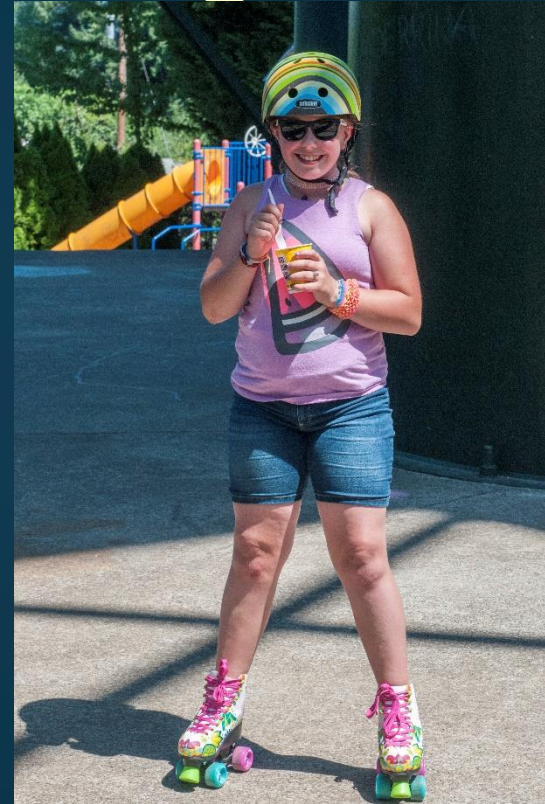


February 18, 2020

Downtown Parking Management

Downtown Parking Management

- 2020 Work Plan
 - Improve Off-Street Parking
 - Encourage use of alternative modes
 - Employee alternative mode incentives



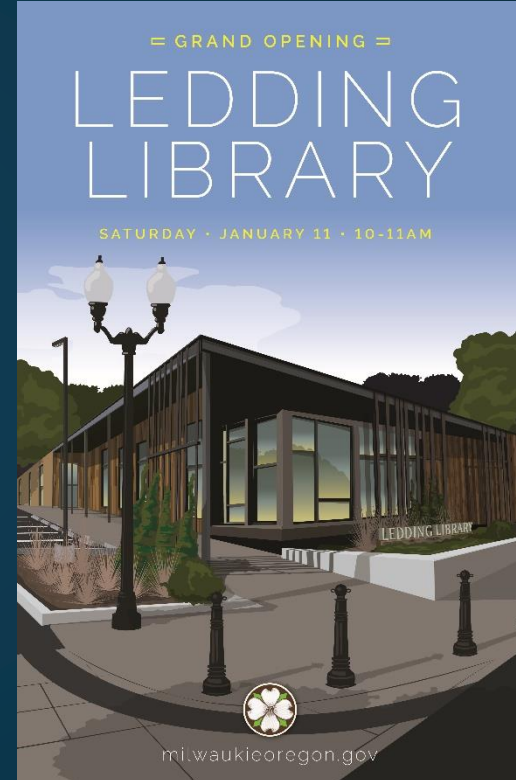
February 18, 2020

Downtown Parking Management



Downtown Parking Management

- 2020 Work Plan
 - Develop solution for event parking including Ledding Library Community Room



February 18, 2020

Downtown Parking Management

Question for Council

- Does Council have any input on who staff should contact about serving on the downtown parking working group?
- Does Council have any questions or requests for additional information regarding the city's role in parking management?





COUNCIL STAFF REPORT

To: Mayor and City Council
Ann Ober, City Manager

Date Written: Feb 10, 2020

Reviewed: Justin Gericke, City Attorney,
Leila Aman, Community Development Director, and
Steve Adams, City Engineer

From: Kelly Brooks, Assistant City Manager

Subject: **System Development Charge (SDC) Waivers for Accessory Dwelling Units**

ACTION REQUESTED

Receive information on a staff proposal to utilize Construction Excise Tax funds to facilitate construction of ADUs for affordable housing.

HISTORY OF PRIOR ACTIONS AND DISCUSSIONS

As part of the city's work on affordable housing, council has discussed the possibility of waiving system development charges for ADUs on multiple occasions. Questions raised during these conversations about what would be allowed, and how it could proceed, are the impetus for this staff report and presentation.

ANALYSIS**Why consider waiving SDCs for ADUs?**

ADUs can provide access to additional affordable housing units given their low cost to construct in relation to single family or multifamily housing. One barrier to development of ADUs in Milwaukie has been the fees and frontage improvement requirements imposed by the city that contribute to the overall cost of the project. Council has expressed interest in waiving certain fees to incentivize the construction of ADUs for the purpose of affordable housing.

If you waive the fee do you need to backfill it from another funding source?

The attached memo from the city attorney recommends backfilling any SDCs waived by the city.

What source would we use to backfill?

The CET established by Council on November 21, 2017, is the most compatible source of funds for backfilling waived SDCs. Since its adoption, the city has collected \$451,700 (as of December 2019). Up to 50% of the residential portion of the fund can be allocated to incentives for development and construction of affordable housing for those earning up to 80% median family income and another 50% of the commercial portion of the fund can be allocated for incentives for development and construction of housing affordable to those earning up to 120% of median family income.

What criteria would be used to determine who is eligible to receive an SDC waiver?

Another reason to use the CET program as the backfilling source is that it provides a criteria and evaluation process for determining eligibility for waived SDCs. Council recently received an update on the work of the CET Oversight Group (CETOG) and provided input on criteria and program plans. Administering financial incentives for ADU construction within the CET program will provide structure and accountability absent with a blanket waiver for one housing type.

BUDGET IMPACTS

Staff's recommendation assumes expenditures from the CET budget for qualified projects that meet or exceed the criteria set forth by the CET oversight group. The program will be developed to include an application process on a rolling basis and funding would be given on a first come, first served basis as available.

WORKLOAD IMPACTS

None.

COORDINATION, CONCURRENCE, OR DISSENT

The community development and engineering departments, the city manager's office, and the city attorney have all discussed this topic.

STAFF RECOMMENDATION

Rather than waive SDCs, Council could direct those parties constructing ADUs for affordable housing to the CET program where they could apply to receive funding to facilitate the project. For qualifying projects, these funds can be used to help offset SDCs and the cost of frontage improvements if the projects qualify.

ALTERNATIVES

Council could choose to direct staff to:

- 1) deliberate and return with a different proposal based on Council input, or
- 2) waive city SDCs for ADUs without backfilling.

ATTACHMENT

- 1) ADU SDC Memo

LEGAL MEMORANDUM

To: Mayor and City Council, City Manager
From: Justin D. Gericke, City Attorney

Date Written: Jan. 10, 2020

Subject: System Development Charges (SDCs), Accessory Dwelling Units (ADUs), and Housing Affordability

ISSUE PRESENTED:

Council has asked for information on the impact of exempting under certain circumstances the development of Accessory Dwelling Units (ADUs) from System Development Charges (SDCs) and what process the city must follow should it determine to do so. The circumstances warranting an exemption are subject to Council approval but could include ADU development that provides more affordable housing opportunities and an agreement that neither the ADU nor the primary house will be rented as an accessory short-term rental for a period of years.

SDC/ADU BACKGROUND INFORMATION:

The current SDCs charged for development of an ADU in Milwaukie include SDCs for parks, sewer, stormwater, transportation, and water. The county controls SDCs for parks (NCPRD) and sewer (WES) and the city controls the remaining SDCs.

For ADUs, the city currently waives the storm SDC, the transportation SDC is set at 65% of a single-family home, and the water SDC is typically \$0 if the applicant is using a single meter to service the home and the ADU. The current parks SDC is set at 50% of a single-family home and the sewer SDC is set at 80% of a single-family home. The SDC rate set as a percentage of a single-family home indicates that the reduced impact of an ADU has been taken into consideration.

The breakdown of SDCs is as follows:

County-controlled SDCs:	\$8,273
<u>City-controlled SDCs:</u>	<u>2,278</u>
Total SDCs:	\$10,551

Thus, in most circumstances, a savings of \$2,278 will be realized if the city determines to exempt the development of ADUs from the SDCs within its control.

IMPACTS AND PROCESS FOR EXEMPTING SDCs:

What impact an exemption for ADUs will have on the city's SDC fund and whether any exempted amounts should be backfilled from other funds are important considerations. Policy-based SDC reductions, SDC waivers, and SDC exemptions that do not have a basis in reduced impacts or costs are not explicitly addressed in Oregon's SDC laws. However, reducing the city's SDC funds through such exemptions could jeopardize the city's SDC methodology and have dubious budgetary impacts to the systems that SDC funds are designated to fund. The city's budget process may not be adequate to account for such reductions. For these reasons, it

is advisable for the city to identify a funding source to backfill any exempted amounts. One source of such funding used by other jurisdictions that is already earmarked for expenditure on affordable housing initiatives is the revenue generated by the city's Construction Excise Tax (CET). Given the small amount of SDCs under the city's control, the impact on the CET fund should be minimal while its use to backfill SDC exemptions will avoid SDC methodology problems and possible SDC fund shortfalls that cannot be addressed through the budgetary process.

Two other considerations are worthy of mention. First, because the city's SDCs are only a small portion of the total SDCs, the city should seek to partner with WES and NCPRD to maximize the impact of the exemption. Second, the city will be revisiting its SDC methodology in the near future and could consider whether and how SDC exemptions for ADUs should be addressed.



ADU – SDC / Frontage Waiver Discussion

SDC's for ADUs

- City = \$2,278
- County = \$8,273
- City
 - waives the storm SDC
 - transportation is set at 65% of a single family home
 - and water is typically \$0 if applicant is using a single meter
- County
 - Parks SDC is at 50% of a single family
 - sewer is at 80% of a single family

Frontage Improvement Requirements

- ADU's are a new dwelling unit
- Waive the requirement for a TIS
- Have to assess rough proportionality – challenging and unique process site by site.
- Challenge comes when proportionality analysis doesn't justify full sidewalk construction (example 80 ft of impact 150 ft frontage).
- One tool is to pay in to FILOC at 65% rate (similar to SDC) rather than construct. However, we need a TSP update to fully implement this.

Waiving SDCs

- While not expressly prohibited, it can jeopardize the city's SDC methodology so isn't recommended.

Use CET Program for Affordable Units

- Up to 50% of the residential portion can be allocated to incentives for development and construction of affordable housing for those earning up to 80% median family income (\$70,300).
- Criteria developed by the CET Oversight Group (CETOG)
- Could cover SDC costs and frontage improvements for qualifying units.