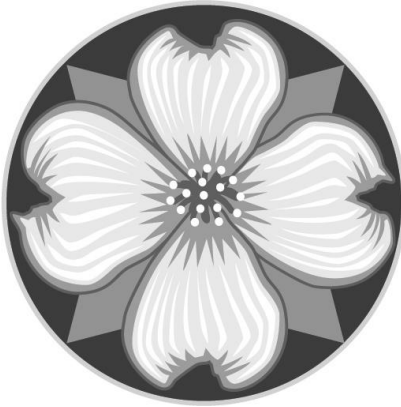




Regular Session

RS

Milwaukie City Council

COUNCIL REGULAR SESSION

City Hall Council Chambers, 10722 SE Main Street
& Zoom Video Conference (www.milwaukieoregon.gov)

2381st Meeting**AGENDA**

MAY 16, 2023

Council will hold this meeting in-person and through video conference. The public may attend the meeting by coming to City Hall or joining the Zoom webinar, or watch the meeting on the [city's YouTube channel](#) or Comcast Cable channel 30 in city limits. **For Zoom login** visit <https://www.milwaukieoregon.gov/citycouncil/city-council-regular-session-349>.

To participate in this meeting by phone dial 1-253-215-8782 and enter Webinar ID 841 6722 7661 and Passcode: 097479. To raise hand by phone dial *9.

Written comments may be delivered to City Hall or emailed to ocr@milwaukieoregon.gov. Council will take verbal comments.

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

Page #

1. **CALL TO ORDER** (6:00 p.m.)
 - A. **Pledge of Allegiance**
 - B. **Native Lands Acknowledgment**
2. **ANNOUNCEMENTS** (6:01 p.m.) **2**
3. **PROCLAMATIONS AND AWARDS**
 - A. **Outstanding Milwaukie High School (MHS) Student – Awards** (6:05 p.m.)
Presenter: Kim Kellogg, MHS Principal
 - B. **Dogwood Day – Proclamation** (6:35 p.m.) **4**
Presenter: Scott Stauffer, City Recorder
 - C. **Historic Preservation Month Proclamation – Proclamation** (6:45 p.m.) **5**
Presenter: Lisa Batey, Mayor
 - D. **Armed Forces Week – Proclamation** (7:00 p.m.) **6**
Presenters: Adam Khosroabadi and Robert Massey, City Councilors
 - E. **Public Works Week – Proclamation** (7:05 p.m.) **7**
Presenter: Peter Passarelli, Public Works Director
4. **SPECIAL REPORTS**
 - A. **None Scheduled.**
5. **COMMUNITY COMMENTS** (7:10 p.m.)

To speak to Council, please submit a comment card to staff. Comments must be limited to city business topics that are not on the agenda. A topic may not be discussed if the topic record has been closed. All remarks should be directed to the whole Council. The presiding officer may refuse to recognize speakers, limit the time permitted for comments, and ask groups to select a spokesperson. **Comments may also be submitted in writing before the meeting, by mail, e-mail (to ocr@milwaukieoregon.gov), or in person to city staff.**

6. CONSENT AGENDA (7:15 p.m.)

Consent items are not discussed during the meeting; they are approved in one motion and any Council member may remove an item for separate consideration.

A. Approval of Council Meeting Minutes of:

9

1. April 11, 2023, study session,
2. April 18, 2023, work session, and
3. April 18, 2023, regular session.

7. BUSINESS ITEMS

A. Housing Production Strategies – Discussion (7:20 p.m.)

18

Staff: Joseph Briglio, Community Development Director, and
Laura Weigel, Planning Manager

8. PUBLIC HEARINGS

A. None Scheduled.

9. COUNCIL REPORTS

A. Legislative and Regional Issues – Discussion (8:20 p.m.)

Staff: Scott Stauffer, City Recorder

10. ADJOURNMENT (8:50 p.m.)

Executive Session. After the regular session Council will meet in executive session pursuant to Oregon Revised Statute (ORS) 192.660 (2)(h) to consult with counsel concerning the legal rights and duties of a public body with regard to current litigation or litigation likely to be filed.

Representatives of the news media and designated staff may attend executive sessions. All other members of the audience are asked to leave the room. Representatives of the news media are specifically directed not to report on or otherwise disclose any of the deliberations or anything said about these subjects during the executive session, except to state the general subject of the session as previously announced. No decision may be made in executive session.

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 REGULAR SESSION

City Hall Council Chambers, 10722 SE Main Street
& Zoom Video Conference (www.milwaukieoregon.gov)

2381st Meeting

MINUTES

MAY 16, 2023

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

Staff Present: Joseph Briglio, Community Development Director Peter Passarelli, Public Works Director
Justin Gericke, City Attorney Scott Stauffer, City Recorder
Ann Ober, City Manager Laura Weigel, Planning Manager

Mayor Batey called the meeting to order at 6:10 p.m.

1. CALL TO ORDER

A. Pledge of Allegiance.

B. Native Lands Acknowledgment.

2. ANNOUNCEMENTS

Mayor Batey announced an upcoming city manager open door session, a Milwaukie Pioneer Cemetery clean-up event, and annual plant and book sales. **Council President Nicodemus** announced a Juneteenth event and **Stauffer** noted that ballots for the May 16 election were due by 8 p.m. **Ober** and **Batey** provided details on Pride events.

3. PROCLAMATIONS AND AWARDS

A. Outstanding Milwaukie High School (MHS) Student – Awards

Kim Kellogg, MHS Principal, introduced Elizabeth Oakes and Jonathan Mendoza and Council congratulated them on their academic and extra-curricular activities.

B. Dogwood Day – Proclamation

Stauffer, **Greg Hemer**, Milwaukie Historical Society, and **Phyllis Hines**, Susannah Lee Barlow Chapter Daughter of the American Revolution, introduced the proclamation, remarked on the importance of celebrating the city's incorporation day known as Dogwood Day, and announced the winners of the annual #milwaukiedogwood Instagram photo contest. The historical society presented a happy birthday video to the city. **Mayor Batey** proclaimed May 21, 2023, to be Dogwood Day.

C. Historic Preservation Month – Proclamation

Mayor Batey, **Hemer**, and architectural historian **Leesa Gratreack** introduced the proclamation, noted ongoing preservation projects and programs, and remarked on the importance of preserving historic structures. **Mayor Batey** proclaimed May to be Historic Preservation Month.

D. Armed Forces Week – Proclamation

Councilors Massey and Khosroabadi introduced the proclamation and remarked on the importance of recognizing those who served in the armed forces. **Stauffer** noted the city's work with American Legion Post 180 and the Corporate Diffie Fund for Veterans. **Mayor Batey** proclaimed May 13-20, 2023, to be Armed Forces Week.

E. Public Works Week – Proclamation

Passarelli introduced the proclamation and remarked on the importance of public works. **Mayor Batey** proclaimed May 21-27, 2023, to be Public Works Week.

4. SPECIAL REPORTS

A. None Scheduled.

5. COMMUNITY COMMENTS

Mayor Batey reviewed the public comment procedures, and it was noted that no audience member wished to address Council.

6. CONSENT AGENDA

It was moved by **Councilor Khosroabadi** and seconded by **Council President Nicodemus** to approve the Consent Agenda as presented.

A. City Council Meeting Minutes:

1. April 11, 2023, study session,
2. April 18, 2023, work session, and
3. April 18, 2023, regular session.

Motion passed with the following vote: **Councilors Khosroabadi, Massey, Nicodemus, and Stavenjord** and **Mayor Batey** voting “aye.” [5:0]

Mayor Batey recessed the meeting at 7:35 p.m. and reconvened at 7:45 p.m.

7. BUSINESS ITEMS

A. Housing Production Strategies (HPS) – Discussion

Briglio, Weigel, and Beth Goodman with ECONorthwest reviewed the HPS and Housing Capacity Analysis (HCA) process. **Goodman** discussed changes to the HPS since the last Council report, how the HPS builds on the Milwaukie Housing Affordability Strategy (MHAS), and ways the city could fund and implement HPS actions.

Councilor Khosroabadi, Goodman, and Briglio commented on the legality of implementing a vacant second home tax.

Councilor Massey asked about the city’s ability to navigate required and optional HPS strategies. **Goodman, Weigel, Briglio, and Ober** commented on the limits of city staffing capacity, suggested the HPS was an aspirational document to be implemented over time, and noted the housing work Milwaukie had already done. The group commented on how the city partners with the state to implement housing goals.

Councilor Khosroabadi hoped the city could make progress on HPS goals in the next two to six years. **Briglio, Goodman, and Ober** noted state involvement in the HPS.

Mayor Batey and **Goodman** noted the HPS was not proposing the creation of a new urban renewal district and the group commented on whether the city should implement a transient lodging tax.

Mayor Batey discussed median family income (MFI) data in the HPS. **Goodman** and **Briglio** explained that the 120% MFI incentive was based on the city’s construction excise tax (CET) policies.

Mayor Batey suggested the demographic data in the HPS should call out ethnic groups. **Ober**, **Mayor Batey**, and **Councilor Stavenjord** remarked on how Council's support for changes to the HPS should be noted and how HPS adjacent policy discussions should be conducted. **Briglio** and **Goodman** noted where the demographic data in the HPS had come from. **Council President Nicodemus** asked for time to consider the demographic questions raised by Mayor Batey.

Mayor Batey suggested the HPS needed further definition of generational groups and asked about the HPS' density recommendations. **Goodman** noted that the HPS referred to density information in the HCA. **Weigel** noted that the HCA was moving on a tight timeline for approval through the Planning Commission.

Council President Nicodemus proposed, and Council agreed, to cancel the scheduled executive session that was to follow the regular session.

It was noted that Council would finish HPS questions before moving to HCA questions.

The group commented on when the city would revisit the population density analysis and what it would cost to revisit it now.

Mayor Batey asked about using CET funds to backfill system development charge (SDC) funds for accessory dwelling units (ADUs) and housing. **Ober** and **Weigel** explained it could be possible with a policy or code change.

Councilor Stavenjord and **Briglio** noted the proposed policy discussions listed as actions in the HPS were options the city could pursue and were not required. The group discussed how to word policy actions to be clearer.

Mayor Batey asked about language in the HCA related to permitted ADUs, suggesting that the document was not clear on what time periods it was referring to. **Weigel**, **Councilor Stavenjord**, and **Goodman** explained how the HCA used data from different time periods.

Mayor Batey asked what a single attached unit was and **Goodman** and **Weigel** explained those are town houses and were different from duplexes or triplexes.

The group discussed whether the city should focus on home ownership as a policy goal.

Weigel noted the HPS would be back for Council consideration on June 6.

8. PUBLIC HEARING

A. None Scheduled.

9. COUNCIL REPORTS

A. Legislative and Regional Issues – Discussion

Stauffer provided an update on legislation the city had been tracking and the group discussed the status of bills.

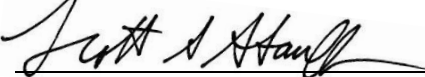
Ober noted the need for Council to send a letter regarding the Regional Transportation Plan (RTP) to request the prioritization of city projects. The group noted the city's Capital Improvement Plan (CIP) list would be used for the letter and there was Council consensus for the mayor to sign the RTP letter.

10. ADJOURNMENT

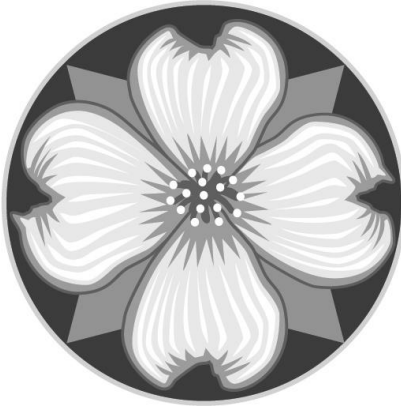
It was moved by Council President Nicodemus and seconded by Councilor Khosroabadi to adjourn the Regular Session. Motion passed with the following vote: Councilors Khosroabadi, Massey, Nicodemus, and Stavenjord and Mayor Batey voting “aye.” [5:0]

Mayor Batey adjourned the meeting at 9:31 p.m.

Respectfully submitted,



Scott Stauffer, City Recorder



RS Agenda Item

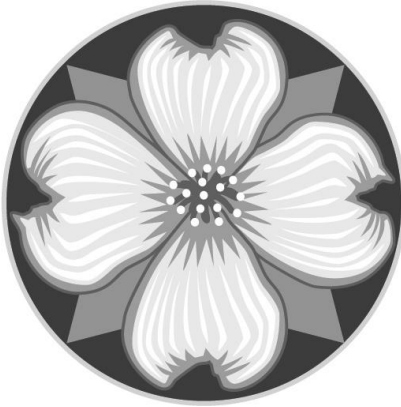
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Announcements

Mayor's Announcements – May 16, 2023



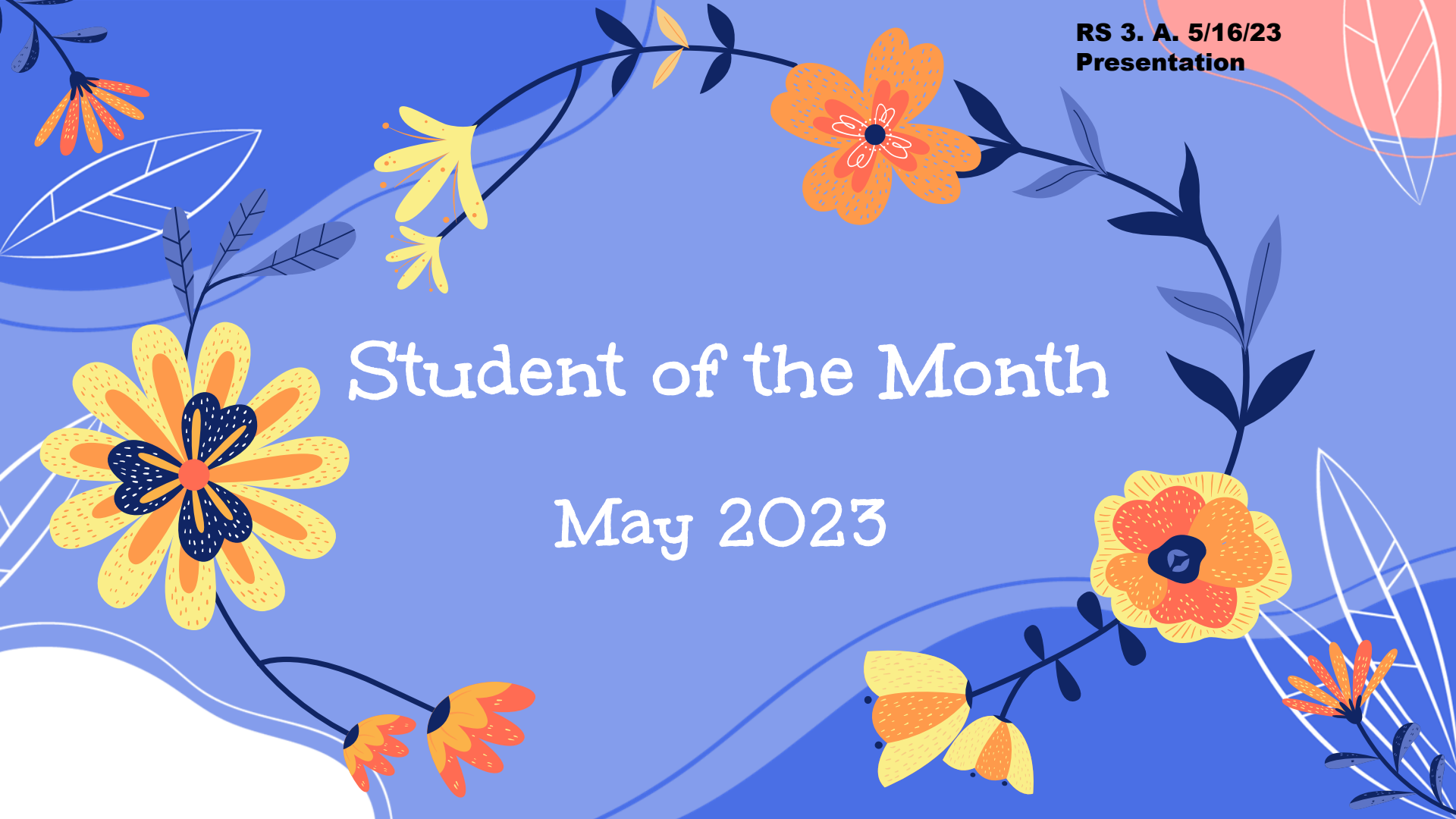
- **City Manager Open Door Session – Fri., May 19 (9 – 10 AM)**
 - Ask questions, raise concerns, or just find out more about the city
 - No sign-up is necessary. First-come, first served.
 - Session takes place at City Hall Council Chambers, 10722 SE Main St.
- **Pioneer Cemetery Volunteer Cleanup – Sat., May 20 (9 AM – 12 PM)**
 - Join the Milwaukie Pioneer Cemetery Association to help cleanup the cemetery.
 - Volunteers are asked to bring trowels and gloves.
 - Cemetery is located at 9515 SE 17th Ave.
 - Parking available at Protemp Associates parking lot at 9788 SE 17th Ave.
- **20th Annual Friends of Ledding Library Plant Sale – Sat., May 20 (10 AM – 1 PM)**
 - Milwaukie Floral & Garden, 3306 SE Lake Rd.
 - If you are interested in volunteering at the sale, or would like to donate plants, please email leddingfriends.plantsale@gmail.com.
- **Ardenwald-Johnson Creek Plant Sale – Sat., May 20 (11 AM – 5 PM)**
 - Support the final fundraiser for Balfour Park
 - Sale takes place at 3012 SE Balfour St.
 - For more information visit ardenwald.org or contact Lisa at 503-754-1655.
- **Friends of Ledding Library Sunday Book Sales – Start May 21 (9:30 AM – 2 PM)**
 - Book sales occur every Sunday through October
 - Includes books, CDs, DVDs, jigsaw puzzles, and other merchandise
 - Ledding Library is located at 10660 SE 21st Av.
 - Learn more at leddingfriends.org.
- **LEARN MORE AT WWW.MILWAUKIEOREGON.GOV OR CALL 503-786-7555**



RS Agenda Item

3

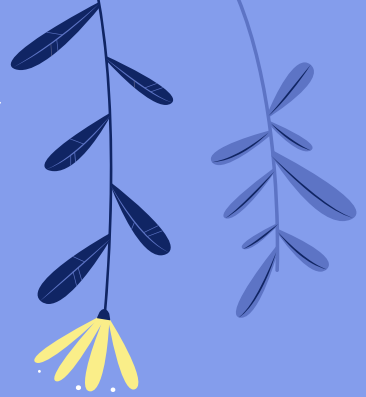
Proclamations & Awards

A decorative border of stylized flowers and leaves in orange, yellow, and dark blue, set against a background of blue wavy lines and a pinkish-red shape in the top right corner.

Student of the Month

May 2023

Criteria for Student of the Month



We are looking for students that:

- contribute to and/or have made an impact on their community.
- strive for excellence in their academics, activities and/or their passion area.
- have overcome an obstacle and are showing growth and are thriving.



Elizabeth Oakes

Milwaukie High School

- GPA: 3.9
- Taken (6) AP classes
- Pre-Calculus
- History/Writing Strength are strengths

Involvement

- Tennis - (4) Varsity Co-Captain
- National Honor Society
- OUR Club - Social Issues - Clothes Drives
- Art - Showcased and sold at Made in Milwaukie
- Plays Guitar - 7 years (self-taught)

Work

- Working Willamette View - Server
 - Hearing the stories of the residence

Future

- University of Oregon - Cinema Studies

Art sold at
Made in Milwaukie
since November



4 years on the Tennis Team
Ellie and her parents Sheila & Howie



~Ellie~

Ellie is THE BEST. She was one of our captains this season for tennis and her positive and encouraging attitude made the season so much fun for everyone. I really feel lucky to have been able to work with Ellie since she was a freshman because watching her grow into the person she is now has been amazing. She works so hard at everything she does; she stays persistent to ensure that everything has been done to the best of her ability. This tennis season, Ellie played her hardest and came out a better player every single time. She is strong, physically and emotionally, and it allows her to be so kind to her peers. Ellie has an incredibly forgiving heart that I know her peers appreciate experiencing. I truly hate that I need to start preparing for more seasons and school years without Ellie because she is a very special person. Ellie is super dope and I have been so honored to have been her coach!

~Ms. Avila



I had Ellie last year in AP Psych and APUSH and she is a peer tutor for AP Psych this year. Her academic skills are among the best in her class. She has a natural curiosity, is an excellent writer and exhibits all of the habits of an outstanding student.

However, what truly sets her apart from her peers is her genuine and consistent care and concern for others. She is one of the nicest people I have worked with and easily mixes in any group of peers. She was quick to make friends last year, including with people who were new to MHS. Ellie treats everyone so well at all time and I have honestly never seen her waver in this trait. She seems to have a permanent optimism and happiness that is contagious to those around her.

And while she would likely never agree, Ellie is a natural leader. This can be seen in extracurricular programs, but also in the classroom, where she often sets the (always positive) tone for class discussions as well as small group projects.



~ Mr. Lee

Ellie is kind, intelligent, authentic, empathetic, talented and hard-working. It's been an honor to be her School Counselor for 4 years :). Whenever Ellie and I have met to discuss classes and more, she always checks in on me and expresses her gratitude for support! She is supportive and curious about those around her and a natural care-giver. Ellie is communicative and clear and thinks deeply about the feelings and perspectives of others. She is an excellent listener and makes sure to honor the words of others. Ellie will shine at UofO - they are lucky to have her. I look forward to watching a documentary made/directed by Ellie someday... Congratulations!

~Baret Pinyoun

Jonathan Mendoza

GPA: 3.6

Wind Ensemble (4 years)

- 9th most advanced band
- Clarinet - 12th Tenor Saxophone

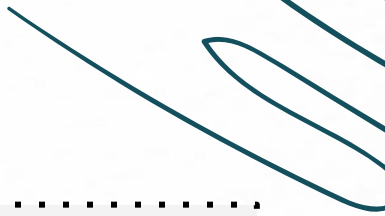
Sabin Schellenberg

- Coding
- Engineering Robotics
- Auto Service Tech 1
- Graphic Design 1
- Pre-Calculus
- AP Calculus

Future Plans

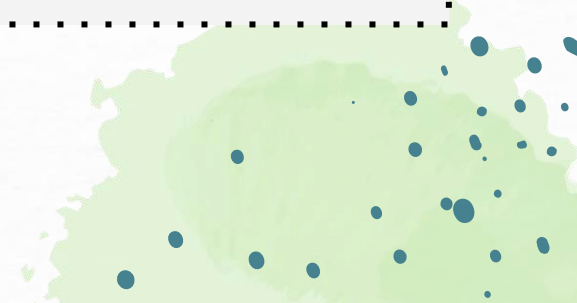
CCC - Manufacturing & Engineering - Business

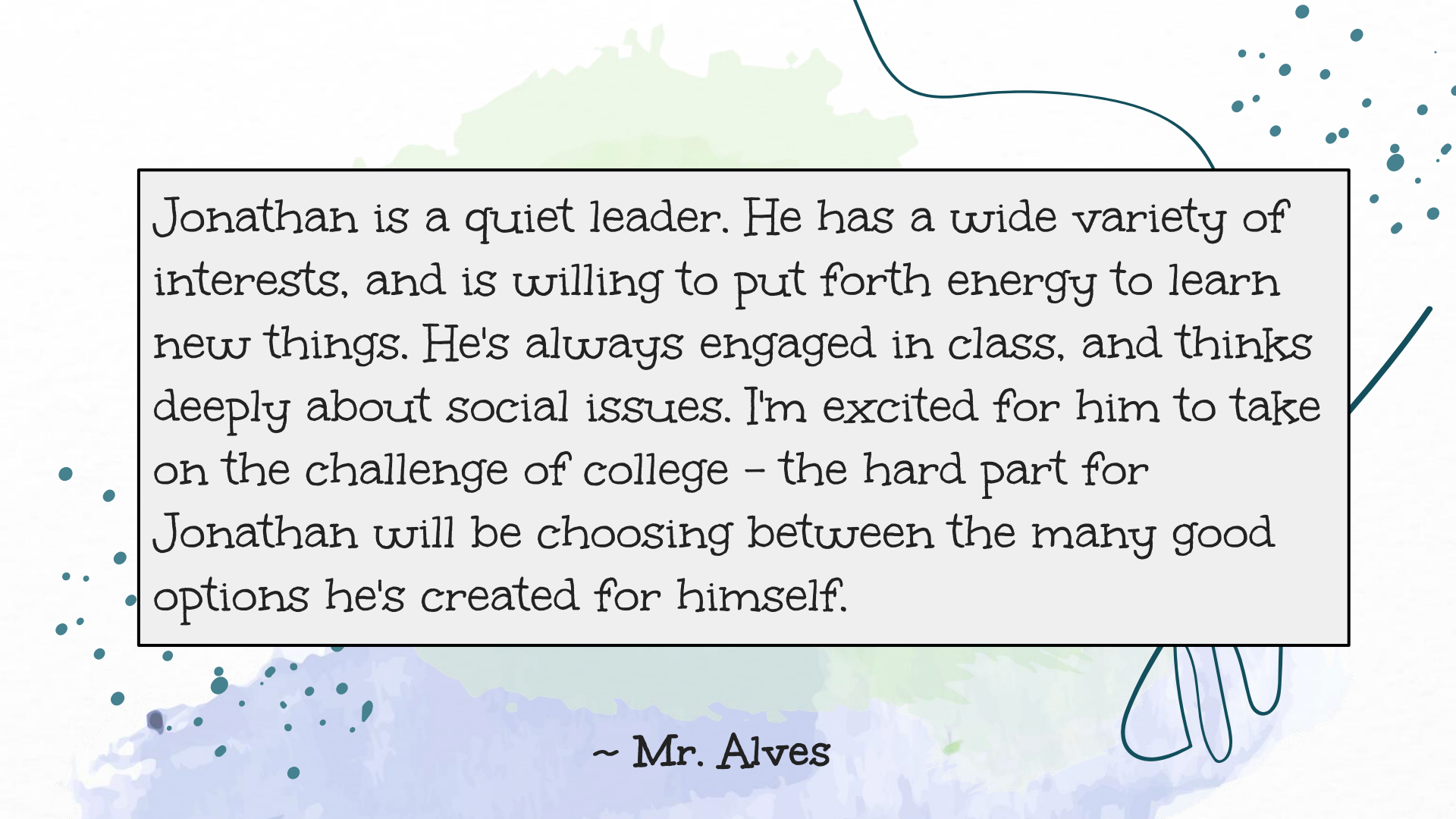




Jonathan is one of the few students in this year's senior class who stuck with band throughout the pandemic. Jonathan is level headed and demonstrated a high level of maturity. He is a musical leader in our instrumental music program. He is a very talented clarinet and saxophone player and will be missed!

~Mr. Grindle

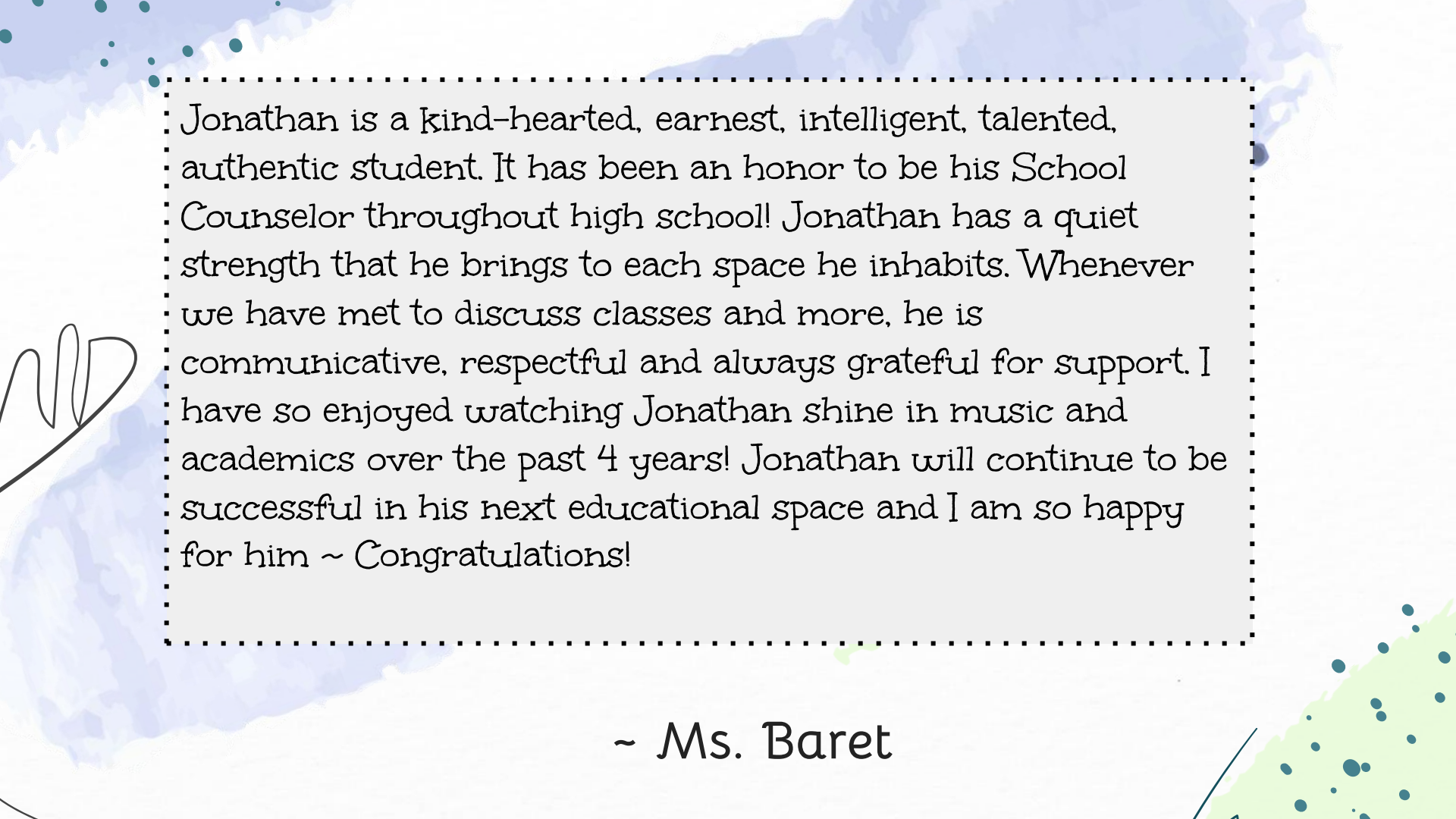




Jonathan is a quiet leader. He has a wide variety of interests, and is willing to put forth energy to learn new things. He's always engaged in class, and thinks deeply about social issues. I'm excited for him to take on the challenge of college – the hard part for Jonathan will be choosing between the many good options he's created for himself.

~ Mr. Alves





Jonathan is a kind-hearted, earnest, intelligent, talented, authentic student. It has been an honor to be his School Counselor throughout high school! Jonathan has a quiet strength that he brings to each space he inhabits. Whenever we have met to discuss classes and more, he is communicative, respectful and always grateful for support. I have so enjoyed watching Jonathan shine in music and academics over the past 4 years! Jonathan will continue to be successful in his next educational space and I am so happy for him ~ Congratulations!

~ Ms. Baret

PROCLAMATION

WHEREAS the Pacific Dogwood (*cornus nuttallii*) was nurtured and cultivated by the earliest settlers of the Milwaukie area, including the Clackamas people who used the Dogwood to weave baskets and make other utensils, and

WHEREAS the Oregon State Legislature incorporated the Town of Milwaukie on May 21, 1903, after years of organized community action that sought to seek local control of the area's infrastructure and shared spaces, and

WHEREAS on April 27, 1952, a plaque was placed by the Susannah Lee Barlow Chapter of the Daughters of the American Revolution at the home of Milwaukie's first mayor, William Shindler, to mark the location of the then-largest native Pacific Dogwood in the United States, which stood at 65-feet in height and 7-feet in circumference, and

WHEREAS on July 9, 1962, the City Council designated the Pacific Dogwood as the city's official flower and "The Dogwood City of the West" as the city's nickname, and

WHEREAS the people of Milwaukie continue to appreciate the Pacific Dogwood and other Dogwood species by planting them in yards, parks, and shared spaces, and

WHEREAS, by designating May 21st as Dogwood Day, Milwaukie continues to recognize the beauty of the Dogwood blossom as an emblem of our shared commitment to the earth and to each other.

NOW, THEREFORE, I, Lisa Batey, Mayor of the City of Milwaukie, a municipal corporation in the County of Clackamas, in the State of Oregon, do hereby proclaim **MAY 21, 2023**, to be **DOGWOOD DAY** in Milwaukie, *The Dogwood City of the West*.

IN WITNESS, WHEREOF, and with the consent of the City Council of the City of Milwaukie, I have hereunto set my hand on this 16th day of May 2023.

Lisa M. Batey, Mayor

ATTEST:

Scott S. Stauffer, City Recorder





PRESERVING MILWAUKIE'S HISTORY FOR FUTURE GENERATIONS

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CITY OF MILWAUKIE

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2023 Corporate Sponsors

LEDDING LIBRARY LECTURE SERIES

120 YEARS OF INCORPORATION
THE MAYORS



June 7th 6PM - 8PM

Live inside Ledding Library or on Zoom

Starring

Milwaukie's Former Mayors



Bernard 2001-2009



Tomei 1998-2001

Come and explore the ins and outs, the good and the bad, and the successes of Mayors that have shaped Milwaukie's past and future.

The program is designed as a casual conversation with audience participation discussing one of the most influential Councils in Milwaukie history.



A special address by Councilor Massey

Council history lesson by City Recorder Scott Stauffer



Find it on Zoom during the day of the event by visiting the City Calendar at www.milwaukieoregon.gov

Watch replay on Comcast Channel 30 or Milwaukie Heitage Channel on You Tube

For more details visit City Calendar or Milwaukie History Museum on You Tube

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FREE **Performance at the Museum**
2nd Saturday of the Month
July, Aug, and Sept
Milwaukie Museum



HAPPY BIRTHDAY MILWAUKIE





Milwaukie 2023 Project Milwaukie 2023 Project Milwaukie 2023 Project Milwaukie 2023 Project Milwaukie 2023 Project

Created by: David Parker

Interviewers: Siri Bernard, Linda Carr, Greg Hemer

Edited by: Greg Hemer

In 2021 Milwaukie Historical Society member David Parker realized that our long time residents were aging and that their stories should be captured before they are lost to time. Thanks to a grant from Clackamas County Arts Alliance, Milwaukie Historical Society purchased equipment to record and store videos of our residents stories. The project expanded to all residents of various ages with a unique story to tell. Siri Bernard and Linda Carr with a little help from Greg Hemer interviewed over 50 residents to create a happy birthday video for the 120th anniversary of Milwaukie Incorporation.

Thank you to all the residents that participated! Please forgive any misspellings!

Who Are You?

Created by: David Parker

Interviewers: Siri Bernard, Linda Carr, Greg Hemer

Edited by: Greg Hemer

In 2021 Milwaukie Historical Society member David Parker realized that our long time residents were aging and that their stories should be captured before they are lost to time. Thanks to a grant from Clackamas County Arts Alliance, Milwaukie Historical Society purchased equipment to record and store videos of our residents stories. The project expanded to all residents of various ages with a unique story to tell. Siri Bernard and Linda Carr with a little help from Greg Hemer interviewed over 50 residents to create a happy birthday video for the 120th anniversary of Milwaukie Incorporation.

Thank you to all the residents that participated! Please forgive any misspellings!

*How Long Have You
Lived in Milwaukie?*

Created by: David Parker

Interviewers: Siri Bernard, Linda Carr, Greg Hemer

Edited by: Greg Hemer

In 2021 Milwaukie Historical Society member David Parker realized that our long time residents were aging and that their stories should be captured before they are lost to time. Thanks to a grant from Clackamas County Arts Alliance, Milwaukie Historical Society purchased equipment to record and store videos of our residents stories. The project expanded to all residents of various ages with a unique story to tell. Siri Bernard and Linda Carr with a little help from Greg Hemer interviewed over 50 residents to create a happy birthday video for the 120th anniversary of Milwaukie Incorporation.

Thank you to all the residents that participated! Please forgive any misspellings!

*Why Did You Come
To Milwaukie?*

Created by: David Parker

Interviewers: Siri Bernard, Linda Carr, Greg Hemer

Edited by: Greg Hemer

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Thank you to all the residents that participated! Please forgive any misspellings!

*What Do You Like
Best About Milwaukie?*

Created by: David Parker

Interviewers: Siri Bernard, Linda Carr, Greg Hemer

Edited by: Greg Hemer

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Thank you to all the residents that participated! Please forgive any misspellings!

*Tell Your Favorite
Story About Milwaukie*

View Entire Project and the Happy Birthday Videos

Milwaukie Heritage You Tube Channel



PRESERVING MILWAUKIE'S HISTORY FOR FUTURE GENERATIONS

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Milwaukie 2023 Project

Created by: David Parker

Interviewers: Siri Bernard, Linda Carr, Greg Hemer

Edited by: Greg Hemer

In 2021 Milwaukie Historical Society member David Parker realized that our long time residents were aging and that their stories should be captured before they are lost to time.

Thanks to a grant from Clackamas County Arts Alliance, Milwaukie Historical Society purchased equipment to record and store videos of our residents stories. The project expanded to all residents of various ages with a unique story to tell. Siri Bernard and Linda Carr with a little help from Greg Hemer interviewed over 50 residents to create a happy birthday video for the 120th anniversary of Milwaukie Incorporation.

Thank you to all the residents that participated! Please forgive any misspellings!

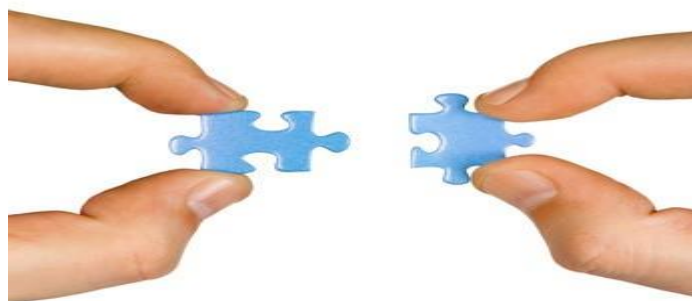
Happy Birthday

Milwaukie



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CITY OF MILWAUKIE

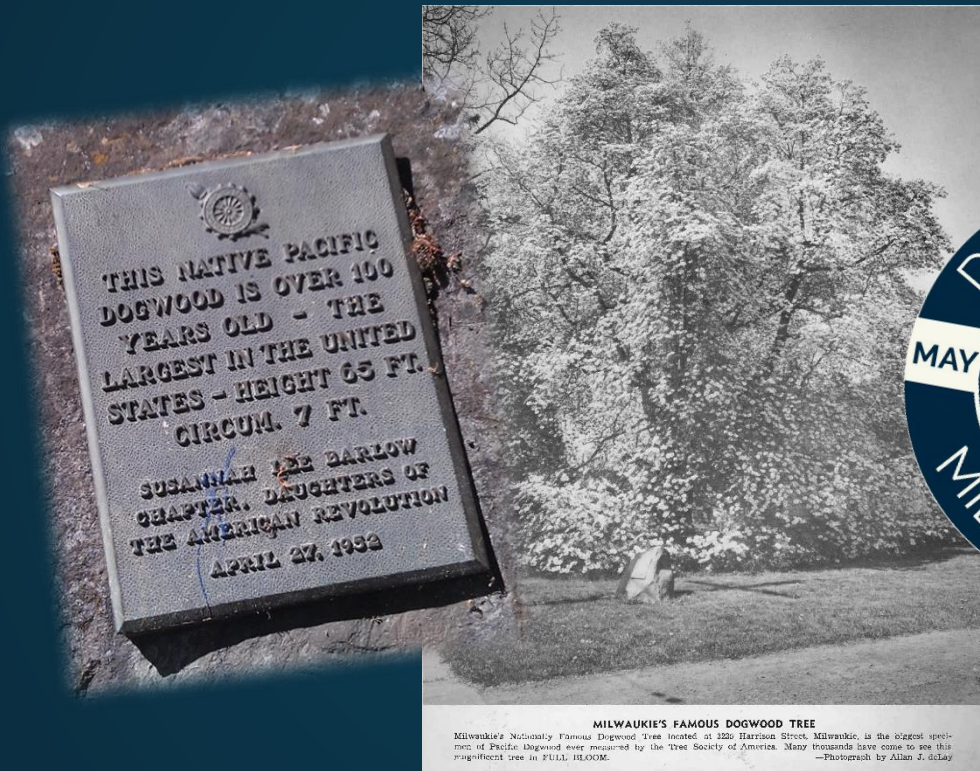
A stylized, graphic illustration of a dogwood flower in white and light gray, with green leaves and brown branches, set within a circular frame on the left side of the slide.

RS 3. B. 5/16/23
City Presentation

Dogwood Day '23

Presented by the
Milwaukie Historical Society
Susannah Lee Barlow Chapter, DAR
and the
Office of the City Recorder

The Original Dogwood Tree



#milwaukiedogwood

- 16 photos submitted!
- 2023 Winners
 - Puzzle
 - Stickers
 - Postcard
 - Sunglasses!
- Market 5/21!



Proclamation 2023



PROCLAMATION

WHEREAS the Pacific Dogwood (*cornus nuttallii*) was nurtured and cultivated by the earliest settlers of the Milwaukie area, including the Clackamas people who used the Dogwood to weave baskets and make other utensils, and

WHEREAS the Oregon State Legislature incorporated the Town of Milwaukie on May 21, 1903, after years of organized community action that sought to seek local control of the area's infrastructure and shared spaces, and

WHEREAS on April 27, 1952, a plaque was placed by the Susannah Lee Barlow Chapter of the Daughters of the American Revolution at the home of Milwaukie's first mayor, William Shindler, to mark the location of the then-largest native Pacific Dogwood in the United States, which stood at 65-feet in height and 7-feet in circumference, and

WHEREAS on July 9, 1962, the City Council designated the Pacific Dogwood as the city's official flower and "The Dogwood City of the West" as the city's nickname, and

WHEREAS the people of Milwaukie continue to appreciate the Pacific Dogwood and other Dogwood species by planting them in yards, parks, and shared spaces, and

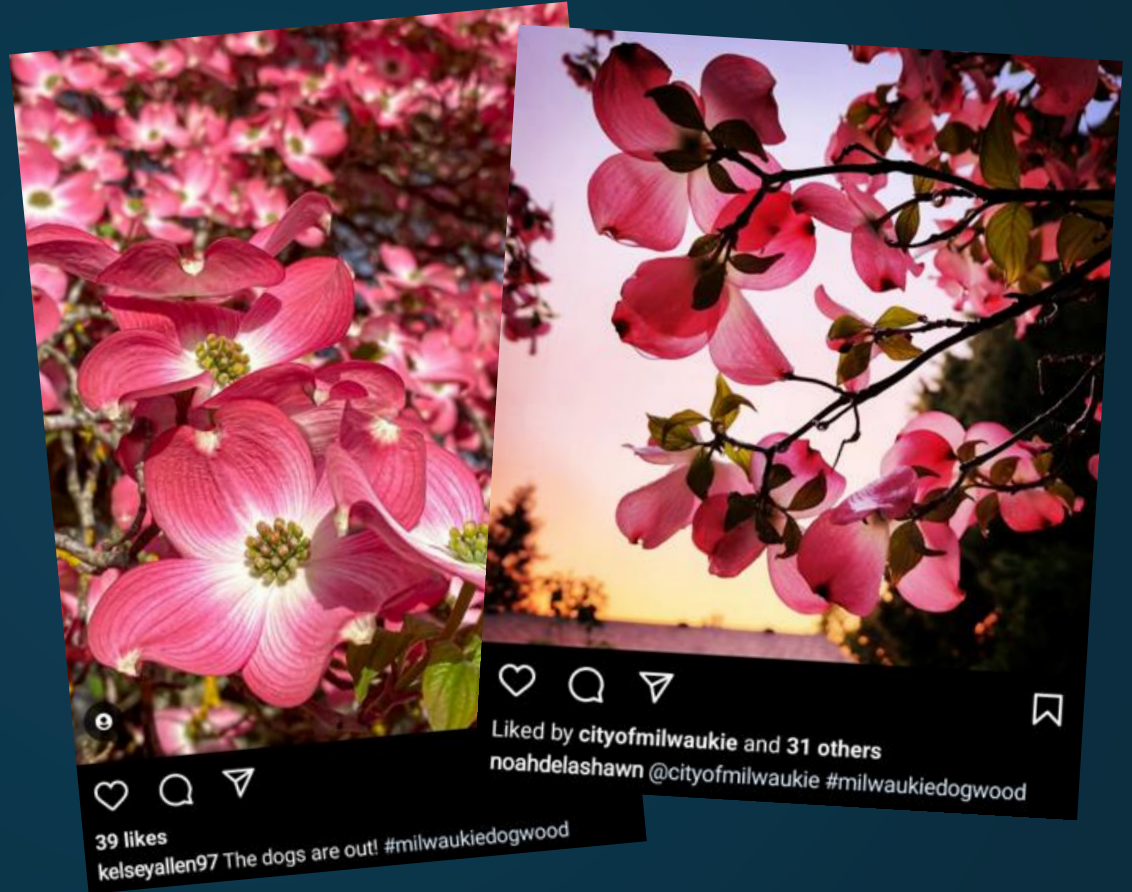
WHEREAS, by designating May 21st as Dogwood Day, Milwaukie continues to recognize the beauty of the Dogwood blossom as an emblem of our shared commitment to the earth and to each other.

NOW, THEREFORE, I, Lisa Batey, Mayor of the City of Milwaukie, a municipal corporation in the County of Clackamas, in the State of Oregon, do hereby proclaim **MAY 21, 2023**, to be **DOGWOOD DAY** in Milwaukie, *The Dogwood City of the West*.

IN WITNESS, WHEREOF, and with the consent of the City Council of the City of Milwaukie, I have hereunto set my hand on this 16th day of May 2023.



Happy Dogwood Day!



PROCLAMATION

WHEREAS the preservation of historic places is an effective tool for revitalizing neighborhoods, fostering local pride, and maintaining community character while enhancing livability, and

WHEREAS preservation and reuse of historic buildings is inherently sustainable and environmentally sound, and

WHEREAS, since 1973, the National Trust for Historic Preservation and countless other communities across the United States have marked May as an annual time to reflect on the importance of preserving places that reflect America's history, and

WHEREAS modern-day Milwaukie, established in 1847 on the historic homeland of the Clackamas people, encompass a range of potentially historic buildings, from late pioneer-era structures, through Victorian, Craftsman and other historic eras and styles, to exceptional mid-century architecture, and

WHEREAS residents of Milwaukie and the many volunteers of the Milwaukie Historical Society have helped raise awareness of historic resources and buildings in our community, including launching the first Historic Homes Tour in 2019, working with fellow residents realizing their homes history, and striving towards completing Milwaukie's Historic Home Inventory list by 2024, and

WHEREAS the preservation of historic places has a positive impact on communities by strengthening neighborhoods, encouraging local economic growth, providing a physical link to the past, and by being environmentally responsible.

NOW, THEREFORE, I, Lisa Batey, Mayor of the City of Milwaukie, a municipal corporation in the County of Clackamas, in the State of Oregon, do hereby proclaim **MAY 2023** as **HISTORIC PRESERVATION MONTH** in Milwaukie to increase public understanding of the importance of preserving our history for future generations.

IN WITNESS, WHEREOF, and with the consent of the City Council of the City of Milwaukie, I have hereunto set my hand on this **16th** day of **May 2023**.

Lisa M. Batey, Mayor

ATTEST:

Scott S. Stauffer, City Recorder



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Open Saturdays 11AM-4PM

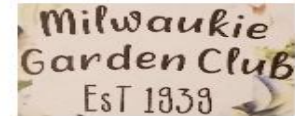


CITY OF MILWAUKIE

Macleod Construction



David Parker Consulting LLC
Logistics, Transportation, Process Evaluation, Systems Review



Dieringers Properties



Thank You



Proud Member
 *Keeping History Alive in Clackamas County*

2023 Corporate Sponsors

Milwaukie: Then & Now



Open Saturdays
3737 SE Adams St., Milwaukie



Home Tours, Home History, Inventory

Enjoy Your Tour

Tours begin at 10am; last tour 1:30pm.
Parking lot opens at 9:15am

Parking has been reserved on the corner of 22nd and Sparrow. This is your check in location. **Important:** You will not be admitted into homes without checking in.

One ticket per person including children. Tickets will not be sold during the day of the event. Only purchased ticket holders will be admitted into the homes.

You may tour any house in any order and as many times as you wish. Each home will have a waiting area for entry. Entry to each home will typically begin on the ½ hour and hour. Your ticket will be marked before entry.

Each home tour is guided. Your guide will inform and show you important features, history, and overall home appeal. Please feel free to ask any questions.

We ask you do not take pictures, bring backpacks, food, drinks, strollers, or enter rooms that are roped off. Please be considerate to our hosts and wear the provided booties at each entrance.

Restrooms inside homes will not be available for use. There is a restroom located at Spring Park on the corner of 19th and Sparrow. ADA access is limited and the tour will cover about 3 miles of walking. Please wear comfortable shoes.

An emergency manager will be onsite if needed.

1. Fernwood Manor



The rustic style manor (1921-1941) has stunning views of the Willamette River from its strategically placed windows and balconies. Initial construction was halted by the Depression and was completed by a hotel owner who named it Fernwood Manor. Locally it is remembered as the Amadeus Restaurant but was purchased in 2018 and has been carefully restored to a private residence.

2. Shaw House



This two-story Craftsman bungalow is characterized by a low-pitched gabled roof with dormers; a large covered porch supported by substantial columns; broad eaves with exposed rafters; and large fixed and double hung windows with multiple panes in the upper windows. Distinctive to this house is the rounded arch in the front gable where the windows were originally screened in for a sleeping porch.

3. Heintz House

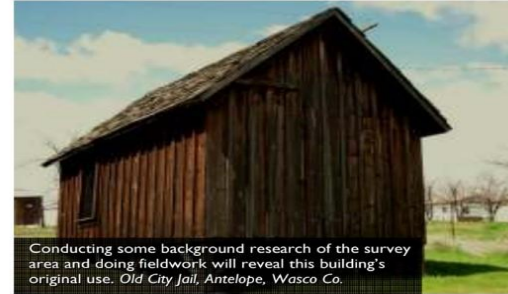


The Heintz House (ca.1914) was designed for Alfred C. Heintz by Alfred H. Faber, a prolific architect active in Portland between 1904 and 1918. This Craftsman bungalow has a cross gabled roof allowing for maximum views of Willamette River. Distinctive elements include clinker brick porch piers and a wood-planked front door

4. Pittock Cottage



The Pittock Cottage (1916) was constructed as a summer home by the Pittock family whose financial empire included ownership of the Oregonian. It has few formal stylistic details but was designed to take advantage of the views of the Willamette River. The front entrance - originally the rear entrance - is protected by an arched portico supported by decorative cast iron remnants from the Oregon Elevator



standard historical reference works. If possible, include examples of historic property types from the survey project area that illustrate local trends and patterns. The historical narrative in the final report should only be enough to characterize the general sense of the development of the project area, usually just one to two paragraphs in length.

Fieldwork

Fieldwork and recordation is the main component in identifying and evaluating resources within a survey project area during a Reconnaissance Level Survey. Fieldwork is conducted along public right-of-ways in a systematic, resource-by-resource way. For each resource surveyed, specific information is collected, two or more photographs are taken, and each resource is noted on a field map.

Project Database

Before beginning fieldwork, setup the project database you received from the SHPO to help manage your project. Begin by creating a new survey project. Then add records that already exist in the project database that are within the current survey project area. Example:

- The survey project area includes resources between the 100-500 blocks of Main Street.
- The project database shows that 5 resources in the 300 block of Main Street were surveyed in the 1990s and already have records.
- Add the existing records for resources in the 300 block of Main Street to your survey project group so they can be updated with new information.

Adding records to the survey project group before beginning fieldwork provides surveyors with great information about any previous surveys that may have been conducted, thoughts from a previous surveyor about a resource's age and integrity, and helps prevent the duplication of records. See Appendix C for detailed instructions on how to use the project database.

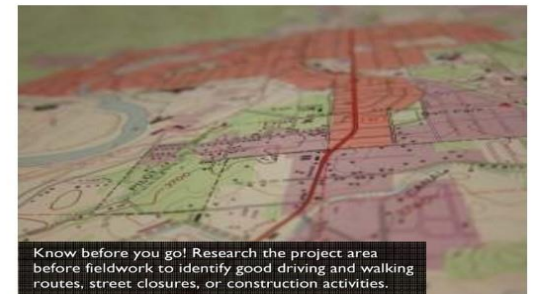
Walking List

For fieldwork, surveyors can use the "Walking List" available within the project database, or their own system. The "Walking List" provides surveyors with information about any resources that may have been previously surveyed within the survey project area. After adding any existing records in the project database to a survey project group, surveyors can print a Walking List to use in the field that shows information for each of these existing records. Surveyors can also print a blank "Walking List" to use in the field for those resources in the survey project area that do not yet have records in the project database. See Appendix C for instructions on how to generate a walking list.

Collecting Physical and Architectural Information

Plan ahead! Surveyors should establish a systematic process to ensure all resources within the survey area will be identified and evaluated. This could include driving the project area before fieldwork to determine the terrain, the best route to walk, identifying resources that may be obscured or distant from the public right-of-way and which may need owner permission to access, places to take breaks, or areas where you may feel uncomfortable surveying alone and will want to have a partner.

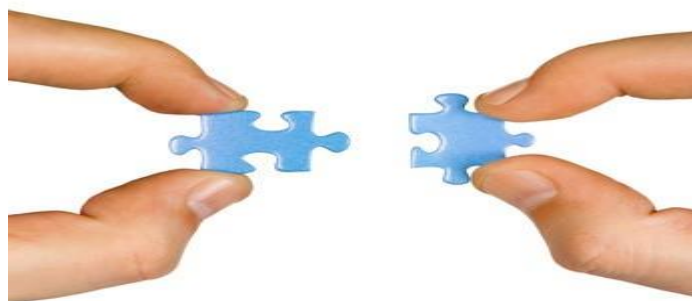
In areas with a large number of resources, conduct the





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CITY OF MILWAUKIE

The Legacy of Historic Preservation

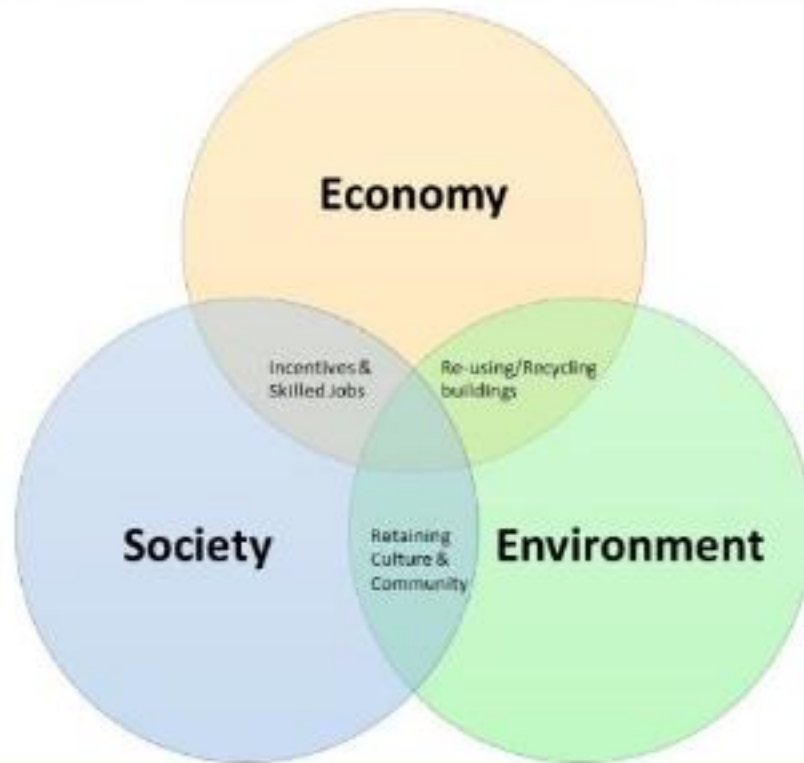
Historic Preservation Month

Leesa Gratreack, M.S. Historic Preservation

Brief Timeline



Historic Preservation Promotes Sustainability



Economic Impacts of Historic Preservation

- Federal and Historic Tax incentives
- State Special Assessment Program
- Grants from National Parks Service
- Preserving Oregon Grants
- Historic Preservation Conservation Easements
- Increased Property Values
- Heritage Tourism
- Community Revitalization
- Regulatory Relief
- Preservation creates good, local jobs!

Environmental Impacts

- Building demolition debris accounts for 40% of non-industrial solid waste in the US
- Reusing an existing building has an initial savings of 35 tons of CO2 over new construction.
- Limits the production of toxic chemicals – vinyl (PVC)
- Repair rather than replace, can be repaired again!

“The greenest building is the one that already exists”

- Carl Elefante, former president of the American Institute of Architects

Recycle (materials), Reduce (energy use), Reuse (historic resources).

Let the Numbers Convince You: Do the Math



Social Impacts

- Community pride and sense of “Place”
- Variety of building stock provides more housing options and prices
- Vacant housing reduces property values and historic preservation reduces vacancy
- Potential to combine with low-income tax credits
- Aids in the development of inventive community and creative spaces
- Example – Historic Seattle



PROCLAMATION

WHEREAS the United States of America is an enduring symbol of freedom, protected willingly by citizen soldiers who have answered the call to serve; and

WHEREAS we must never forget the sacrifices of war and the debt owed to those who defended our right to life, liberty, and the pursuit of happiness; and

WHEREAS the armed forces of the United States serve as a unified team, at home and across the seas, in the pursuit of a durable peace; and

WHEREAS the strength of our armed forces rests not alone upon their active and reserve members, our industrial productivity, and our human resources, but also upon the understanding and support of an informed American people; and

WHEREAS in 2019 the Milwaukie Police Department and American Legion Post 180 established the Corporal Diffie Fund to address financial support gaps experienced by veterans and their families in need of emergency assistance; and

WHEREAS the Milwaukie Police Department and American Legion Post 180 recognize Armed Services Week through various activities including a pancake breakfast fundraiser for the Corporal Diffie Fund; and

WHEREAS May 20, 2022, Armed Forces Day, is a time for all Americans to thank all who have served in the armed forces of this nation.

NOW, THEREFORE, I, Lisa Batey, Mayor of the City of Milwaukie, a municipal corporation in the County of Clackamas, in the State of Oregon, do hereby proclaim **MAY 13th to 20th as ARMED FORCES WEEK** in the City of Milwaukie.

IN WITNESS, WHEREOF, and with the consent of the City Council of the City of Milwaukie, I have hereunto set my hand on this 16th day of May 2023.

Lisa M. Batey, Mayor

ATTEST:

Scott S. Stauffer, City Recorder

PROCLAMATION

WHEREAS public works services are important to the health, safety, and well-being of Milwaukie's citizens; and

WHEREAS these services are provided through dedicated public works professionals who oversee water distribution, water treatment, wastewater treatment, sewer systems, urban forests, equipment services, public properties, solid waste systems, city streets, and water utilities; and

WHEREAS this year marks the 63rd annual National Public Works Week, and this year's theme is "Connecting the World".

NOW, THEREFORE, I, Lisa Batey, Mayor of the City of Milwaukie, a municipal corporation in the County of Clackamas, in the State of Oregon, do hereby proclaim **MAY 21-27, 2022**, as **PUBLIC WORKS WEEK** in Milwaukie.

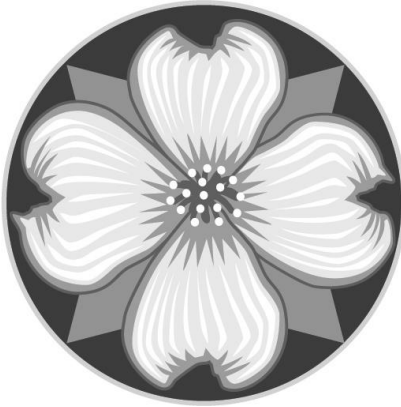
IN WITNESS, WHEREOF, and with the consent of the City Council of the City of Milwaukie, I have hereunto set my hand on this **16th** day of **May 2023**.

Lisa M. Batey, Mayor

ATTEST:

Scott S. Stauffer, City Recorder





RS Agenda Item

6

Consent Agenda

COUNCIL STUDY SESSION

Ledding Library, 10660 SE 21st Ave
& Zoom Video Conference (www.milwaukieoregon.gov)

MINUTES

APRIL 11, 2023

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

Staff Present: Joseph Briglio, Community Development Director Ann Ober, City Manager
Justin Gericke, City Attorney
Nicole Madigan, Deputy City Recorder

Mayor Batey called the meeting to order at 5:15 p.m.

1. Development Update – Discussion

Briglio provided an overview of the construction and move-in timeline related to the new city hall. **Briglio** confirmed that demolition is complete, and that construction has started. **Briglio** shared that September continues to be the projected move-in month. **Briglio** announced the Art Selection Committee selected an artist, Pete Beeman, to construct art for the new city hall. **Mayor Batey** inquired about new city hall parking. **Briglio** reviewed the covered and uncovered parking areas. **Briglio** spoke about the inspection process related to historic city hall. **Briglio** explained that the potential new owner of the old city hall will need to go through various requirements to obtain a national registry for the historic building. **Briglio** shared the old city hall proposed blueprint for commercial space. **Briglio** clarified the proposed businesses to occupy old city hall have submitted letters of intent but there can be changes. **Briglio** shared that the 2nd floor of old city hall will have community space. The group discussed potential business turnover in the old city hall. **Briglio** noted that any changes to occupancy within the first 5 years will be discussed with the city prior to those changes. **Mayor Batey** asked about the sculpture garden. **Briglio** confirmed that the sculpture garden is on city owned land and will be maintained by the city. **Briglio** stated that a memorandum of understanding between the city and the new historic city hall owner will allow for city events, like the tree lighting, to continue.

Briglio shared additional updates on current developments within the city:

- Coho Point – The developer is waiting for the Federal Emergency Management Agency to review the development plan.
- Sparrow Site – This site is considered a landbank with a future site goal of an affordable housing project.
- Harrison & Main Street Site – Development was explored in 2017. Currently, the site is not a priority but will be revisited in a year.
- Milwaukie Marketplace – There are new commercial spaces coming online. New Seasons will open in 2024.
- Birnam Oaks – This 100-unit apartment development is close to completing phase 1 of development.
- Seven Acres - Construction will be completed summer 2023.
- Dogwood Station – This project is on hold and development is slated to be workforce housing.

- Bonaventure Senior Living – Construction to begin Spring 2023.
- Hillside Park – This development is a 100% Affordable Housing Project. Phase 1 proposed property information is available.
- Milwaukie Courtyard Housing Project – This project consists of two properties and will have 36 owner occupied units.
- Henley Place – There will be 178 apartment units. Construction is to be completed late summer or early fall 2023.
- 32nd Ave Mixed-Use Building – In 2022 the planning and building approval expired.
- Peake Funeral – There is an active demo permit for the property but no proposal.
- Harmony Park Townhomes – Phase II has been completed.
- Railroad Ave Estates – No building update but is platted for a 7-lot subdivision.
- Elk Rock Estates – A 5-lot subdivision. The frontage improvements are nearly complete.
- Middle Housing Project – The first middle housing project designated for 10271 SE 40th Ave is in the building review stage.
- Middle Housing Project – The second middle housing project is in the planning phase and would be located at 10705 SE 52nd Ave.
- Middle Housing Projects in Pre-Application Phase: 1600 SE Lava Drive, 11909 SE Stanley, 5606 Se Monroe St, 9815/9833 SE 17th Ave
- Murphy Site – An opportunity site; one of a few very large lots left in Milwaukie.

Mayor Batey inquired about the status of Providence's desire to build Senior Housing. **Briglio** stated he was unsure. **Briglio** shared data on permit applications and inspections. **Briglio** reiterated that the state legislature is pushing for the creation of more housing. The group discussed their enthusiasm for seeing Middle Housing being developed.

2. Adjourn

Mayor Batey announced that after the meeting Council would meet in executive session pursuant to Oregon Revised Statute (ORS) 192.660 (2)(h) to consult with counsel concerning the legal rights and duties of a public body with regard to current litigation or litigation likely to be filed.

Mayor Batey adjourned the meeting at 6:07 p.m.

Respectfully submitted,

Suzanne Couttouw, Administrative Specialist II

COUNCIL WORK SESSION

City Hall Council Chambers, 10722 SE Main Street
& Zoom Video Conference (www.milwaukieoregon.gov)

MINUTES

APRIL 18, 2023

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

Staff Present: Justin Gericke, City Attorney
Dan Harris, Events & Emergency Management
Coordinator
Toby LaFrance, Finance Director

Nicole Madigan, Deputy City Recorder
Ann Ober, City Manager
Michael Osborne, Assistant Finance Director
Scott Stauffer, City Recorder

Mayor Batey called the meeting to order at 4:04 p.m.

Mayor Batey remarked on Council meeting presentations, asking Council to hold questions until the end of the staff report but to ask as many questions as necessary.

1. Climate Action Overview – Discussion (removed from agenda)

2. Fiscal Year (FY) 2022 Audit and Audit Committee Bylaws – Report

LaFrance provided an overview of the city's Annual Comprehensive Financial Report (ACFR) and People's Annual Financial Report (PAFR), noting the work of the city's Audit Committee and new audit firm, and the impact of finance department's staffing changes on the FY2022 reports.

LaFrance reported that the FY2022 ACFR and PAFR had received the Government Finance Officers Association (GFOA) award and that the audit had identified several minor documentation and software issues that staff would correct for the FY2023 reports. **LaFrance** noted that Council would be asked to approve a state required corrective letter related to the FY2022 audit during the April 18 regular session.

Councilor Massey, the Council liaison to the Audit Committee, discussed the impact of changing audit firms, staff turnover, and the generality of the reports, and suggested that the small number of issues identified were not a cause for concern.

Ober appreciated the Audit Committee's review work and noted that the FY2022 audit had been the new audit firm's first government audit. **Ober** and **LaFrance** thanked staff for keeping the department going through the process.

Mayor Batey, **Ober**, and **LaFrance** discussed what audit firms look at during an audit and whether the issues identified in FY2022 had been the result of staff turnover. They noted that the city was audited annually. **Councilor Stavenjord** expressed appreciation for staff's work on the audit.

Mayor Batey and **Stauffer** noted the city's standard board and committee term lengths and limits. **Batey** and **Ober** believed two two-year terms would be too short for keeping a certified public account (CPA) committee member. **LaFrance** suggested the Audit Committee's term lengths and limits could be modified. There was Council consensus to lengthen the committee's limits.

Mayor Batey observed that the proposed updated Audit Committee bylaws mentioned site visits and asked if the committee did site visits. **LaFrance** observed that the site

visits clause was part of the city's bylaws template but didn't hurt anything by being left in place even though the Audit Committee never did site visits.

The group noted that printed copies of the annual reports could be provided on request.

3. Events Update – Report

Harris provided an update on the Carefree Sunday event, reporting a lack of funding from the city budget and sponsors to do the event in 2023. **Harris** commented on the resources required to put on Carefree Sunday and winter events and presented options for bringing the event back in future years on an annual or every-other-year basis.

The group noted the status of other upcoming events including Juneteenth, Pride, First Friday, Milwaukie Farmers Market, park concerts, and Porchfest.

Mayor Batey expressed disappointment that Carefree Sunday would not happen and commented on whether it comes back as an annual event, what route it should take, and in what season the event should happen. **Batey** noted that previous Carefree Sunday events had relied on a volunteer committee in addition to staff.

Councilor Massey, Harris, and Ober commented on how funds would be obtained for an every-other-year event. The group remarked on having multiple route options to use depending on available funding and noted staff's ability to seek other funding sources with more time between events.

Harris asked for direction on Carefree Sunday. **Council President Nicodemus** and **Councilor Stavenjord** supported moving it to an every-other-year event.

Mayor Batey observed that the event brought together all three of Council's goals and **Harris** noted the city's ability to provide the event every-other-year. The group commented on whether to bring the event back in fall 2024 or spring 2025.

Councilor Khosroabadi supported bringing the event back every-other-year and **Ober** summarized that Council supported the event on an every-other-year basis.

Councilor Stavenjord noted social media conversations about community groups organizing events like Carefree Sunday on non-event years. **Harris** commented on how community groups could organize such events like block parties.

4. Legislative and Regional Issues – Discussion (added to the agenda)

Stauffer provided an update on legislation the city was tracking, and the group discussed bills Council might want to address, including gun control measures.

Councilor Massey reported on issues raised at a recent North Clackamas Watershed Council (NCWC) meeting and **Councilor Khosroabadi** reported on issues covered at a recent meeting with Clackamas Fire District #1 (CFD1).

5. Adjourn

Mayor Batey adjourned the meeting at 5:31 p.m.

Respectfully submitted,

Scott Stauffer, City Recorder

COUNCIL REGULAR SESSION

City Hall Council Chambers, 10722 SE Main Street
& Zoom Video Conference (www.milwaukieoregon.gov)

MINUTES**APRIL 18, 2023**

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

Staff Present: Justin Gericke, City Attorney	Natalie Rogers, Climate & Natural Resources Manager
Brent Husher, Library Director	Scott Stauffer, City Recorder
Vera Kolias, Senior Planner	Jason Wachs, Community Engagement Coordinator
Toby LaFrance, Finance Director	Laura Weigel, Planning Manager
Ann Ober, City Manager	

Mayor Batey called the meeting to order at 5:59 p.m.

1. CALL TO ORDER

A. Pledge of Allegiance.

B. Native Lands Acknowledgment.

2. ANNOUNCEMENTS

Mayor Batey announced upcoming activities including Earth Day events, a prescription drug drop-off and paper shredding event, a city manager open door session, and the annual Friends of the Ledding Library plant sale.

3. PROCLAMATIONS AND AWARDS**A. 2022 Volunteer of the Year – Award**

Wachs and **Mayor Batey** reviewed the award nomination process and introduced the 2022 Volunteer of the Year Liz Start. **Start** expressed appreciation for the award and the Milwaukie community. Council thanked Start for their community volunteer work.

B. Milwaukie Farmers Market 25th Anniversary – Proclamation

Melanie Bennett, Celebrate Milwaukie, Inc. (CMI), introduced the proclamation and remarked on the market's history and value to the community. **Mayor Batey** proclaimed May 2023 to be the market's 25th anniversary celebration season.

C. Earth Day – Proclamation

Rogers introduced the proclamation and remarked on the city's climate-related work and Earth Day event. **Mayor Batey** proclaimed May 2023 to be the market's anniversary recognition month.

D. National Library Week – Proclamation

Husher introduced the proclamation and remarked on the importance of libraries. **Mayor Batey** proclaimed April 23-29, 2023, to be National Library Week in Milwaukie.

4. SPECIAL REPORTS

A. None Scheduled.

5. COMMUNITY COMMENTS

Mayor Batey reviewed the comment procedures and **Stauffer** noted that two pieces of correspondence had been received. No audience member wished to address Council. **Ober** reported there was no follow-up from the April 4 comments and that a topic from a previous comment period would be on the June 13 Council retreat agenda.

6. CONSENT AGENDA

It was moved by Council President Nicodemus and seconded by Councilor Khosroabadi to approve the Consent Agenda as presented.

A. City Council Meeting Minutes:

1. March 7, 2023, work session,
2. March 7, 2023, regular session,
3. March 14, 2023, study session,
4. March 21, 2023, work session,
5. March 21, 2023, regular session, and
6. April 3, 2023, site visit.

B. An Oregon Liquor and Cannabis Commission (OLCC) application for Wong's Garden, 10820 SE Oak Street – Full On-Premises Sales.

C. An OLCC application for Wagon with the Dragon, 11301 SE 21st Avenue – Limited Off-Premises Sales.

D. Adoption of an Audit Report Correction Plan – Motion.

Motion passed with the following vote: Councilors Khosroabadi, Massey, Nicodemus, and Stavenjord and Mayor Batey voting “aye.” [5:0]

7. BUSINESS ITEMS

A. None Scheduled.

8. PUBLIC HEARING

A. Minor Housekeeping Code Amendments – Ordinance

Call to Order: **Mayor Batey** called the continued public hearing on the proposed amendments to the code, file #ZA-2023-001, to order at 6:44 p.m.

Purpose: **Mayor Batey** announced that the purpose of the hearing was to take public comment on the proposed housekeeping code amendments.

Conflict of Interest: No Council member declared a conflict of interest.

Staff Presentation: **Kolias** provided an overview of the housekeeping project timeline and reviewed the proposed code amendments. **Mayor Batey** and **Kolias** noted minor edits to the ordinance text and confirmed the amendments would not change off-street parking standards. **Councilor Stavenjord** thanked staff for revising the amendments.

Correspondence: No correspondence on the code amendments had been received.

Audience Testimony: No audience member addressed Council on the amendments.

Continue Hearing: It was moved by Councilor Khosroabadi and seconded by Councilor Stavenjord to close the public testimony part of the housekeeping code amendments hearing. Motion passed with the following vote: Councilors Khosroabadi, Massey, Nicodemus, and Stavenjord and Mayor Batey voting “aye.” [5:0]

Mayor Batey closed the public hearing at 6:57 p.m.

Council Discussion: There was no further Council discussion.

Council Decision: It was moved by Council President Nicodemus and seconded by Councilor Stavenjord for the first and second readings by title only and adoption of the ordinance amending Municipal Code Title 14 Signs, Title 17 Land Division, Title 19 Zoning, and the Zoning Map to make minor changes to select sections for the purpose of clarification and improved effectiveness (File #ZA-2023-001), with the amendments to the findings noted by staff. Motion passed with the following vote: Councilors Khosroabadi, Massey, Nicodemus, and Stavenjord and Mayor Batey voting “aye.” [5:0]

Ober read the ordinance two times by title only.

Stauffer polled the Council with Councilors Khosroabadi, Massey, Nicodemus, and Stavenjord and Mayor Batey voting “aye.” [5:0]

Ordinance 2229:

AN ORDINANCE OF THE CITY OF MILWAUKIE, OREGON, AMENDING MUNICIPAL CODE TITLE 14 SIGNS, TITLE 17 LAND DIVISION, TITLE 19 ZONING, AND THE ZONING MAP TO MAKE MINOR CHANGES TO SELECT SECTIONS FOR THE PURPOSE OF CLARIFICATION AND IMPROVED EFFECTIVENESS (FILE #ZA-2023-001).

9. COUNCIL REPORTS

A. Council Goals Adoption – Resolution

Council discussed the adoption of three proposed goals: climate action; equity, justice, and inclusion; and parks. There was Council consensus to keep equity, justice, and inclusion and climate action as goals.

Mayor Batey provided an overview of where the city was in possibly leaving the North Clackamas Parks and Recreation District (NCPRD). **Batey**, **Council President Nicodemus**, and **Councilor Massey** expressed support for keeping parks as a goal.

Councilor Khosroabadi suggested the city’s climate goal be given benchmarks to review its goal status and **Ober** confirmed staff would set benchmarks. **Khosroabadi** supported the parks work and noted continued concern about making parks a goal now.

Councilor Stavenjord supported keeping parks as a goal and thanked Councilor Khosroabadi for expressing concern about affordable housing. **Councilor Khosroabadi** acknowledged that Council took housing affordability seriously.

Mayor Batey summarized that there was a Council majority support for the parks goal.

It was moved by Council President Nicodemus and seconded by Councilor Massey to approve the resolution adopting Council Goals for 2023 and 2024. Motion passed with the following vote: Councilors Massey, Nicodemus, and Stavenjord and Mayor Batey voting “aye,” and Councilor Khosroabadi voting “no.” [4:1]

Resolution 21-2023:

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MILWAUKIE, OREGON, ADOPTING COUNCIL GOALS FOR 2023 AND 2024.

Ober remarked on next steps staff will take to implement Council’s adopted goals and the group noted that Council would work on editing a drafted cover letter to accompany the Council goals resolution.

B. ~~Legislative and Regional Issues – Discussion~~ (removed from the agenda)

Council Reports

Councilor Stavenjord reported on the work of the Clackamas County Coordinating Committee (C4). **Mayor Batey** and **Ober** noted scheduled work that the Oregon Department of Transportation (ODOT) would be doing on Highway 224.

Councilor Stavenjord noted the upcoming C4 Retreat and the group commented on who planned to attend the retreat. **Stavenjord** reported on the work of the C4 Metro Subcommittee, the Homeless Services Coalition of Clackamas County, the county's housing services board, and the county's public health advisory committee.

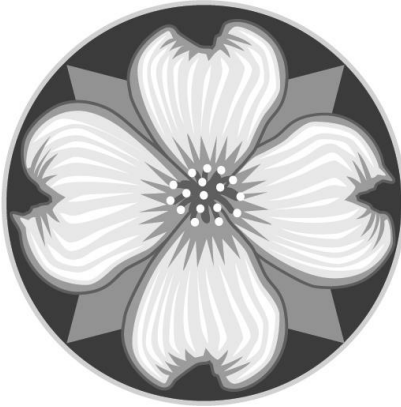
10. ADJOURNMENT

It was moved by Council President Nicodemus and seconded by Councilor Khosroabadi to adjourn the Regular Session. Motion passed with the following vote: Councilors Khosroabadi, Massey, Nicodemus, and Stavenjord and Mayor Batey voting “aye.” [5:0]

Mayor Batey adjourned the meeting at 7:24 p.m.

Respectfully submitted,

Scott Stauffer, City Recorder



RS Agenda Item

7

Business Items

COUNCIL STAFF REPORT

To: Mayor and City Council
Ann Ober, City Manager

Date Written: May 1, 2022

Reviewed: Ann Ober, City Manager, and

From: Joseph Briglio, Community Development Director, and
Laura Weigel, Planning Manager

Subject: **Housing Capacity Analysis and Housing Production Strategies**

ACTION REQUESTED

Council is asked to review the Housing Capacity Analysis (HCA) (Attachment 1) in preparation for the public hearing on June 6. The HCA is required to be adopted as an ancillary document to the city's Comprehensive Plan.

Council is also asked to provide feedback on the Housing Production Strategies (HPS) (Attachment 2). The HPS requires adoption by resolution and will be submitted to the state. The resolution will be included in the June 6 hearing packet.

HISTORY OF PRIOR ACTIONS AND DISCUSSIONS

[June 15, 2021](#): Council adopted a resolution requesting funding from the Oregon Department of Land Conservation and Development (DLCD) to update the city's HCA, also known as the Housing Needs Analysis (HNA), and to create a HPS.

[December 21, 2021](#): Council adopted a resolution accepting a grant award from DLCD to develop the HCA and HPS.

[March 1, 2022](#): Council approved the formation of a Housing Capacity/Production Technical Committee (HCTC) and appointed a Council member to sit on the committee.

[December 13, 2022](#): The Planning Commission reviewed the HCA.

[January 17, 2023](#): Council reviewed the HCA which is the pre-cursor work to the HPS.

[February 7, 2023](#): Council reviewed the preliminary HPS.

[Upcoming May 23](#): Commission public hearing on the HCA and work session on the HPS.

BACKGROUND

The HCA provides Milwaukie with the technical background to support future planning efforts related to housing production and options for addressing unmet housing needs in Milwaukie. It provides the city with updated information about the housing market in and describes the factors that will affect future housing demand, such as changing demographics.

The HPS is a six-year plan intended to address issues identified in the HCA. Specifically, the HPS is meant to propose policy solutions to address the unmet housing needs for current and future residents and support the development of housing in Milwaukie over the next six years. The HPS considers the work already underway and the *Milwaukie Housing Affordability Strategy* (MHAS) Action Plan.

DLCD requires cities to update their HCA every six years. The HPS is a new state requirement adopted in 2019 that is designed to pick-up where the HCA leaves off. The city is required to submit the HPS to DLCD after its adoption by Council. The city is then required to monitor progress on implementation of the HPS and on production of housing related to the policies and plans found in the report. Therefore, it is critical that strategies that are selected for inclusion in the HPS are feasible based on staff and financial resources.

The city received a grant from DLCD to hire a consultant to complete the HCA and HPS. The consultant, staff, and the [Housing Capacity Technical Committee](#) (HCTC) have been reviewing and discussing the draft findings in the HCA and the draft HPS. The HCTC held its final meeting on April 27 and concluded with unanimously supporting the latest draft HPS.

BUDGET IMPACT

Oregon House Bill (HB) 2003 requires cities to update their HCA and create an HPS. The bill was passed in 2019. The city received a grant from DLCD to complete this work.

WORKLOAD IMPACT

The grant work must be completed by May 31, 2023. The Council public hearing for these documents is scheduled for June 6. Planning and community development staff are on target to meet this timeline. Future HCA updates and HPS implementation will require community development staff to appropriately manage and forecast capacity to carry out the new state mandates. As proposed, staff believe it can and will be able to follow-through on the HPS.

CLIMATE IMPACT

The objective of the HCA and HPS is to identify the current and future need for housing across income levels and housing types and to find ways to get those needed housing types produced throughout the city. As zoning changes allow more housing types throughout the city, leading to increased density, which can reduce the size of dwelling units, leading to less consumption of energy and goods. Generally, a well-planned community allows people to live and get their essential needs and services within a 20-minute walk leading to lower greenhouse gas emissions.

COORDINATION, CONCURRENCE, OR DISSENT

Community development and planning staff are working on this project.

STAFF RECOMMENDATION

Staff requests feedback on the HCA and HPS in anticipation of adoption in June.

ALTERNATIVES

None.

ATTACHMENTS

1. Draft HCA
2. Draft HPS



City of Milwaukie

2023–2043 Housing Capacity Analysis

April 2022

Prepared for: City of Milwaukie

DRAFT REPORT

ECONorthwest
ECONOMICS • FINANCE • PLANNING

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Acknowledgements

ECONorthwest prepared this report for the City of Milwaukie. ECONorthwest and the City of Milwaukie thank those who helped develop the Milwaukie Housing Capacity Analysis. 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

Consulting Team (ECONorthwest)

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

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Table of Contents

EXECUTIVE SUMMARY

1. INTRODUCTION

PUBLIC PROCESS

ORGANIZATION OF THIS REPORT

2. RESIDENTIAL BUILDABLE LANDS INVENTORY AND MIDDLE HOUSING INFILL AND REDEVELOPMENT

VACANT BUILDABLE LAND

MIDDLE HOUSING INFILL AND REDEVELOPMENT ANALYSIS

3. HISTORICAL AND RECENT DEVELOPMENT TRENDS

TRENDS IN HOUSING MIX

TRENDS IN HOUSING DENSITY

TRENDS IN TENURE

VACANCY RATES

GOVERNMENT-ASSISTED HOUSING

MANUFACTURED HOMES

4. DEMOGRAPHIC AND OTHER FACTORS AFFECTING RESIDENTIAL DEVELOPMENT IN MILWAUKIE

DEMOGRAPHIC AND SOCIOECONOMIC FACTORS AFFECTING HOUSING CHOICE

REGIONAL AND LOCAL TRENDS AFFECTING AFFORDABILITY IN MILWAUKIE

SUMMARY OF THE FACTORS AFFECTING MILWAUKIE'S HOUSING NEEDS

5. HOUSING NEED IN MILWAUKIE

PROJECTED NEW HOUSING UNITS NEEDED IN THE NEXT 20 YEARS

NEEDED HOUSING BY INCOME LEVEL

6. RESIDENTIAL LAND SUFFICIENCY IN MILWAUKIE

CAPACITY ANALYSIS

RESIDENTIAL LAND SUFFICIENCY

CONCLUSIONS

APPENDIX A: RESIDENTIAL BUILDABLE LANDS INVENTORY METHODOLOGY

OVERVIEW OF THE METHODOLOGY

INVENTORY STEPS

RESULTS OF THE BUILDABLE LANDS INVENTORY

APPENDIX B: MIDDLE HOUSING INFILL AND REDEVELOPMENT ANALYSIS OF POTENTIAL

PROPERTY CRITERIA

HOUSING TYPES: FORM AND MARKET ASSUMPTIONS

EVALUATING INFILL AND REDEVELOPMENT POTENTIAL

FROM INFILL AND REDEVELOPMENT POTENTIAL TO HOUSING PRODUCTION

APPENDIX C: ADDITIONAL INFORMATION

FRAMEWORK FOR A HOUSING CAPACITY ANALYSIS

DATA USED IN THIS ANALYSIS

NATIONAL AND STATE HOUSING TRENDS

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Executive Summary

The City of Milwaukie grew from 20,490 people in 2000 to 21,235 people in 2021, an increase of 745 people or 4% growth. Milwaukie is forecast to continue growing between 2023 and 2043, adding about 1,670 new households. Housing affordability has long been a concern in Milwaukie and is an increasingly urgent concern, consistent with decreases in housing affordability across the Portland region..

Given this context, now is a good time for the City to update its understanding of housing need in Milwaukie and the policies to address housing needs. This project includes two separate but closely related reports:

- **Milwaukie Housing Capacity Analysis (HCA).** This report provides Milwaukie with a factual basis to support future planning efforts related to housing and options for addressing unmet housing needs in Milwaukie. It provides the city with newer information about the housing market in Milwaukie and describes the factors that will affect future housing demand in the city, such as changing demographics.
- **Milwaukie Housing Production Strategy (HPS).** This report will be a six-year action plan intended to address issues identified in the HCA. Specifically, the HPS is meant to propose policy solutions (actions) to address unmet housing needs of current and future residents of Milwaukie and support the development of needed housing in Milwaukie over the next six years. The HPS will take into account the work already underway in the City and the *Milwaukie Housing Affordability Strategy (MHAS)* Action Plan.

This summary provides key information from the Housing Capacity Analysis. Development of this report required a broad range of assumptions that may influence future housing development and affordability. The City of Milwaukie and ECONorthwest solicited input about these assumptions from:

- **Housing Capacity Technical Committee (HCTC).** The HCTC met four times to as part of the HCA to discuss project assumptions, results, and implications. They provided input about key issues, providing local review and input to shape the HCA.
- **Decisionmakers.** City staff have briefed the Planning Commission and City Council on the Housing Capacity Analysis project. ECONorthwest will present the results of the analysis to decisionmakers and incorporate feedback into the analysis.
- **Discussion with the City's Equity Steering Committee.** ECONorthwest met with the Equity Program Manager and Equity Steering Committee during the process of identifying unmet housing need and policy gaps.
- **Engage Milwaukie Event 1.** This 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 event 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. The City received 200 responses to the survey.

ECONorthwest and City of Milwaukie are in the process of developing the *Milwaukie Housing Production Strategy*, which will build on this engagement to provide additional input on the proposed policy solutions to address unmet housing needs in Milwaukie.

Who lives in Milwaukie?

Milwaukie had about 21,235 residents in 2021, up from 20,291 residents in 2010. Milwaukie's population is slightly younger than Clackamas County, with a median age of 40 years old, compared with the County's median of 42 years old. Milwaukie has a slightly larger share of young working-age population, people 20 to 39 years old, than the three-County Portland region. At the same time, Milwaukie also has a larger share of seniors, people over 60, than the Portland region. By 2040, senior population is expected to grow by more than 37,000 in Clackamas County.

Milwaukie's population is becoming more racially diverse. While, the majority (83%) of Milwaukie's population identifies as white, BIPOC¹ populations are a growing group within the community. Milwaukie's largest BIPOC group is Latino/a/x, who represent 9% of the city's population, up from 7% in 2010. Other larger BIPOC populations are Asians and people of two or more races.

Within Oregon and Clackamas County, historical racist policies affected and continue to affect availability of housing for BIPOC. There is a long history of racial exclusion, discrimination, housing bias, and exclusionary zoning. Milwaukie and Clackamas County have a considerable amount of work to do to address the historical inequalities, through development of new policies that support integrating equity into their decision-making systems.

What are unmet housing needs in Milwaukie?

Housing has become less affordable in Milwaukie over the last years, consistent with trends across the Portland region and the West Coast. Since 2012, household incomes in Milwaukie increased by 19%, compared with multifamily rent increases of 45% and home sales price increases of 97%. These changes are an extension of long-term decreases in affordability, especially for homeownership. In 2000, the value of an average home was 3.5 times the average household income in Milwaukie. By 2019, the value of an average home increased to 5.2 times the average household income.

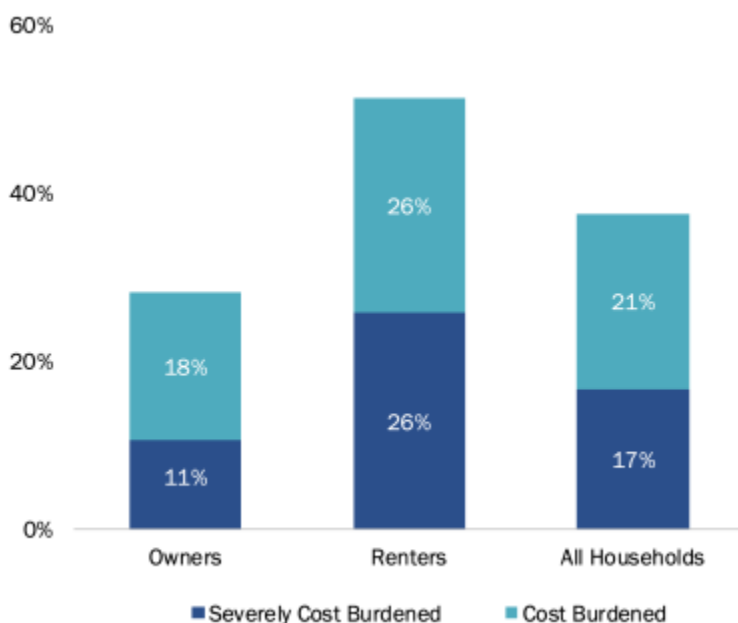
A typical standard used to determine housing affordability is that a household should pay no more than 30% of household income for housing costs, including payments and interest or rent,

¹ BIPOC population includes Black, Indigenous, and People of Color.

utilities, and insurance.² About 38% of Milwaukie’s households were cost burdened in the 2015-2019 period and 17% were severely cost burdened. In this period, about 52% of *renter* households were cost burdened or severely cost burdened, compared with 29% of homeowners. These rates of cost burden are similar to other communities in the Portland region.

Exhibit 1. Housing Cost Burden by Tenure, Milwaukie, 2015-2019

Source: US Census Bureau, 2015-2019 ACS Tables B25091 and B25070.



People experiencing houselessness have unmet housing needs, in that they lack long-term shelter. In 2022, the Point-in-Time (PIT) Count, a snapshot of individuals experiencing houselessness on a single night, identified 568 people experiencing houselessness in Clackamas County, some of whom live in Milwaukie. While it is the best available data about people experiencing houselessness, the PIT consistently undercounts individuals experiencing houselessness and the numbers maybe unreliable. That said, it is the count that is available. The North Clackamas School District, which includes Milwaukie, identified 331 students experiencing houselessness. The housing needs of people experiencing houselessness are acute and a significant unmet housing need across the Portland region, including in Milwaukie.

How could housing needs in Milwaukie change in the future?

Milwaukie’s housing needs will change over the 2023 to 2043 period. Key demographic and economic trends that will affect Milwaukie’s future housing needs are (1) the aging of baby boomers, (2) the changing housing needs of millennials and Generation Z, and (3) the continued growth in the Hispanic and Latino/a/x population.

² The Department of Housing and Urban Development’s guidelines indicate that households paying more than 30% of their income on housing experience “cost burden” and households paying more than 50% of their income on housing experience “severe cost burden.”

- *The baby boomer’s population is continuing to age.* Household sizes decrease as this population ages. The majority of baby boomers are expected to remain in their homes as long as possible, downsizing or moving when illness or other issues cause them to move. Demand for specialized senior housing, such as age-restricted housing or housing in a continuum of care from independent living to nursing home care, may grow in Milwaukie. Given the regional concentration of hospitals and health care, Milwaukie could attract a larger share of need for these types of housing.
- *Millennials and Generation Z will continue to form households and make a variety of housing choices.* As millennials and Generation Z age, generally speaking, their household sizes will increase, and their homeownership rates will peak by about age 55. Between 2023 and 2043, millennials and Generation Z will be a key driver in demand for housing for families with children. The ability to attract millennials and Generation Z will depend on the City’s availability of renter and ownership housing that is large enough to accommodate families while still being relatively affordable. Homeownership is becoming increasingly common among millennials but financial barriers to homeownership remain for some millennials and Generation Z, resulting in need to rent housing, even if they prefer to become homeowners. Some millennials and Generation Z households will occupy housing that is currently occupied but becomes available over the planning period, such as housing that is currently owned or occupied by baby boomers. The need for housing large enough for families may be partially accommodated by these existing units.
- *Latino/a/x population will continue to grow.* Latino/a/x population growth will be an important driver in growth of housing demand, both for owner and renter-occupied housing. Growth in the Latino/a/x population (and growth of other BIPOC populations) will drive demand for housing for families with children. Incomes for Latino/a/x are, on average, lower than the city average, especially first-generation immigrants. As a result, growth in this group will also drive demand for affordable housing, both for ownership and renting.

How much household growth is Milwaukie planning for?

The household forecast in Exhibit 2 is Milwaukie’s official household forecast, from Metro’s *2045 Distributed Forecast*. Milwaukie must use this forecast as the basis for forecasting housing growth over the 2023 to 2043 period. Milwaukie may grow at a faster rate than the forecast in Exhibit 2, as described in this report. In short, Milwaukie has sufficient buildable land to accommodate growth of several hundred additional people (based on analysis in Exhibit 84).

Exhibit 2. Forecast of Population Growth, Milwaukie city limits, 2023 to 2043

Source: Metro’s *2045 Distributed Forecast*.

9,559	11,230	1,670	17% increase
Households in 2023	Households in 2043	New Households 2023 to 2043	0.81% AAGR

How much and what types of housing will Milwaukie need?

The City is planning to accommodate the city's forecasted growth of 1,670 new dwelling units. Over the next 20 years, the need for new housing developed in Milwaukie will generally include a wider range of housing types than is currently present in Milwaukie, with housing that is more affordable. This conclusion is based on the following information, found in the within the report:

- Milwaukie's existing housing mix is predominately single-dwelling detached. In the 2015-2019 period, 67% of Milwaukie's housing was single-dwelling detached, 2% was single-dwelling attached, 6% was multi-dwelling housing (with two to four units per structure), and 25% was multi-dwelling housing (with five or more units per structure). Between 2010 and 2021, Milwaukie issued building permits, of which 76% were single-dwelling units (both single-dwelling detached and attached), 17% were multi-dwelling of all types, and 6% were accessory dwelling units.
- Demographic changes across Milwaukie suggest increases in demand for single-dwelling attached housing and multi-dwelling housing. The key demographic and socioeconomic trends that will affect Milwaukie's future housing needs are an aging population, increasing housing costs, housing affordability concerns for millennials, Generation Z, and Latino/a/x populations. The implications of these trends are increased demand from smaller, older (often single-person) households and increased demand for affordable housing for families, both for ownership and rent.
- Milwaukie needs more affordable housing types for homeowners and renters. About 38% of Milwaukie's households are cost burdened. About 52% of Milwaukie's **renters** are cost burdened and about 29% of Milwaukie's **homeowners** are cost burdened.

These factors suggest that Milwaukie needs a broader range of housing types with a wider range of price points than are currently available in Milwaukie's housing stock. This includes providing opportunity for the development of housing types across the affordability spectrum, such as single-dwelling detached housing (e.g., small-lot single-dwelling detached units, cottages, accessory dwelling units, and "traditional" single-dwelling homes), town houses, duplexes, triplexes, quadplexes, and multi-dwelling buildings with five or more units.

How much buildable residential land does Milwaukie currently have?

Milwaukie has about 51 buildable acres in residential plan designations within the city limits. Based on historical development trends and allowed densities, these 51 buildable acres have capacity for about 970 dwelling units.

Milwaukie also has development capacity for middle housing, through infill development with new housing types such as cottage housing, townhouses, duplexes, triplexes, quadplexes. As of June 2022, middle housing is now allowed in many parts of Milwaukie. ECONorthwest's analysis suggests that middle housing production over 20 years could be between about 600 and 1,600 units—30 to 80 units per year, on average. The wide range of estimates reflects the

degree of uncertainty about both site-specific factors that could influence outcomes and about the pace of demand for middle housing in the area generally.

In addition, Milwaukie's downtown has seen recent interest and investment, with a number of recently completed projects and additional development in the pipeline. On-going and expected multifamily development (and redevelopment) in downtown Milwaukie may result in development of nearly 1,400 new dwelling units.

How much land will be required for housing?

Exhibit 3 shows that Milwaukie **has** sufficient land to accommodate housing development in each of its residential plan designations when considering redevelopment and infill opportunity. Milwaukie has capacity for between 2,958 and 3,958 dwelling units and demand for 1,670 dwelling units. The result is that Milwaukie has a surplus of capacity for housing, beyond the forecast of housing growth over the next 20 years of about 1,288 to 2,288 dwelling units. The largest surpluses are in the Commercial Mixed-Use designations.

Exhibit 3. Comparison of Capacity of Existing Residential Land with Demand for New Dwelling Units and Land Surplus or Deficit, Milwaukie city limits, 2023 to 2043

Source: Buildable Lands Inventory; Calculations by ECONorthwest

Plan Designation	Capacity (Dwelling Units)		Demand (Dwelling Units)	Capacity less Demand (Dwelling Units)	
	Low	High		Low	High
Moderate Density	748	1,748	969	(221)	779
High Density	92	92	450	(358)	(358)
Commercial Mixed Use	2,118	2,118	251	1,867	1,867
Total	2,958	3,958	1,670	1,288	2,288

What are the key findings of the Housing Capacity Analysis?

The key findings and conclusions of the Milwaukie's Housing Capacity Analysis are that:

- **Milwaukie's needed housing mix is for an increase in housing affordable to renters and homeowners, with more attached and multi-dwelling housing types.** Historically, about 67% of Milwaukie's housing was single-dwelling detached, 2% was single-dwelling attached, 6% was multi-dwelling housing (with two to four units per structure), and 25% was multi-dwelling housing (with five or more units per structure).

The factors driving the shift in types of housing needed in Milwaukie include changes in demographics, commuting trends, and need for housing that is affordable. These trends drive need for a wider range of housing such as single-dwelling attached housing, accessory dwelling units, town houses, cottage housing, duplexes, triplexes, quadplexes, and multi-dwelling structures.

- **Milwaukie provides housing that is comparatively affordable relative to nearby cities.** Housing prices are considerably lower in Milwaukie (median of \$525,000) compared to Lake Oswego (\$902,000) or Happy Valley (\$687,800). To the extent that more housing (especially rental housing) can be built in Milwaukie, especially more housing than the forecast, Milwaukie can provide a more affordable place to live.
- **Milwaukie has a need for additional housing affordable to lower and middle-income households.** Milwaukie has a need for additional housing affordable to households with extremely low incomes and very low incomes, people experiencing homelessness, and households with low and middle incomes. These households generally have incomes below 80% of MFI (\$77,500). These needs include existing unmet housing needs and likely housing needs for new households over the 20-year planning period.
- **Milwaukie has enough land within its city limits to accommodate the forecast for growth between 2023 and 2043.** Milwaukie likely has enough capacity in the Moderate Density Plan Designation to accommodate growth. It seems likely the City will have more than the estimate of 600 units of middle housing infill and redevelopment, which suggests there is enough capacity to accommodate the forecast of growth in Moderate Density. It also seems unlikely that Milwaukie will see the high estimate of infill and redevelopment of missing middle housing (1,600 dwelling units).
 - Milwaukie has a deficit of capacity to accommodate growth in the High-Density Plan Designation. One reason for this is that Milwaukie has little land in this plan designation and is developing at relatively low densities, about 7.8 dwelling units per net acre.
 - Milwaukie is expecting substantial multi-dwelling unit redevelopment in Commercial Mixed Use Plan Designations, which suggests that the City has sufficient capacity to accommodate expected growth in these areas. This report documents projects within the development pipeline (i.e., under development) and likely future projects.

The *Milwaukie Housing Production Strategy* will provide recommendations to Milwaukie for meeting these housing needs and other needs described in this report.

1. Introduction

Milwaukie is a growing community in the middle of the Portland Metro region. In recent years, Milwaukie developed a Community Vision, completed an update of the City's Comprehensive Plan, and developed the *Milwaukie Housing Affordability Strategy* (MHAS). The *Milwaukie Community Vision and Action Plan* includes the following goal:

"Milwaukie invests in housing options that provide affordability, high quality development and good design, promoting quality living environments. It maintains the small neighborhood feel through creative use of space with housing options that embrace community inclusion and promote stability."

The *Milwaukie Comprehensive Plan* includes the following housing goal:

"Provide safe, affordable, stable housing for Milwaukie residents of every socioeconomic status and physical ability within dwellings and neighborhoods that are entirely equitable, delightfully livable, and completely sustainable."

These goals underly the considerations of this report, the *Milwaukie Housing Capacity Analysis*, which forecasts housing need for 2023 to 2043 period. It is intended to comply with statewide planning policies that govern planning for housing and residential development, including Goal 10 (Housing) OAR 660 Division 7, and OAR 660 Division 8. This updated HCA provides current information about the housing market in Milwaukie and unmet housing needs in the community. The information in the HCA supports development actions to better address Milwaukie's unmet housing needs, as part of a *Housing Production Strategy*, which is presented in a different document.

Between 2010 and 2021, about 332 new dwelling units have been permitted, about 51% of which are single-unit housing types, 45% multi-unit housing types, and 4% accessory dwelling units. In addition, the City has seen an increase in multi-dwelling development applications over the past fiscal year. The City has issued building permits for two multi-dwelling developments, totaling 249 units, so far in fiscal year 2022. Another 648 units across six multi-dwelling developments are currently at some stage of development/permit review. These data suggest a significant trend towards more multi-dwelling development in the City in recent years.

Housing has become less affordable for many in Milwaukie over the last decades. In 2000, 29% of households in Milwaukie were cost burdened³ and by 2015-2019, 38% of households were cost burdened. Cost burden was most common among renters, 26% of whom were cost burdened in 2015-2019 and 26% of whom were severely cost burdened.

³ The Department of Housing and Urban Development's guidelines indicate that households paying more than 30% of their income on housing experience "cost burden" and households paying more than 50% of their income on housing experience "severe cost burden."

Over the last years, while housing costs have increased, household incomes in Milwaukie (and across the Portland region) decreased. The median sales price of existing housing in Milwaukie in February 2022 was \$525,000. From 2012 to 2022, the median sales price in Milwaukie increased by \$346,100 (193%). Rents are also became less affordable, increasing by about 31% since 2015. Between 2000 and 2015-2019, the income-adjusted median household income in Milwaukie decreased by 7%, which is similar to statewide trends.

Since 2010, Milwaukie has had several policy changes that affect residential development. These policy changes are described in detail in the Housing Production Strategy. They include: streamlining the development process, changes to the City’s development code to allow missing middle housing types (as required by House Bill 2001), implementing a construction excise tax to support affordable housing development, working with Metro to use the regional affordable housing bond to build affordable housing in Milwaukie, supporting rehabilitation of housing for lower-income households, working with the County on eviction prevention, offering rental assistance to qualifying lower-income residents, and other actions.

This project includes two separate but closely related reports:

- **Milwaukie Housing Capacity Analysis (HCA).** This report provides Milwaukie with a factual basis to support future planning efforts related to housing and options for addressing unmet housing needs in Milwaukie. It provides the city with newer information about the housing market in Milwaukie and describes the factors that will affect future housing demand in the city, such as changing demographics.
- **Milwaukie Housing Production Strategy (HPS).** This report will be a six-year action plan intended to address issues identified in the HCA. Specifically, the HPS is meant to propose policy solutions (actions) to address unmet housing needs of current and future residents of Milwaukie and support the development of needed housing in Milwaukie over the next six years.

Public Process

At the broadest level, the purpose of the project was to understand how much Milwaukie will grow over the next 20 years. This project focused on the technical analysis to understand Milwaukie's housing needs over the next 20 years. The *Milwaukie Housing Production Strategy* proposes policies and actions to meet those housing needs. The technical analysis, which is the focus of this report, required a broad range of assumptions that influenced the outcomes; the housing strategy is a series of high-level policy choices that will affect Milwaukie residents.

The intent of the public process was to establish broad public engagement throughout the project as work occurs, to get input from stakeholders and decision makers in Milwaukie. Public engagement was accomplished through various avenues. We discuss the two primary avenues below.

Housing Capacity Technical Committee Engagement

The City of Milwaukie and ECONorthwest solicited public input from the City's Housing Capacity Technical Committee. The Housing Capacity Technical Committee met four times to as part of the HCA to discuss project assumptions, results, and implications. The Committee met four additional times to discuss the *Housing Production Strategy*. 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.

Planning Commission and City Council Engagement

City staff have briefed the Planning Commission and City Council on the work in the Housing Capacity Analysis during the project. ECONorthwest presented results of this analysis, in combination with information from the *Milwaukie Housing Production Strategy*, at meetings of the Planning Commission and City Council.

Underrepresented Groups

Note to reviewer: This section will be revised when the future events have occurred.

ECONorthwest and City staff will work together to organize and host three discussion groups with the City's Equity Steering Committee and with underrepresented populations such as members of the Latino/a/x community and other Black, Indigenous and people of color (BIPOC) community members. The purpose of these discussion groups will be to better understand participants' housing needs and how the City can be part of addressing unmet housing needs.

- **Discussion Group 1: Equity Steering Committee.** We met with the Equity Program Manager and Equity Steering Committee during the process of identifying unmet housing need and policy gaps. This discussion reviewed information gathered to date

through the HCA. Additionally, we asked them to help us identify specific groups and individuals to meet with in subsequent discussion groups and identify key questions and goals for these discussions.

- **Discussion Group 2: BIPOC Community Leaders.** We plan to hold one focus group with community leaders and representatives from community-based organizations to discuss unmet housing needs for BIPOC community members. The discussion will also consider potential strategies to address housing needs and gaps in existing housing policies in Milwaukie.
- **Discussion Group 3: Housing Service Providers.** We plan to hold one focus group with service providers organizations to discuss unmet housing needs for low-income people and people experiences houselessness. The discussion will also consider potential strategies to address housing needs and gaps in existing housing policies in Milwaukie.

Broader Public Engagement

Note to reviewer: This section will be revised when the future events have occurred.

The Project Management Team will prepare two on-line engagements hosted on the City of Milwaukie's online engagement site *Engage Milwaukie* to share and gather feedback on the Housing Capacity Analysis and Housing Production Strategy. The engagements will present findings of the analysis and will include questions about key issues and questions for feedback from participants. The engagements will provide opportunities to comment on housing needs in Milwaukie, potential housing policy options, and draft housing policies.

There details for these events were as follows:

- ***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.
- ***Engage Milwaukie* Event 2.** The second online event will focus discussion of potential strategies for the Housing Production Strategy. This event should occur once a list of the most promising strategies is developed, but before the list is finalized. We should plan on holding this event between HCTC meetings 7 and 8, and after the community discussion groups described in the following section.

Organization of This Report

The rest of this document is organized as follows:

- **Chapter 2. Residential Buildable Lands Inventory** presents the methodology and results of Milwaukie's inventory of residential land.
- **Chapter 3. Historical and Recent Development Trends** summarizes the state, regional, and local housing market trends affecting Milwaukie's housing market.
- **Chapter 4. Demographic and Other Factors Affecting Residential Development in Milwaukie** presents factors that affect housing need in Milwaukie, focusing on the key determinants of housing need: age, income, and household composition. This chapter also describes housing affordability in Milwaukie relative to the larger region.
- **Chapter 5. Housing Need in Milwaukie** presents the forecast for housing growth in Milwaukie, describing housing need by density ranges and income levels.
- **Chapter 6. Residential Land Sufficiency in Milwaukie** estimates Milwaukie's residential land sufficiency needed to accommodate expected growth over the planning period.
- **Appendix A: Buildable Lands Inventory Methodology**
- **Appendix B: Middle Housing Infill and Redevelopment Analysis of Potential**
- **Appendix C: Additional Information**

2. Residential Buildable Lands Inventory and Middle Housing Infill and Redevelopment

This chapter presents results of the residential buildable lands inventory, as well as analysis of potential middle housing infill and redevelopment. Appendix A presents the full Buildable Land Inventory results and Appendix B presents the full Middle Housing Infill and Redevelopment analysis.

Vacant Buildable Land

Exhibit 4 shows buildable acres (i.e., acres in tax lots after constraints are deducted) for vacant land by zone. Milwaukie has 51 acres of unconstrained, vacant buildable lands within its city limits. Most of that land is in the R-MD.

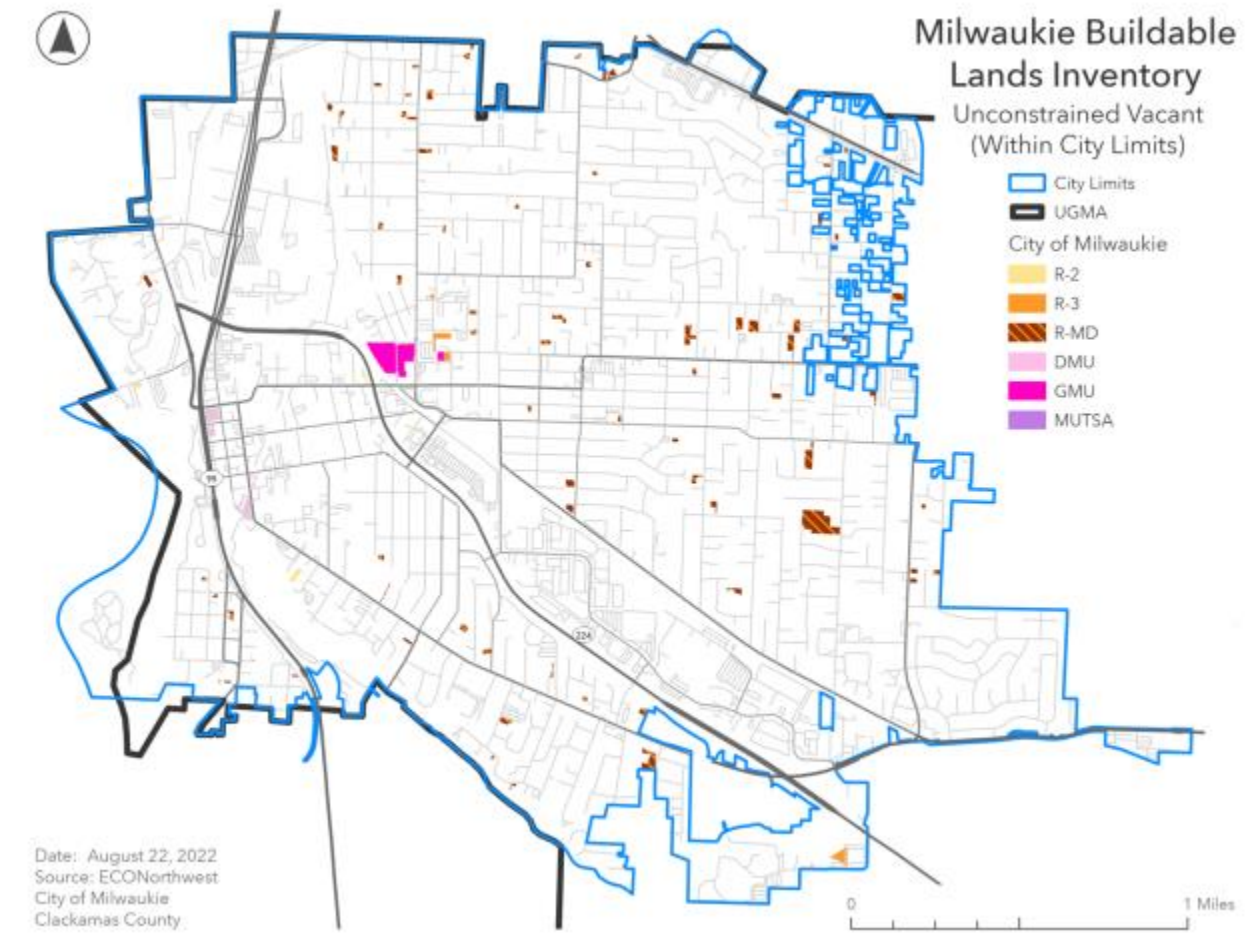
Exhibit 4. Buildable Acres in Vacant Tax Lots by Plan Designation and Zone, Milwaukie city limits, 2022

Source: ECONorthwest analysis, Clackamas County, City of Milwaukie.

Jurisdiction	Vacant Land with Constraints	Unconstrained Vacant Acres
City of Milwaukie Plan Designation/ Zones	69	51
Moderate Density Designation		
R-MD	42	30
High Density Designation		
R-2	3	2
R-3	13	10
Commercial Mixed Use Designation		
DMU	4	3
GMU	7	7
MUTSA	0.5	0.0

Exhibit 5 shows Milwaukie's buildable vacant residential land for the City of Milwaukie city limits.

Exhibit 5. Unconstrained Vacant Residential Land, City of Milwaukie, Milwaukie city limits, 2022
Source: ECONorthwest analysis, Clackamas County, City of Milwaukie.



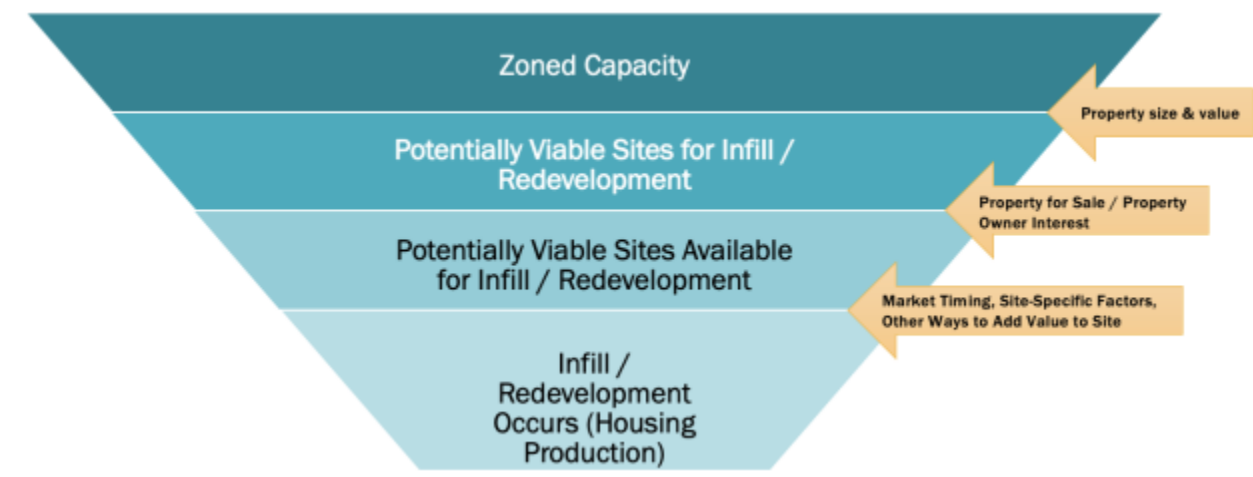
Middle Housing Infill and Redevelopment Analysis

The Oregon State Legislature passed House Bill 2001 (HB 2001) in 2019 to provide more housing choices in neighborhoods that currently only allow single-detached housing. The intended goal is to increase the total supply of housing that is affordable to more people. Many cities in Oregon, including the City of Milwaukie, have recently revised their zoning codes to allow “middle housing” (duplexes, triplexes, fourplexes, cottage clusters, and townhouses) in all residential areas that allow single-detached housing, but there has been little time for developers to respond and for cities to observe how much middle housing infill and redevelopment will occur in these areas. As part of developing its Housing Capacity Analysis (HCA), the City of Milwaukie asked ECONorthwest to estimate capacity for middle housing infill and redevelopment based on changes to the code due to HB 2001.

Much of the City of Milwaukie (almost 5,800 parcels and over 1,300 acres) is now zoned to allow middle housing (and, in some cases, additional single-detached housing). In a city with limited vacant buildable land, this represents a large increase in zoned capacity. However, zoned capacity is quite different from what actually gets built, i.e., housing production, as illustrated in Exhibit 6. This analysis is intended to provide a rough estimate of the number of viable sites for infill and/or redevelopment and of realistic housing production through middle housing infill/redevelopment over the next 20 years, to inform the City’s housing capacity assumptions in the HCA.

Exhibit 6: Housing Production "Funnel"

Source: ECONorthwest



Overview of Approach

The analysis identifies where middle housing infill and redevelopment are allowed under zoning, analyzes where infill and redevelopment are potentially feasible given property size and value, and estimates what share of sites where infill and redevelopment are allowed and are potentially feasible may be developed with middle housing over the next 20 years. It does not predict whether or when individual properties will be developed with middle housing. Whether or when infill or redevelopment will occur on a given property (if it is zoned to allow infill and/or redevelopment) is up to the property owner, not the City.

The analysis takes into consideration parcel-specific information where available, including zoning, parcel size, existing property value, age of existing structures, and Buildable Lands Inventory (BLI) constraints and land classifications; and market-specific information for likely form and density for several housing types, rents and sales prices, and typical construction costs. It accounts for the influence of more detailed site-specific factors (e.g., parcel shape, location of existing structures and constraints on the lot, and property owner preferences) only in the aggregate in terms of general trends and probabilities, as these factors are not known on a parcel-by-parcel basis. It focuses on middle housing but also includes single-detached housing for comparison. It encompasses all parcels in the City's R-MD residential zone (the zone most affected by HB 2001) that are over 3,000 square feet (the minimum lot size for middle housing per the City's updated zoning regulations) and classified as developed in the Buildable Lands Inventory (to avoid double-counting capacity on vacant land).

Details of the methodology and assumptions are provided in the Technical Appendix.

Summary of Results

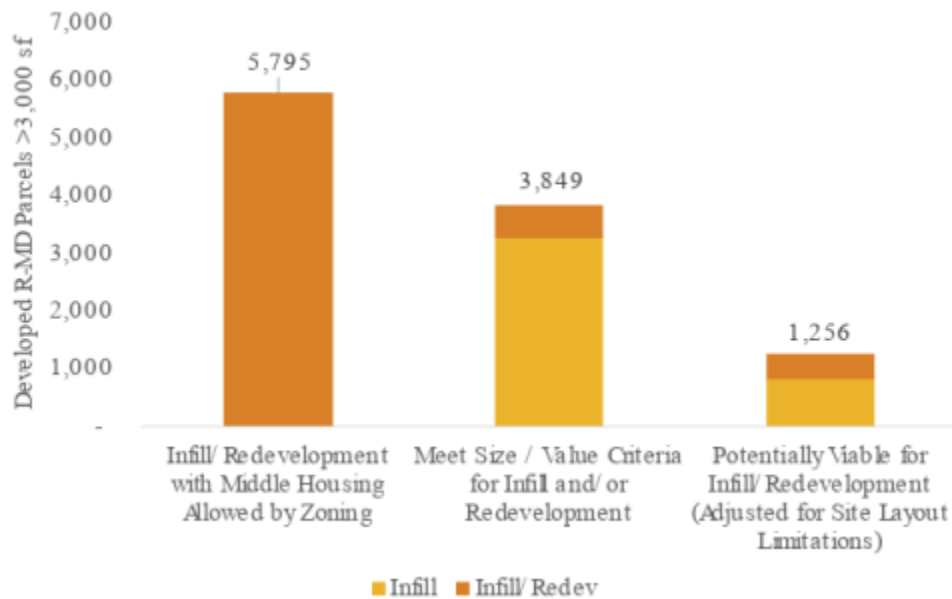
Zoned Capacity and Potentially Viable Sites for Infill/Redevelopment

ECONorthwest's analysis showed:

- Middle housing infill and/or redevelopment is **allowed** on **all** parcels included in the analysis (roughly 5,795 parcels). Roughly **66%** of these parcels could **potentially allow infill and/or redevelopment** based on property size and value (roughly 3,850 parcels), though most of this is based on infill potential. After accounting (roughly) for site layout limitations that may preclude infill, roughly **22%** of parcels (about 1,250 parcels) **may be viable for infill and/or redevelopment**. (See Exhibit 7.) Only about **8%** of parcels are likely **financially feasible for redevelopment**.
- Larger sites are more likely to have development potential, but many smaller sites could potentially allow infill based on size criteria (see Exhibit 8).
- There is a wide range of site sizes for parcels included in the analysis, but on average, sites where infill and/or redevelopment was found to be potentially viable could accommodate roughly 3 additional housing units per site. (See Exhibit 9.)

Exhibit 7: Parcels with Infill/Redevelopment Potential based on Zoning, Property Size and Value, and Typical Site Layout Limitations

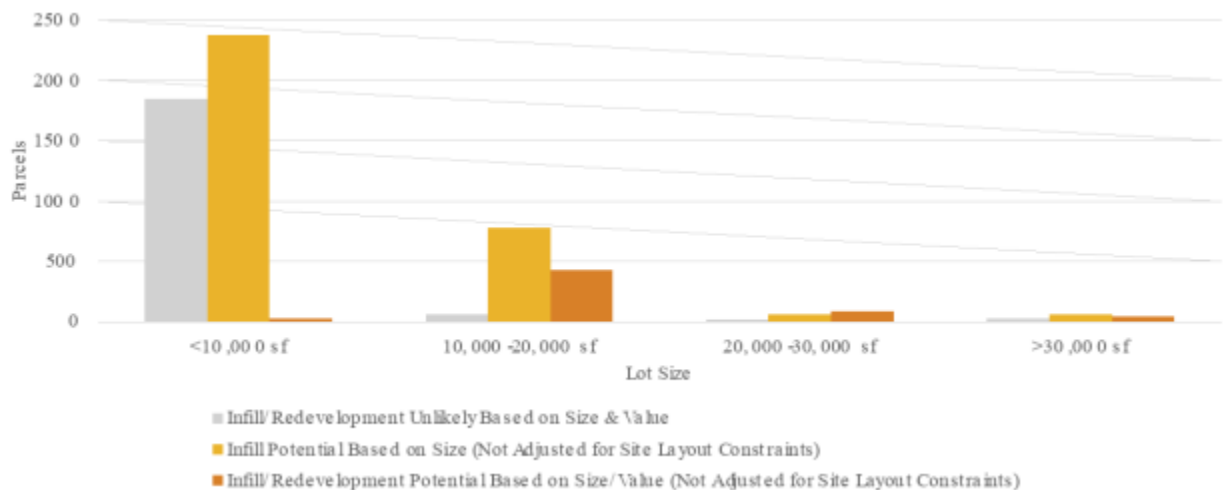
Source: ECONorthwest



Note: Does not account for all site-specific factors, including property condition, need for infrastructure improvements, localized market factors, and property owner preferences.

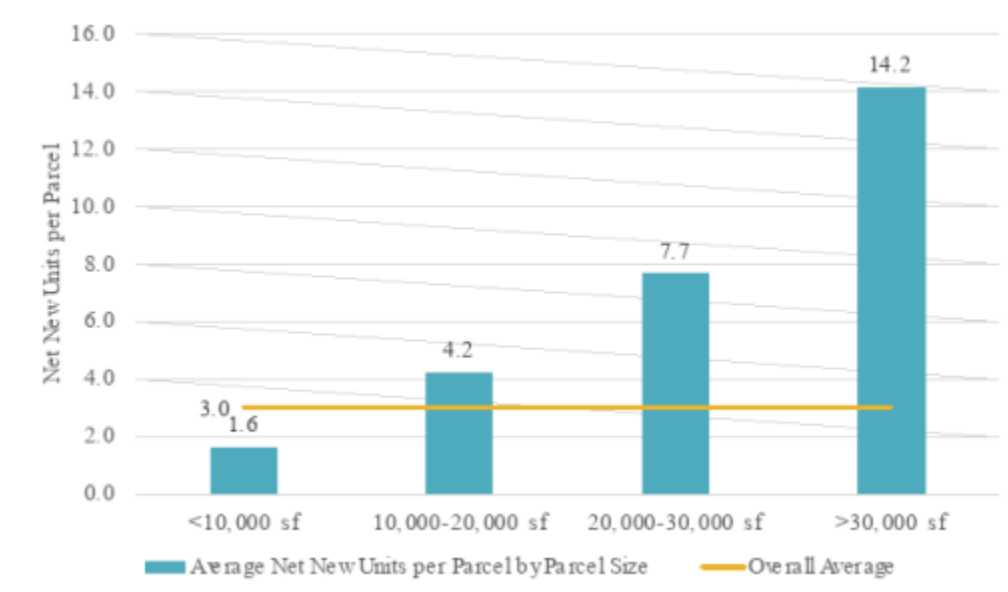
Exhibit 8: Parcels with Infill/Redevelopment Potential by Parcel Size

Source: ECONorthwest



Note: Does not account for all site-specific factors, including property condition, need for infrastructure improvements, localized market factors, and property owner preferences.

Exhibit 9: Average Net New Units per Parcel with Infill/Redevelopment Potential by Parcel Size
Source: ECONorthwest



Note: Does not account for all site-specific factors, including property condition, need for infrastructure improvements, localized market factors, and property owner preferences.

Estimated Housing Production from Middle Housing Infill and Redevelopment

While there are no perfect comparisons for estimating “uptake” (how many property owners eligible to build more housing will do so) and the amount of middle housing production for directly comparable zoning allowances and Milwaukie’s specific market and site conditions, ECONorthwest’s analysis of three different sets of data on uptake in somewhat similar situations in Milwaukie and Portland suggests that **middle housing production over 20 years could be between about 600 and 1,600 units—30 to 80 units per year, on average**. The wide range of estimates reflects the degree of uncertainty about both site-specific factors that could influence outcomes and about the pace of demand for middle housing in the area generally.

Details of the calculations behind estimates are included in [Appendix B: Middle Housing Infill and Redevelopment Analysis of Potential](#).

3. Historical and Recent Development Trends

This chapter presents information about housing development in Milwaukie, including types of housing, development density, homeownership rates, and other information about housing development.

Trends in Housing Mix

This section provides an overview of changes in the mix of housing types in Milwaukie and compares Milwaukie to Clackamas County, the Portland Tri-County region, and to Oregon. These trends demonstrate the types of housing developed in Milwaukie historically. Unless otherwise noted, this section uses data from the 2000 and 2010 Decennial Census and the 2015-2019 American Community Survey 5-Year Estimates.

In this analysis, we grouped housing types based on (1) whether the structure is stand-alone or attached to another structure and (2) the number of dwelling units in each structure. The housing types used in this analysis are consistent with needed housing types as defined in ORS 197.303 and Milwaukie Development Code:⁴

- **Single-dwelling detached** includes single-dwelling detached units, cottage clusters, manufactured homes on lots and in mobile home parks, and accessory dwelling units.
- **Townhomes** are structures with a common wall where each unit occupies a separate lot.
- **Duplexes, triplexes and quadplexes** includes attached and detached units as allowed by Milwaukie Development Code on single lots but can also be on separate lots with the newly created SB 458.
- **Multi-dwelling** is all attached structures with five or more units.

In Milwaukie, government-assisted housing (ORS 197.303[b]) and housing for farmworkers (ORS 197.303[e]) can be any of the housing types listed above. Analysis within this report discusses housing affordability at a variety of incomes, as required in ORS 197.303.

This section shows the following trends in housing mix in Milwaukie:

- **Milwaukie's housing stock is predominantly single-dwelling detached housing units.** Sixty-seven percent of Milwaukie's housing stock is single-dwelling detached; 25% is

⁴ ORS 197.303 defines needed housing as "all housing on land zoned for residential use or mixed residential and commercial use that is determined to meet the need shown for housing within an urban growth boundary at price ranges and rent levels that are affordable to households within the county with a variety of incomes."

multi-dwelling (with five or more units per structure); 6% is duplexes, triplexes, or quadplexes; and 2% is single-dwelling attached (e.g., townhomes).

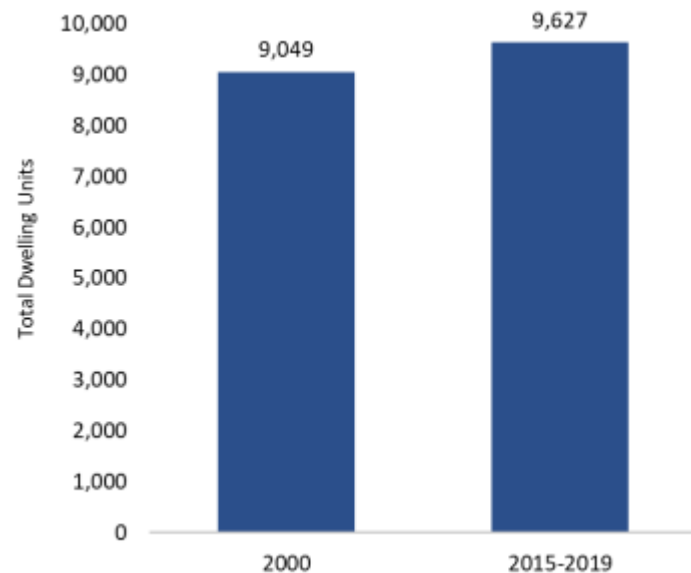
- **Single-dwelling detached housing accounted for the majority of new housing permitted in Milwaukie between 2010 and 2021.** About 76% of permits were for single-dwelling detached, 17% for multi-dwelling units, and 6% for accessory dwelling units.
- **Milwaukie is expected to have a substantial amount of multi-dwelling development over the next several years.** Milwaukie has issued building permits for two multi-dwelling developments, totaling 249 units, so far in fiscal year 2022. Another 648 units across six multi-dwelling developments are at some stage of development/permit review.

Housing Mix

The total number of dwelling units in Milwaukie increased by 6% from 2000 to 2015-2019.

Milwaukie added 578 new dwelling units since 2000.

Exhibit 10. Total Dwelling Units, Milwaukie, 2000 and 2015-2019
Source: US Census Bureau, 2000 Decennial Census, SF3 Table H030, and 2015-2019 ACS Table B25024.

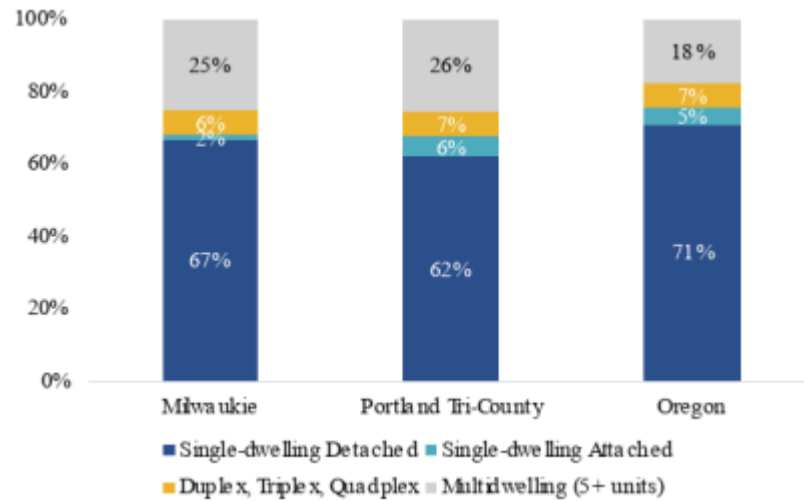


Sixty-seven percent of Milwaukie's housing stock was single-dwelling detached.

Milwaukie had a smaller share of multi-dwelling housing (5+ units per structure) than the Portland region as well as a smaller share of duplex, triplex, and quadplex housing.

Exhibit 11. Housing Mix, Milwaukie, Portland Region, and Oregon, 2015-2019

Source: US Census Bureau, 2015-2019 ACS Table B25024.



From 2000 to 2015-2019, the share of single-dwelling detached and single-dwelling detached housing in Milwaukie remained constant while the share of multi-dwelling housing (5+ units) increased by 3%.

Exhibit 12. Change in Housing Mix, Milwaukie, 2000 and 2015-2019

Source: US Census Bureau, 2000 Decennial Census, SF3 Table H030, and 2015-2019 ACS Table B25024.

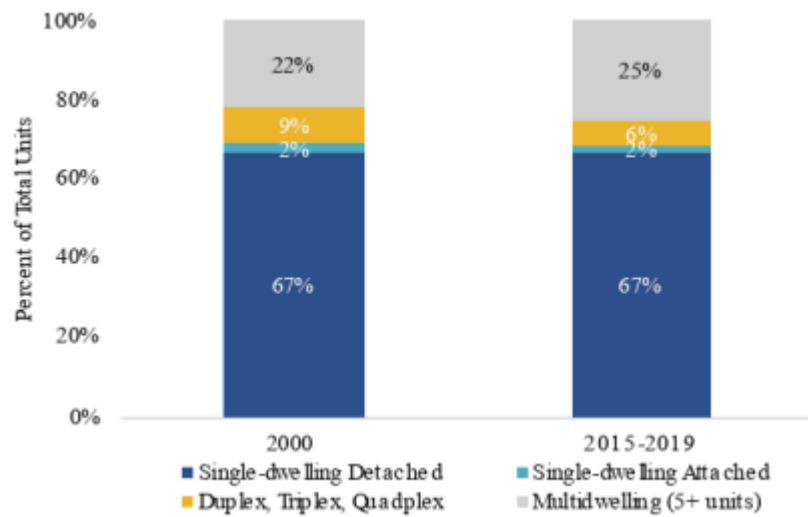
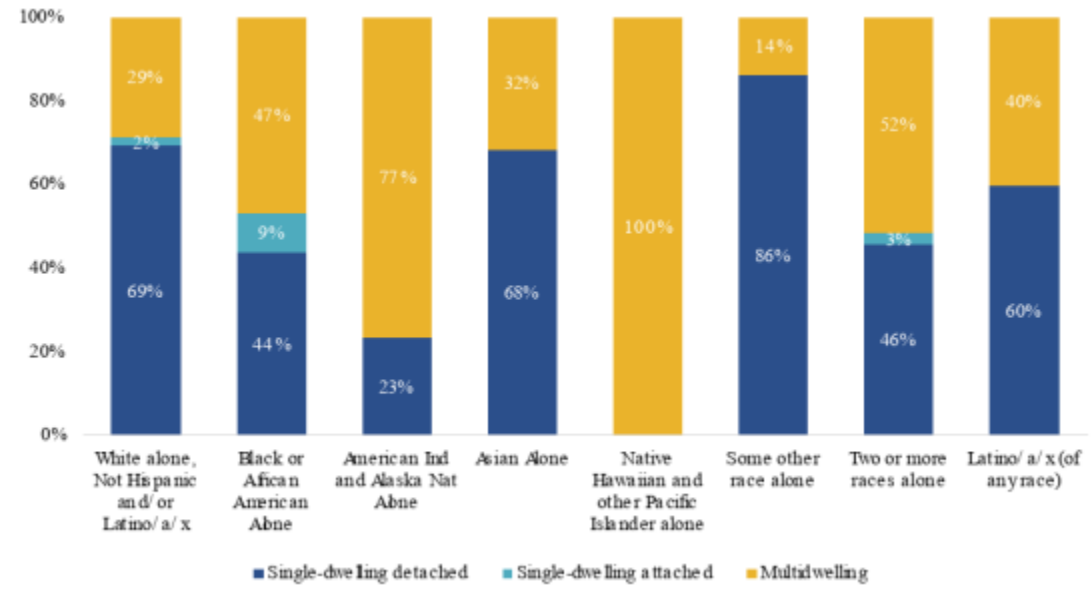


Exhibit 13 shows that householders that identified as White Alone, Asian Alone, and Some Other Race Alone were most likely to live in single-dwelling detached housing (69%, 68%, and 86%, respectively). Black/African American households or those that identified as Two or more races were more likely to live in multi-dwelling units (47% and 52% respectively). Those that identified as American Indian and Alaska Native as well as Native Hawaiian and other Pacific Islander, lived in multi-dwelling housing at the highest rates (77% and 100%, respectively). Over half that identified as Latino/a/x lived in single-dwelling detached units (60%).

Exhibit 13. Occupied Housing Structure by Race and Ethnicity, Milwaukie, 2015-2019

Source: US Census Bureau, 2015-2019 ACS Table B25032 A-I.



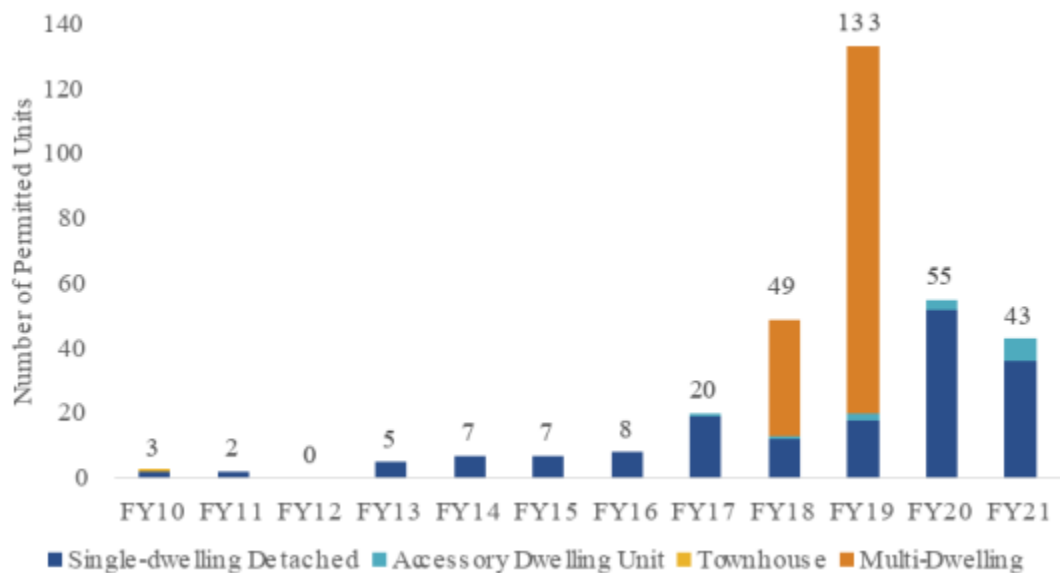
Building Permits

Over the 2010 to 2021 fiscal year period, Milwaukie issued 189 building permits for new residential construction, which includes a total of 332 permitted units. Of these 332 units, about 51% were for single-dwelling units, 45% were for multi-dwelling buildings, and 4% were for accessory dwelling units.⁵

⁵ Milwaukie building permit data includes duplexes in the single-dwelling category and triplexes under multi-dwelling.

Exhibit 14. Building Units for New Residential Construction By Structure Type, Milwaukie FY 2010 through FY 2021

Source: City of Milwaukie, Permit Database.



In addition to the permitted units shown above, the City has seen an increase in multi-dwelling development applications over the past fiscal year. The City has issued building permits for two multi-dwelling developments, totaling 249 units, so far in fiscal year 2022. Another 648 units across six multi-dwelling developments are currently at some stage of development/permit review. These data suggest a significant trend towards more multi-dwelling development in the City in recent years.

Trends in Housing Density

Housing density is the density of residential structures by structure type, expressed in dwelling units per net or gross acre.⁶ The US Census does not track residential development density; thus, this study analyzes housing density based on the RLIS database for development between 2000 and 2020.

Exhibit 15 shows that between 2000 and 2020, Milwaukie's newly permitted housing was developed⁷ at a net density of 7.9 dwelling units per net acre. Exhibit 15 shows average net residential density by structure type for the historical analysis period. Single-dwelling⁸ housing developed at 5.2 dwelling units per net acre, and multi-dwelling housing developed at 34.6 dwelling units per net acre.

Exhibit 15. Net Density by Structure Type and by Zoning District, Milwaukie 2000 through 2020

Source: RLIS.

Zones		Single Dwelling Units			Multi Dwelling Units			Total, Combined		
		Units	Acres	Net Density	Units	Acres	Net Density	Units	Acres	Net Density
Moderate Density Residential	R-MD	285	58	5.0	11	3	3.4	296	60.8	4.9
High Density Residential	R-2	5	1	4.4	4	0	11.6	9	1.5	6.0
High Density Residential	R-3	6	1	8.2	4	0	14.0	10	1.0	9.9
Downtown Mixed Use	DMU	13	0	36.4	192	2	92.5	205	2.4	84.3
Neighborhood Mixed Use	NMU	1	0	5.6	2	0	11.1	3	0.4	8.4
Total		310	60	5.2	213	6	34.6	523	66	7.9

⁶ OAR 660-024-0010(6) uses the following definition of net buildable acre. "Net buildable acre" consists of 43,560 square feet of residentially designated buildable land after excluding future rights-of-way for streets and roads. While the administrative rule does not include a definition of a gross buildable acre, using the definition above, a gross buildable acre will include areas used for rights-of-way for streets and roads. Areas used for rights-of-way are considered unbuildable.

⁷ Note (for the density analysis by zone): ADUs were included in the single-dwelling housing type category.

⁸ This analysis does not differentiate between single-dwelling detached and single-dwelling attached units because Milwaukie's building permit database combines them into one category: single dwelling.

Trends in Tenure

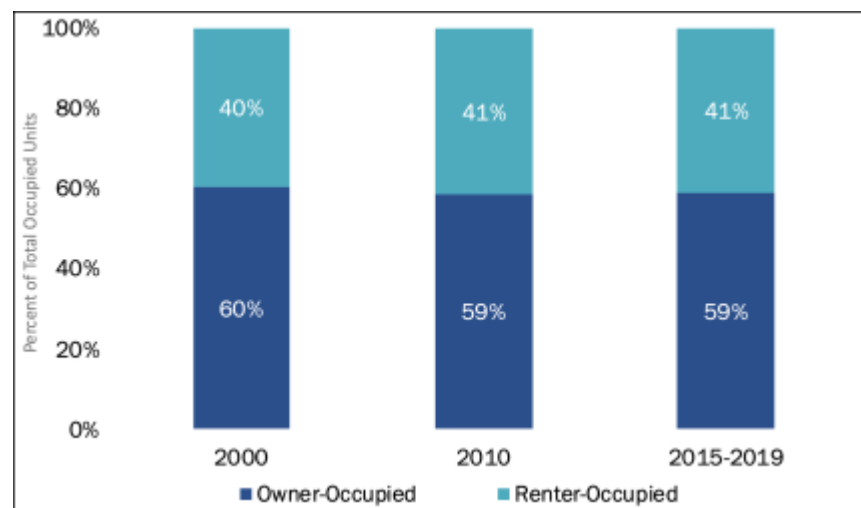
Housing tenure describes whether a dwelling is owner or renter occupied. This section shows:

- **Homeownership rates in Milwaukie were slightly lower than the Portland regions and Oregon's rates.** About 59% of Milwaukie's households own their home. In comparison, 60% of Portland region's households and 62% of Oregon households are homeowners.
- **Homeownership rates in Milwaukie remained largely stable between 2000 and 2015-2019.** In 2000, 60% of Milwaukie households were homeowners. This decreased to 59% in 2010 and remained steady at 59% in 2015-2019.
- **Most of Milwaukie's homeowners (96%) live in single-dwelling detached housing, while almost half of renters (69%) lived in multi-dwelling housing** (including units in duplexes, triplexes, quadplexes, and housing with five or more units per structure).

The implications for the forecast of new housing are that Milwaukie has a balance of opportunities for homeownership and for renting. Relatively few multi-dwelling housing types (including duplexes) were owner occupied, which combined with information about housing affordability in Chapter 4 may suggest a need for homeownership opportunities for a wider range of housing types, such as town houses, cottage housing, and duplexes, triplexes, quadplexes, and possibly multi-unit condominiums. In addition, broadening the types of housing for rental may provide more opportunity for affordable rents.

The homeownership rate in Milwaukie decreased by 1% from 2000 to 2015-2019.

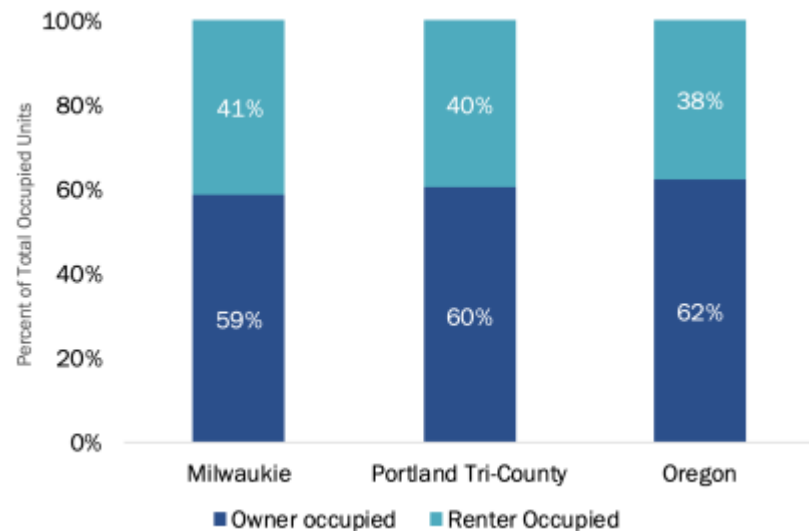
Exhibit 16. Tenure, Occupied Units, Milwaukie, 2000, 2010, 2015-19
Source: US Census Bureau, 2000 Decennial Census SF1 Table H004, 2010 Decennial Census SF1 Table H4, 2015-2019 ACS Table B25003.



Milwaukie had a lower homeownership rate than the Portland region and Oregon.

Exhibit 17. Tenure, Occupied Units, Milwaukie, the Portland region, and Oregon, 2015-2019

Source: US Census Bureau, 2015-2019 ACS 5-Year Estimates, Table B25003.



Nearly all of Milwaukie's homeowners (96%) lived in single-dwelling detached housing.

In comparison, only 28% of Milwaukie households that rent lived in single-dwelling detached housing.

Less than a quarter of renters lived in duplex, triplex, or quadplex housing, and over half of renters lived in multi-dwelling housing.

Exhibit 18. Housing Units by Type and Tenure, Milwaukie, 2015-2019

Source: US Census Bureau, 2015-2019 ACS Table B25032.

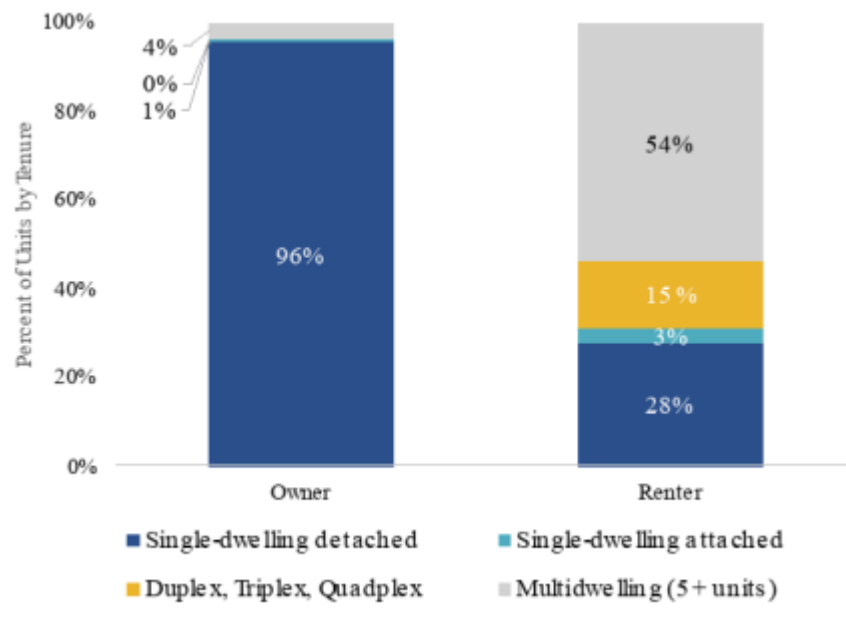
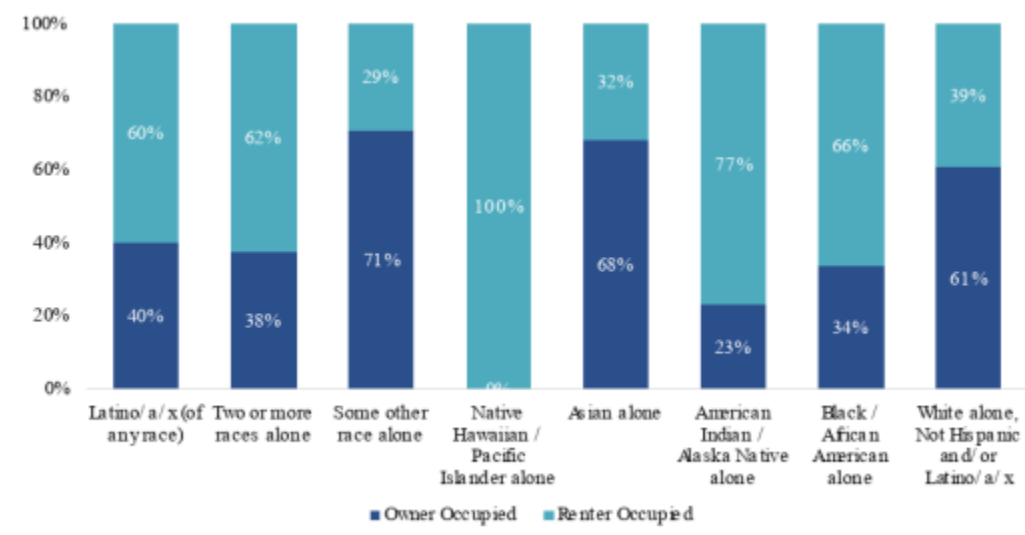


Exhibit 19 shows housing tenure by race and ethnicity for Milwaukie's households. Households that identified as Black/African American, American Indian and Alaska Natives Alone and Native Hawaiian/Pacific Islander had the lowest rates of home ownership (34%, 23% and 0% respectively). In comparison, 61% 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.

Exhibit 19. Tenure by Race and by Ethnicity, Milwaukie, 2015-2019

Source: US Census Bureau, 2015-2019 ACS Table B25003A-I.

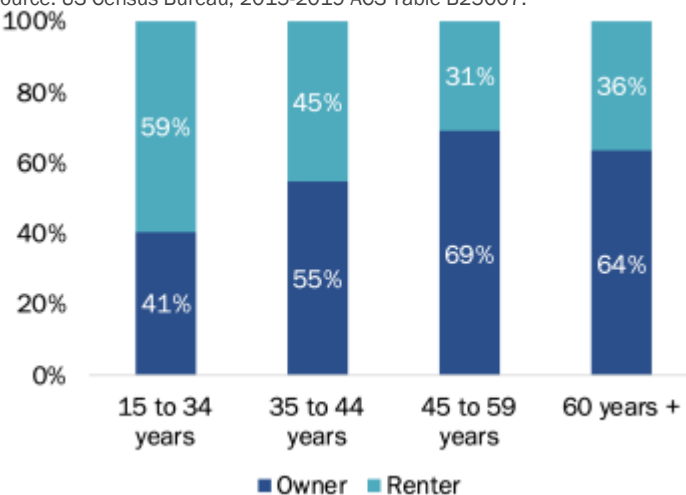


The homeownership rate in Milwaukie increased with age. In Milwaukie, about 55% of householders 35 years or older owned their homes.

The increase of homeownership with age (until age 60) is consistent with statewide ownership trends.

Exhibit 20. Tenure by Age of the Head of Household, Milwaukie, 2015-2019

Source: US Census Bureau, 2015-2019 ACS Table B25007.



Vacancy Rates

Housing vacancy is a measure of housing available to prospective renters and buyers. It also measures unutilized housing stock. The Census defines vacancy as "unoccupied housing units . . . determined by the terms under which the unit may be occupied, e.g., for rent, for sale, or for seasonal use only." The following provide information about vacancy rates in Milwaukie and the Portland region.

- According to the 2010 Census, the vacancy rate in Milwaukie was 4.4%, compared to 5.6% for Portland region and 8.9% for Oregon.
- According to the 2015-2019 American Community Survey, the rate was 5.2% in Milwaukie, compared to 6.2% for Portland region and 9.3% for Oregon.
- In Spring 2022, *The Apartment Report* shows a vacancy rate of 2.68% in Milwaukie, compared a regional vacancy rate of 3.56%.⁹

Government-Assisted Housing

Governmental agencies and nonprofit organizations offer a range of housing assistance to low and moderate-income households in renting or purchasing a home. There are 14 government-assisted housing developments in Milwaukie with a total of 840 dwelling units.

Exhibit 21. Government-Assisted Housing, Milwaukie, 2019

Source: Oregon Department of Health and Human Services, Affordable Housing Inventory in Oregon, July 2019.

Note: bedroom size data not available for Jennings Lodge.

Development Name	Total Units	Unit Size						
		SRO	Studio	1-bd	2-bd	3-bd	4-bd	Unknown
Avalon House	7	7	-	-	-	-	-	-
Cascade Meadows Senior Apts	61	-	-	61	-	-	-	-
Charbern Apts	53	-	6	38	8	1	-	-
Fox Pointe Apts	96	-	-	2	76	18	-	-
Hillside Manor	100	-	-	68	32	-	-	-
Hillside Park	100	-	-	65	35	-	-	-
Ikoï So Terrace	35	-	-	35	-	-	-	-
Jennings Lodge	5	-	-	-	-	-	-	5
Lake Crest Apts	229	-	30	59	120	20	-	-
Madrona House	4	4	-	-	-	-	-	-
North Main Apts	64	-	47	17	-	-	-	-
Seneca Terrace	32	-	-	-	32	-	-	-
Willamette	52	-	-	16	24	12	-	-
Willard Street Duplex	2	-	-	-	2	-	-	-
Total	840	11	83	361	329	51	-	5

⁹ The Apartment Report, Multifamily NW, Spring 2022.

While there are not emergency shelters located in Milwaukie, the Clackamas County Continuum of Care (CoC) region has 193 emergency shelter beds, 65 transitional shelter beds, and 1,313 permanently supportive housing beds supporting persons experiencing houselessness in the Clackamas County region.

Exhibit 22. Facilities and Housing for Households Experiencing Houselessness, Clackamas County Continuum of Care Region, 2021

Source: HUD 2021 Continuum of Care Homeless Assistance Programs, Housing Inventory Report, Clackamas County CoC.

Population Served	Emergency, Safe Haven, and Transitional Beds		Permanent Housing Beds
	Emergency Shelter	Transitional Housing	
Family Units	26	12	132
Family Beds	79	27	412
Adult-Only Beds	73	3	324
Child-Only Beds	-	-	-
Total Year-Round Beds	152	30	736
Chronic Beds	n/a	n/a	180
Veteran Beds	15	-	257
Youth Beds	-	23	8

Manufactured Homes

Manufactured homes provide a source of affordable housing in Milwaukie. They provide a form of homeownership that can be made available to low and moderate-income households. Cities must plan for manufactured homes—both on lots and in parks (ORS 197.475-492).

Generally, manufactured homes in parks are owned by the occupants who pay rent for the space. Monthly housing costs are typically lower for a homeowner in a manufactured home park for several reasons, including the fact that property taxes levied on the value of the land are paid by the property owner, rather than the manufactured homeowner. The value of the manufactured home generally does not appreciate in the way a conventional home would, however. Manufactured homeowners in parks are also subject to the mercy of the property owner in terms of rent rates and increases. It is generally not within the means of a manufactured homeowner to relocate to another manufactured home to escape rent increases. Homeowners living in a park is desirable to some because it can provide a more secure community with on-site managers and amenities, such as laundry and recreation facilities. OAR 197.480(4) requires cities to inventory the mobile home or manufactured dwelling parks sited in areas planned and zoned or generally used for commercial, industrial, or high-density residential development. Exhibit 23 presents the inventory of mobile and manufactured home parks within Milwaukie as of 2022.

Milwaukie has 2 manufactured home parks within its city limits. Within these parks, there are a total of 65 spaces (of which 0 spaces were vacant as of March 2022).

Exhibit 23. Inventory of Mobile/Manufactured Home Parks, Milwaukie, 2022

Source: Oregon Manufactured Dwelling Park Directory, 2022

Name	Location	Type	Total Spaces	Vacant Spaces	Zone
King's Court Mobile City LLC	5990 SE King Rd	Family	43	0	R-3
Linwood Mobile Estates LLC	10523 SE Linwood Ave	55+	22	0	R-3
Total			65	0	

4. Demographic and Other Factors Affecting Residential Development in Milwaukie

Demographic trends are important for a thorough understanding of the dynamics of the Milwaukie housing market. Milwaukie exists in a regional economy; trends in the region impact the local housing market. This chapter documents demographic, socioeconomic, and other trends relevant to Milwaukie at the national, state, and regional levels.

Demographic trends provide a context for growth in a region; factors such as age, income, migration, and other trends show how communities have grown and how they will shape future growth. To provide context, we compare Milwaukie to Clackamas County and Oregon. We also compare Milwaukie to nearby cities where appropriate. Characteristics such as age and ethnicity are indicators of how the population has grown in the past and provide insight into factors that may affect future growth.

Demographic and Socioeconomic Factors Affecting Housing Choice¹⁰

Analysts typically describe housing demand as the preferences for different types of housing (e.g., single-dwelling detached or apartment) and the ability to pay for that housing (the ability to exercise those preferences in a housing market by purchasing or renting housing; in other words, income or wealth).

Many demographic and socioeconomic variables affect housing choice. However, the literature about housing markets finds that age of the householder, size of the household, and income are most strongly correlated with housing choice.

- **Age of householder** is the age of the person identified (in the Census) as the head of household. Households make different housing choices at different stages of life. This chapter discusses generational trends, such as housing preferences of baby boomers (people born from about 1946 to 1964), millennials (people born from about 1980 to 2000), and Generation Z (people born after 1997).
- **Size of household** is the number of people living in the household. Younger and older people are more likely to live in single-person households. People in their middle years are more likely to live in multi-person households (often with children).
- **Household income** is probably the most important determinant of housing choice. Income is strongly related to the type of housing a household chooses (e.g., single-

¹⁰ The research in this chapter is based on numerous articles and sources of information about housing and adapted to Milwaukie's unique circumstances from prior housing capacity analysis conducted by ECONorthwest.

dwelling detached housing, duplexes, or buildings with more than five units) and to household tenure (e.g., rent or own).

- **Racial exclusion, neighborhood segregation, and exclusionary zoning** shaped development of Oregon's communities. The results of these policies are still seen in patterns of development and where people live.

This chapter focuses on these factors, presenting data that suggests how changes to these factors may affect housing need in Milwaukie over the next 20 years.

Regional and Local Demographic Trends May Affect Housing Need in Milwaukie

Demographic trends that might affect the key assumptions used in the baseline analysis of housing need are (1) the aging population, (2) changes in household size and composition, and (3) increases in diversity.

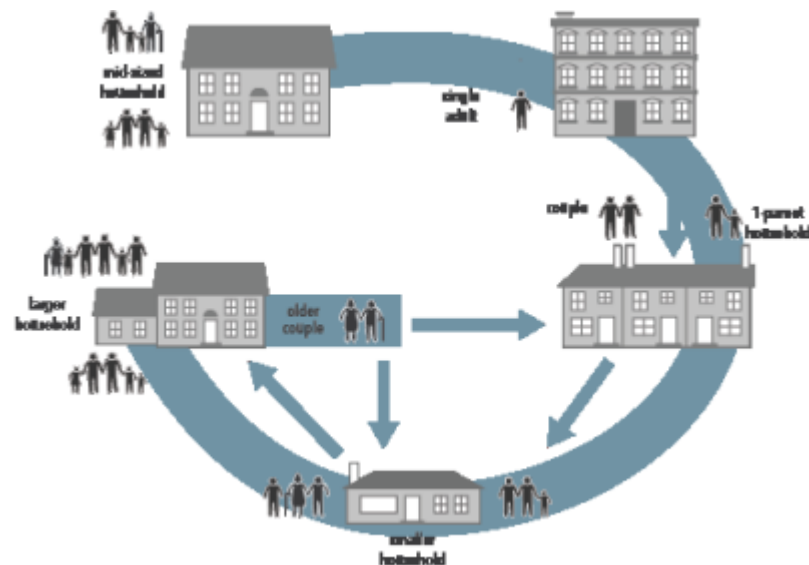
An individual's housing needs change throughout their life, with changes in income, family composition, and age. The types of housing needed by a 20-year-old college student differ from the needs of a 40-year-old parent with children, or an 80-year-old single adult. As Milwaukie's population ages, different types of housing will be needed to accommodate older residents. The housing characteristics by age data below reveal this cycle in action in Milwaukie.

Housing needs and preferences change in predictable ways over time, such as with changes in marital status and size of household.

Households of different sizes need different types of housing.

Exhibit 24. Effect of Demographic Changes on Housing Need

Source: ECONorthwest, adapted from Clark, William A.V. and Frans M. Dieleman. 1996. Households and Housing. New Brunswick, NJ: Center for Urban Policy Research.



Within Oregon and Clackamas County, historical racist policies affected and continue to affect availability of housing for BIPOC. There is a long history of racial exclusion, discrimination, housing bias, and exclusionary zoning. Milwaukie and Clackamas County have a considerable

amount of work to do to address the historical inequalities, through development of new policies that support integrating equity into their decision-making systems.

Growing Population

Milwaukie's population growth will drive future demand for housing in the city over the planning period. Milwaukie must use this forecast as the basis for forecasting housing growth over the 2023 to 2043 period.

Exhibit 25 shows that Milwaukie's population grew by 4% between 2000 and 2021. Milwaukie added 745 new residents, at an average annual growth rate of 0.2%.

Exhibit 25. Population, Milwaukie (city limits), the Portland region, Oregon, U.S., 2000, 2010, 2021
Source: US Decennial Census 2000 and 2010, and Portland State University, Population Research Center.

	2000	2010	2021	Change 2000 to 2021		
				Number	Percent	AAGR
U.S.	281, 421, 906	308, 745, 538	332, 915, 073	51, 493, 167	18%	0.8%
Oregon	3, 421, 399	3, 831, 074	4, 266, 560	845, 161	25%	1.1%
Portland Tri-County	1, 444, 219	1, 641, 036	1, 851, 024	406, 805	28%	1.2%
Milwaukie	20, 490	20, 291	21, 235	745	4%	0.2%

Aging Population

This section shows two key characteristics of Milwaukie's population, with implications for future housing demand in Milwaukie:

- **Milwaukie's senior population grew between 2000 and 2019 and is expected to continue to increase.** Milwaukie currently has a smaller share of people over 60 years old than Clackamas County. The Clackamas County forecast share of residents aged 60 years and older will account for 27% of its population (2040), compared to 20% in the 2015-2019 period. It is reasonable to expect that Milwaukie's senior population will grow consistent with regional trends, which will increase demand for housing that is suitable for seniors.

The impact of growth in seniors in Milwaukie will depend, in part, on whether older people already living in Milwaukie continue to reside there as they retire. National surveys show that, in general, most retirees prefer to age in place by continuing to live in their current home and community as long as possible.¹¹

Growth in the number of seniors will result in demand for housing types specific to seniors, such as small and easy-to-maintain dwellings, assisted-living facilities, or age-restricted developments. Senior households will make a variety of housing choices, including remaining in their homes as long as they are able, downsizing to smaller

¹¹ A survey conducted by the AARP indicates that 90% of people 50 years and older want to stay in their current home and community as they age. See <http://www.aarp.org/research>.

single-dwelling homes (detached and attached) or multi-dwelling units, or moving into group housing (such as assisted-living facilities or nursing homes) as their health declines. The challenges aging seniors face in continuing to live in their community include changes in health-care needs, loss of mobility, the difficulty of home maintenance, financial concerns, and increases in property taxes.¹²

- **Milwaukie has a slightly larger proportion of younger working-aged people than Clackamas County and Oregon.** About 32% of Milwaukie’s population is between 20 and 39 years old, compared to 30% of the Portland region and 28% of Oregon.

People roughly aged 20 to 40 now are referred to as the millennial generation and account for the largest share of population in Oregon. By 2040, they will be about 40 to 60 years of age. Generation Z (those aged roughly 10 to 19 now) will be between 30 and 40 years old. The forecast for Clackamas County shows growth across both of these age groups through 2040, with the largest growth for people 40 to 59 years old in 2040.

Milwaukie is currently attracting millennials. The community’s ability to continue to attract and retain people in this age group will depend, in large part, on whether the city has opportunities for housing that both appeals to and is affordable to millennials and Generation Z, as well as jobs that allow younger people to live and work in Milwaukie.

In the near-term, millennials and Generation Z may increase demand for rental units. Research suggests that millennials’ housing preferences may be similar to baby boomers, with a preference for smaller, less-costly units. Surveys about housing preference suggest that millennials want affordable single-dwelling homes in areas that offer transportation alternatives to cars, such as suburbs or small cities with walkable neighborhoods.¹³ Recent growth in homeownership among millennials proves that millennials prefer to become homeowners, with the millennial homeownership rate increased from 33% in 2009 to 43% in 2019.¹⁴ While researchers do not yet know how Generation Z will behave in adulthood, many expect they will follow patterns of previous generations.¹⁵

A survey of people living in the Portland region shows that millennials prefer single-dwelling detached housing. The survey finds that housing price is the most important

¹² “Aging in Place: A toolkit for Local Governments” by M. Scott Ball.

¹³ The American Planning Association, “Investing in Place; Two generations’ view on the future of communities.” 2014.

“Access to Public Transportation a Top Criterion for Millennials When Deciding Where to Live, New Survey Shows,” Transportation for America.

“Survey Says: Home Trends and Buyer Preferences,” National Association of Home Builders International Builders

¹⁴ “Millennials and Housing: Homeownership Demographic Research.” Freddie Mac Single-Family, 2021. https://sf.freddiemac.com/content/_assets/resources/pdf/fact-sheet/millennial-playbook_millennials-and-housing.pdf.

¹⁵ “2021 Home Buyers and Sellers Generational Trends Report.” National Association of Realtors, 2021. <https://www.nar.realtor/sites/default/files/documents/2021-home-buyers-and-sellers-generational-trends-03-16-2021.pdf>.

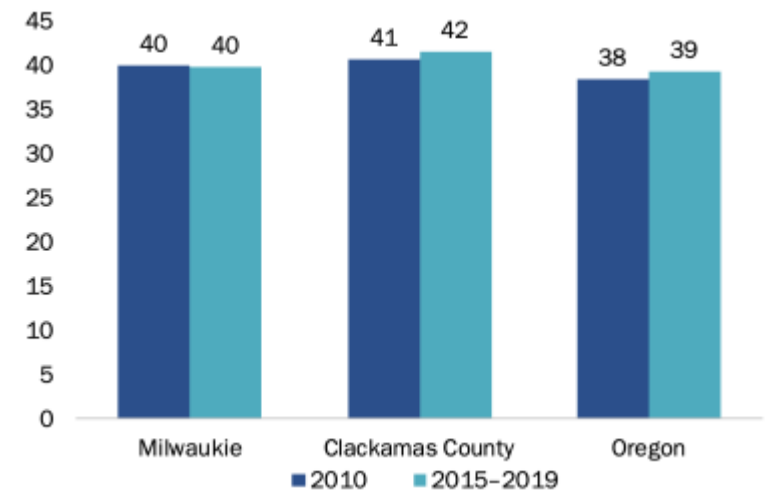
factor in choosing housing for younger residents.¹⁶ The survey results suggest millennials are more likely than other groups to prefer housing in an urban neighborhood or town center. While this survey is older and for the entire Portland region, it shows similar results to national surveys and studies about housing preference for millennials.

Growth in millennials and Generation Z in Milwaukie will result in increased demand for both affordable single-dwelling detached housing (such as small single-dwelling detached units like cottages), as well as increased demand for affordable town houses and multi-dwelling housing. Growth in this population will result in increased demand for both ownership and rental opportunities, with an emphasis on housing that is comparatively affordable. There is potential for attracting new residents to housing in Milwaukie’s commercial areas, especially if the housing is relatively affordable and located in proximity to services.

From 2000 to 2015-2019, Milwaukie’s median age remained stable even as the median age for Clackamas County and Oregon increased.

Exhibit 26. Median Age, Milwaukie, Clackamas County, and Oregon, 2000 to 2015–2019

Source: US Census Bureau, 2000 Decennial Census Table B01002, 2015–2019 ACS, Table B01002.



¹⁶ Davis, Hibbits, & Midghal Research, “Metro Residential Preference Survey,” May 2014.

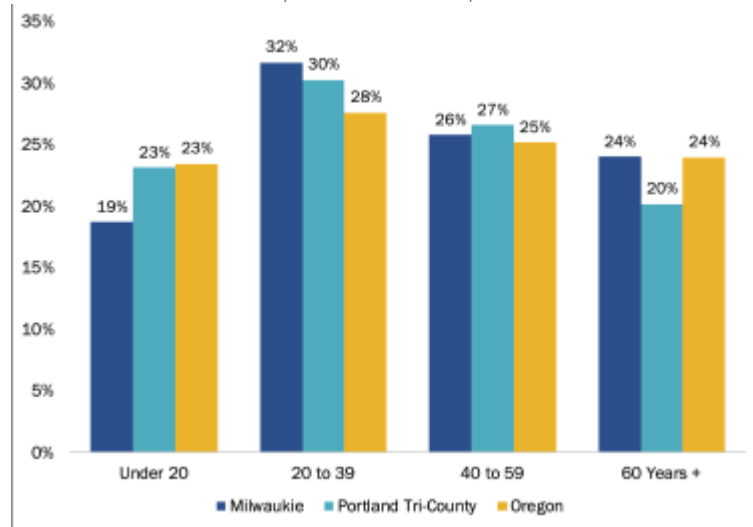
In the 2015-2019 period, about 57% of Milwaukie's residents were between the ages of 20 and 59 years.

Milwaukie had a higher share of people over the age of 60 than the Portland region.

About a fifth of Milwaukie's population is under 20 years old.

Exhibit 27. Population Distribution by Age, Milwaukie, the Portland region, and Oregon, 2015–2019

Source: US Census Bureau, 2015–2019 ACS, Table B01001.

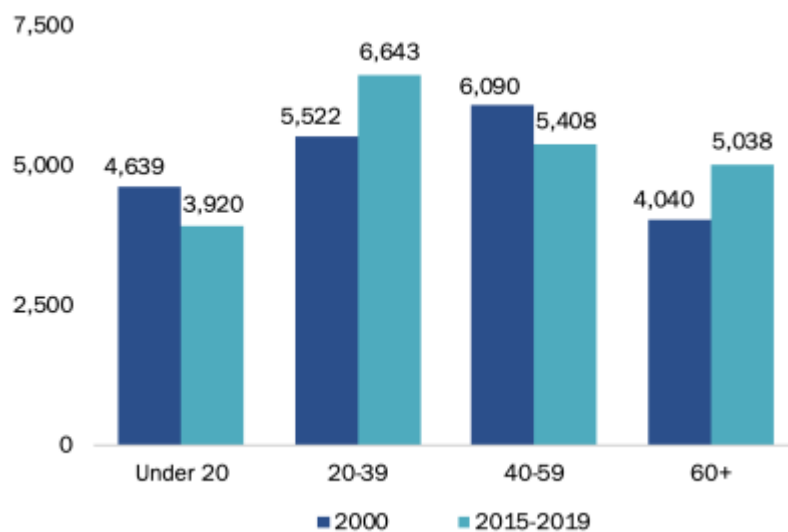


Between 2000 and 2015-2019, all age groups in Milwaukie grew in size.

The largest increase in residents were those aged 20-39 (growth of 1,121 people) followed by those aged 60+ (growth of 998 people).

Exhibit 28. Population Growth by Age, Milwaukie, 2000, 2015–2019

Source: US Census Bureau, 2000 Decennial Census Table P012 and 2015–2019 ACS, Table B01001.

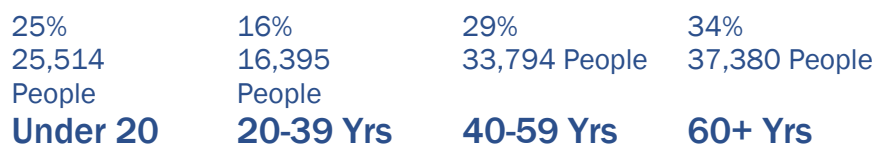


People in all age groups are expected to grow in Clackamas County over the next two decades.

The groups to add the most people is those over the age

Exhibit 29. Fastest-Growing Age Groups, Clackamas County, 2020 to 2040

Source: PSU Population Research Center, Clackamas County Forecast, June 2021



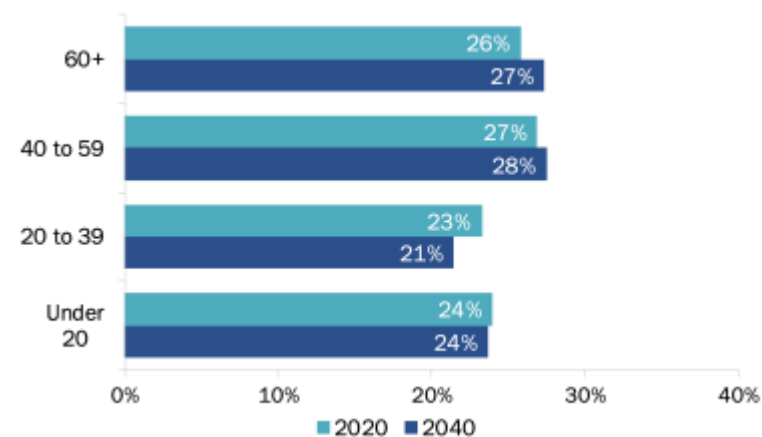
of 60 is forecast to grow by 34%, adding more than 37,000 new people. People aged 40 to 59 are forecast to grow by nearly as many, adding 34,000 people.

By 2040, it is forecasted that Clackamas County residents aged 40 and older will make up 55% of the county's total population.

This accounts for a 2% increase from this age cohort's population estimate for 2020.

Exhibit 30. Population Growth by Age Group, Clackamas County, 2020 and 2040

Source: PSU Population Research Center, Clackamas County Forecast, June 2018.



Increased Ethnic Diversity

The number of residents that identified as Latino/a/x increased in Milwaukie by 516 people, from 1,426 people in 2010 to 1,942 people in the 2015-2019 period. The US Census Bureau forecasts that at the national level, the Latino/a/x population will continue growing faster than most other non-Latino/a/x populations between 2020 and 2040. The Census forecasts that the Latino/a/x population will increase 93%, from 2016 to 2060, and foreign-born Latino/a/x populations will increase by about 40% in that same time.¹⁷

Continued growth in the Latino/a/x population will affect Milwaukie's housing needs in a variety of ways. Growth in first and, to a lesser extent, second and third-generation Latino/a/x immigrants will increase demand for larger dwelling units to accommodate the, on average, larger household sizes for these households. In that, Latino/a/x households are twice likely to include multigenerational households than the general populace.¹⁸ As Latino/a/x households

¹⁷ US Census Bureau, *Demographic Turning Points for the United States: Population Projections for 2020 to 2060*.

¹⁸ Pew Research Center. (2013). *Second-Generation Americans: A Portrait of the Adult Children of Immigrants*. National Association of Hispanic Real Estate Professionals (2019). *2019 State of Hispanic Homeownership Report*.

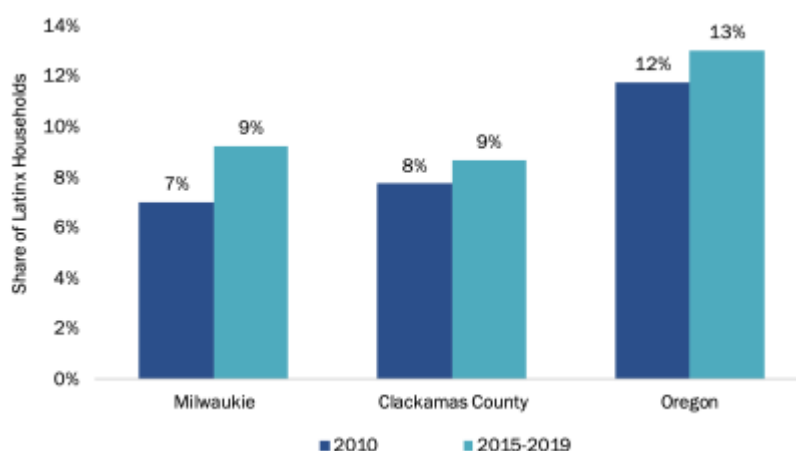
change over generations, household size typically decreases, and housing needs become similar to housing needs for all households.

According to the *State of Hispanic Homeownership* report from the National Association of Hispanic Real Estate Professionals, the Latino population accounted for 29.2% of the nation's new household formation between 2017 and 2021.¹⁹ The rate of homeownership for Latino households increased from 45.6% in 2015 to 48.4% in 2021. Latino homeownership growth has remained steady over the last decade and is at its highest rates since 2009.

The share of Milwaukie's households that identified as Latino/a/x increased from 2000 and 2015–2019 at a faster rate than both the county and the state.

Milwaukie was less ethnically diverse than both Clackamas County and Oregon in the 2015–2019 period.

Exhibit 31. Latino/a/x Population as Percent of Total Population, Milwaukie, Clackamas County, Oregon, 2010 and 2015–2019
Source: US Census Bureau, 2000 Decennial Census Table P008, 2015–2019 ACS Table B03002.



¹⁹ National Association of Hispanic Real Estate Professionals (2021). *2021 State of Hispanic Homeownership Report*.

Racial Diversity

While the majority of Milwaukie's population is White, Milwaukie has residents of many races, as shown in Exhibit 32, consistent with Clackamas County's population.

In the 2015–2019 period, Milwaukie was just as racially diverse as Clackamas County and less racially diverse than Oregon.

Exhibit 32. Population by Race/Ethnicity as a Percent of Total Population, Milwaukie, Clackamas County, Oregon, 2015–2019
Source: US Census Bureau, 2015–2019 ACS Table B02001 and B03002.

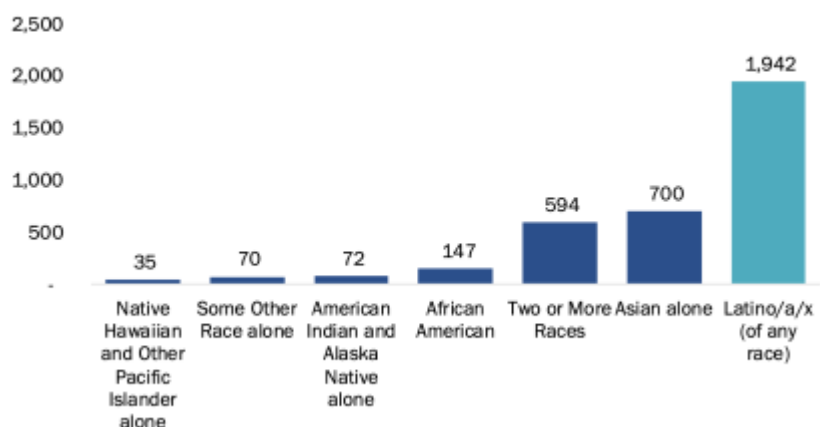
	Milwaukie	Clackamas Co.	Oregon
White Alone	83%	82%	76%
Latino/a/x (of any race)	9%	9%	13%
Two or More Races	3%	3%	4%
Asian Alone	3%	4%	4%
American Indian and Alaska Native Alone	0%	1%	1%
Black or African American Alone	1%	1%	2%
Native Hawaiian and Other Pacific Islander Alone	*	*	*
Some Other Race Alone	*	*	*

In Milwaukie, about 3,560 people identified as a race other than White Alone and over 1,942 people identified as Latino/a/x (of Any Race).

Not shown in the exhibit are the 17,449 people identifying as White, not Latino/a/x in Milwaukie.

Exhibit 33. Number of People by Race and Ethnicity, Milwaukie, 2015-2019

Source: US Census Bureau, 2015-2019 ACS, Table B03002.



Household Size and Composition

Milwaukie's household composition shows that Milwaukie had a smaller percentage of households with children than the Portland region and the state. On average, Milwaukie's households are smaller than both Clackamas County's households and Oregon's.

Milwaukie's average household size was smaller than both Clackamas County's and Oregon's.

About 72% of Milwaukie's households were one and two-person households. Milwaukie has a smaller share of households with 3 or more people than the Portland region or Oregon.

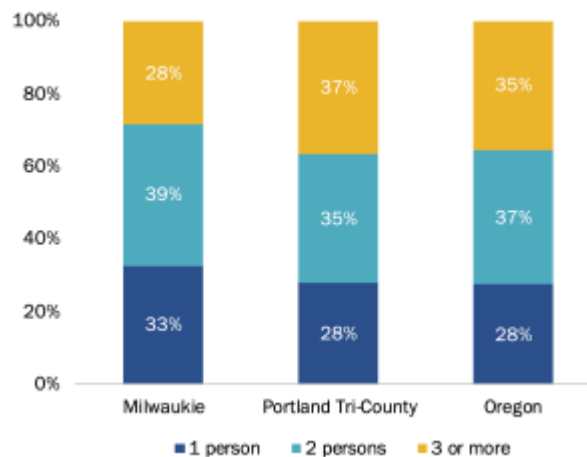
Exhibit 34. Average Household Size, Milwaukie, Clackamas County, Oregon, 2015-2019

Source: US Census Bureau, 2015-2019 ACS 5-Year Estimate, Table B25010.

2.25 Persons	2.59 Persons	2.51 Persons
Milwaukie	Clackamas County	Oregon

Exhibit 35. Household Size, Milwaukie, the Portland region, Oregon, 2015-2019

Source: US Census Bureau, 2015-2019 ACS 5-Year Estimate, Table B25010.

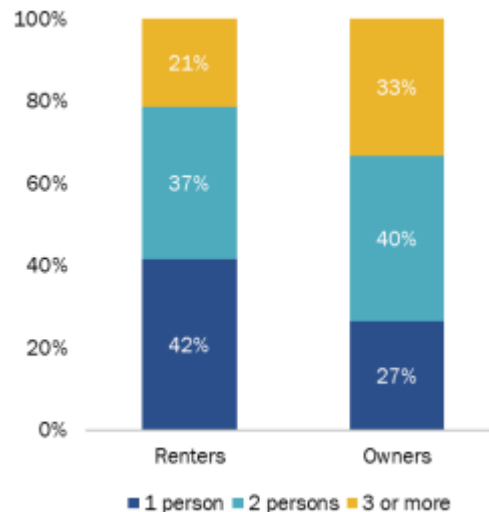


Almost half of all renter-occupied households in Milwaukie were 1-person households (42%).

The majority of owner-occupied households were 2- and 3-person households, a larger percentage than renter-occupied households (73% and 58%, respectively).

Exhibit 36. Tenure by Household Size, Milwaukie, 2015-2019

Source: US Census Bureau, 2015-2019 ACS 5-Year Estimate, Table B25009

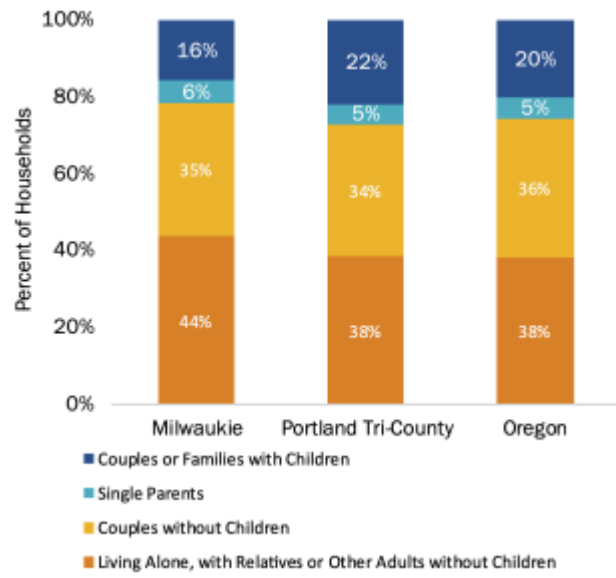


Milwaukie has a larger share of households with no children (79%) than the Portland region (72%) or State (74%).

About 16% of Milwaukie households have children, compared with 22% of the Portland region households and 20% of Oregon households.

Exhibit 37. Household Composition, Milwaukie, the Portland region, Oregon, 2015-2019

Source: US Census Bureau, 2015-2019 ACS 5-Year Estimate, Table DP02.



Income of Milwaukie Residents

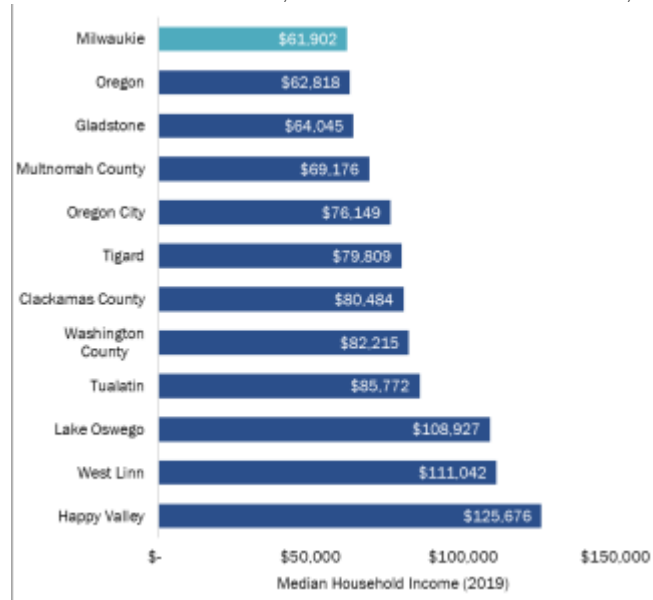
Income is a key determinant in housing choice and households' ability to afford housing. Milwaukie's median household income was substantially lower than the Clackamas County median (nearly \$18,600 lower). Adjusted for inflation, Milwaukie's household income decreased by 7% since 2000, consistent county and statewide trends. The decrease in household income (adjusted for inflation) occurred at a time when rent and housing prices in Milwaukie (and the whole region) increased substantially.

Over the 2015-2019 period, Milwaukie's median household income was below that of the county and the state.

Over this period, Milwaukie's median household income was \$61,902. Clackamas County's median household income was \$80,484 and Oregon's median household income was \$62,818.

Exhibit 38. Median Household Income, Milwaukie, Clackamas County, Oregon, Comparison Cities, 2015-2019

Source: US Census Bureau, 2015-2019 ACS 5-Year Estimate, Table B25119.

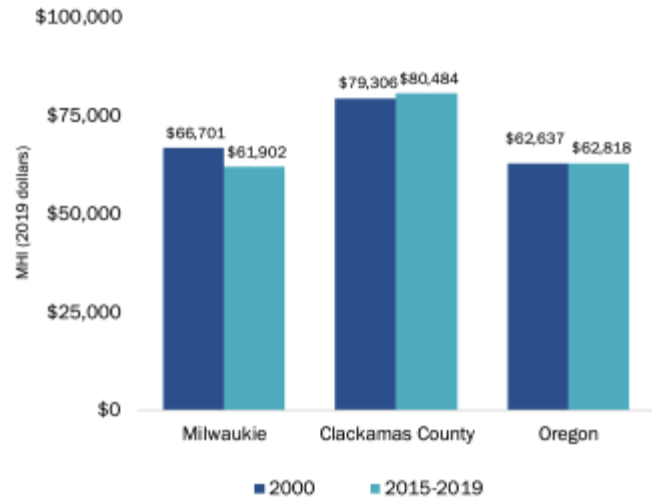


After adjusting for inflation, Milwaukie's median household income decreased by 7% from 2000 to 2015-2019.

Contrastingly, Clackamas County's and Oregon's median household income increased (by -1% and 0%, respectively).

Exhibit 39. Change in Median Household Income, Milwaukie, Clackamas County, Oregon, 2000 to 2015-2019, Inflation-Adjusted

Source: US Census Bureau, 2000 Decennial Census, Table HCT012; 2015-2019 ACS 5-Year Estimate, Table B25119.

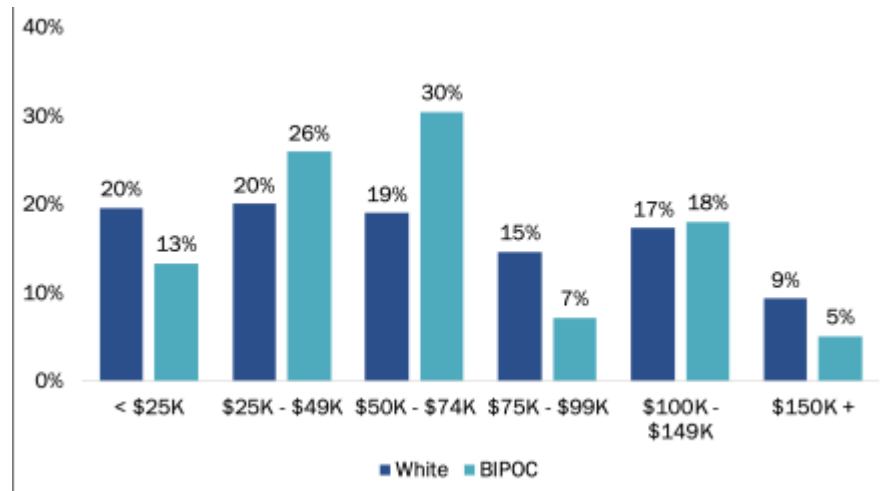


More than half of BIPOC households have household incomes below and \$74k (69%).

In contrast, White households are more consistently spread out, with 59% of White households with income below and \$74k.

Exhibit 40. Household Income, BIPOC and White Households, Milwaukie, 2015-2019

Source: ACS 5 Year Estimates, 2015-2019 Table B19001 A-I* White includes Hispanic of Latino Householders



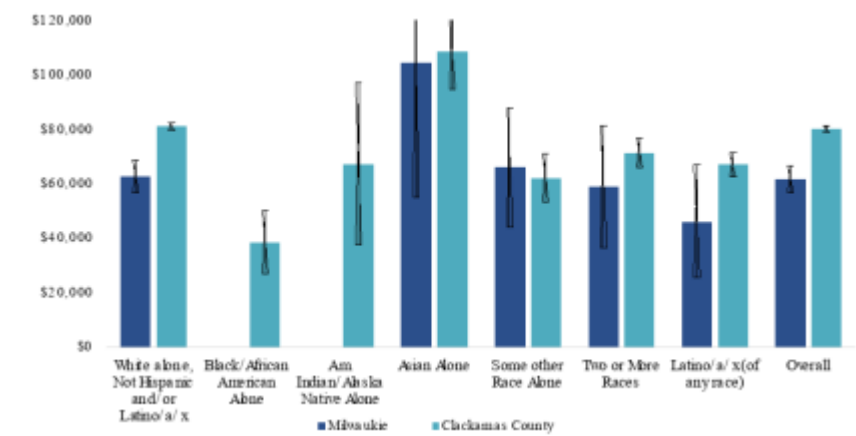
Income varies by race, with some communities of color having lower average household incomes than the overall average.

Income for Latino/a/x households (the largest community of color in Milwaukie) about \$46,280 or 75% of the overall average in Milwaukie.

Exhibit 41. Median Household Income by Race/Ethnicity of the Head of Household, Milwaukie, 2015-2019

Source: US Census Bureau, 2015-2019 ACS 5-Year Estimate, Table S1901.

Note: This graph shows “whiskers” that indicate margin of error for this data. The margin of error is largest for groups with fewer people, such as Asian Alone in Milwaukie. Median family income for Portland-Vancouver-Hillsboro, OR-WA MSA was \$96,900 (US Department of Housing and Urban Development).

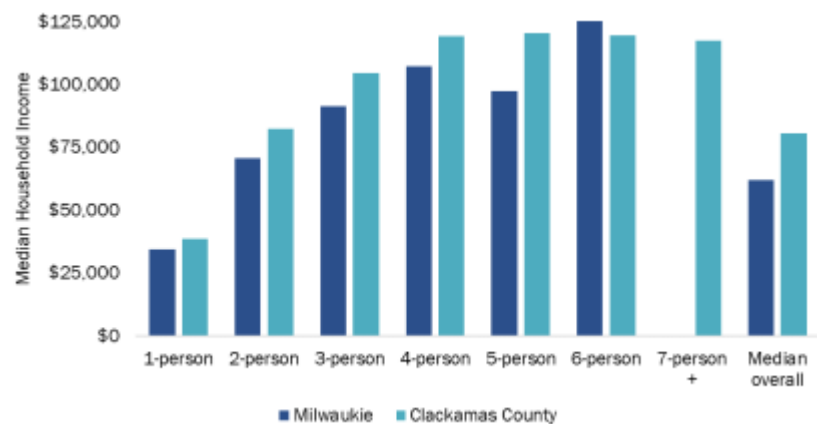


In general, larger households in Milwaukie have higher household incomes than smaller ones.

The largest increases across household sizes in income was from 1-person to 2-person income, a \$36,374 increase and 5 to 6 person households, a \$152,615 increase.

Exhibit 42. Household Income by Household Size, Milwaukie, 2015-2019

Source: US Census Bureau, 2015-2018 ACS 5-Year Estimate, Table B19019

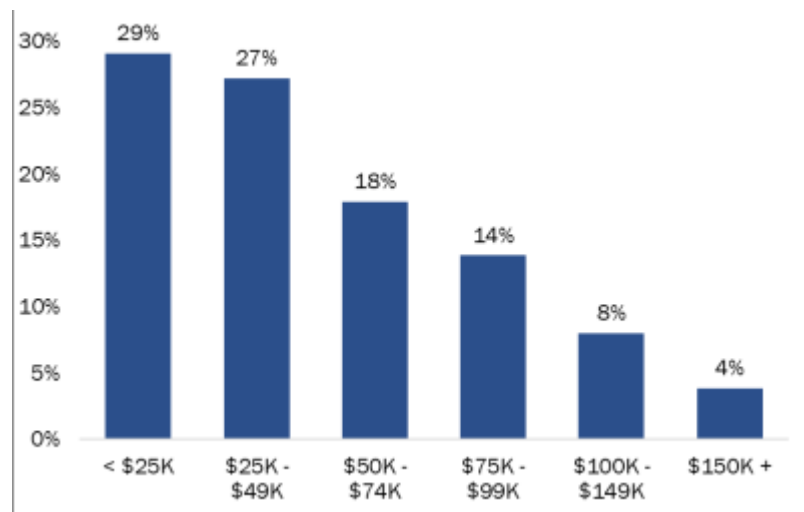


Seniors were more likely to be households with incomes at or below the average of about \$61,000.

Fifty-six percent of households with a head of household aged 65 or older earned less than \$50,000 per year, compared to the citywide average of 52% of households with an income of less than \$50,000.

Exhibit 43. Household Income by Age of Householder (Aged 65 Years and Older), Milwaukie, 2015-2019

Source: US Census Bureau, 2015-2019 ACS 5-Year Estimate, Table B19037.

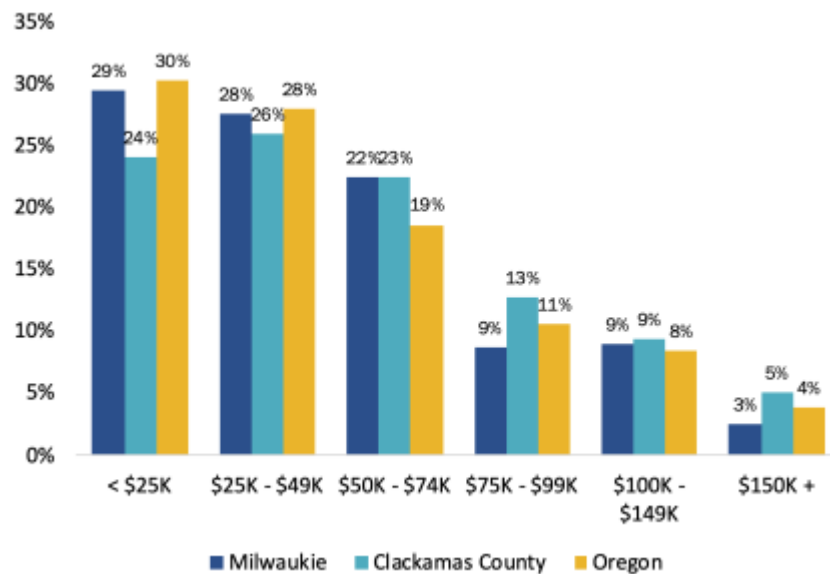


Across all regions, as incomes increased, the percentage of renter-occupied households decreased.

Almost 60% of renter-occupied households in Milwaukie have a household income under \$50,000 (57%).

Exhibit 44. Renter Household Income, Milwaukie, Clackamas County, Oregon, 2015-2019

Source: US Census Bureau, 2015-2019 ACS 5-Year Estimate, Table B25118

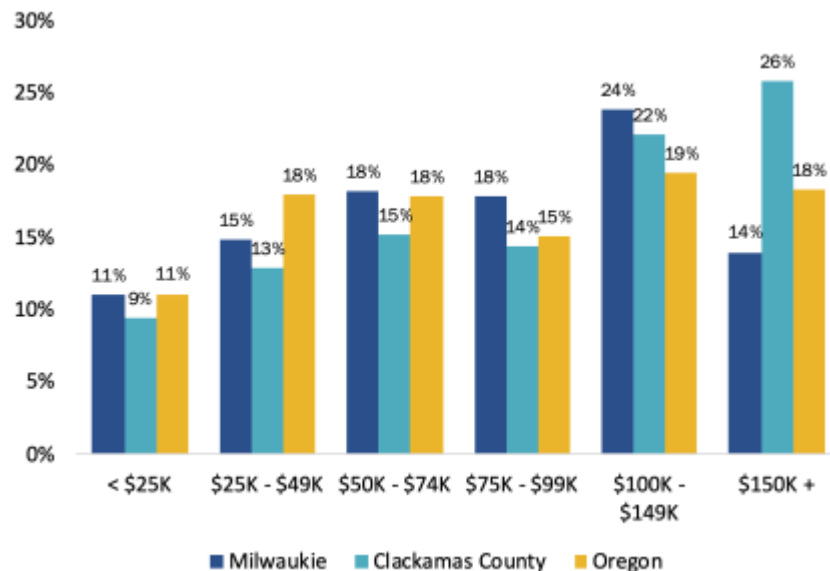


The majority of owner-occupied households have household incomes over \$50,000.

Almost 75% of owner-occupied households in Milwaukie have household incomes over \$50,000 (74%).

Exhibit 45. Owner-Occupied Household Income, Milwaukie, Clackamas County, Oregon, 2015-2019

Source: US Census Bureau, 2015-2019 ACS 5-Year Estimate, Table B25118



Commuting Trends

Milwaukie is part of the complex, interconnected economy within the Portland Metro region. Of the more than 15,000 jobs in Milwaukie, 95% of workers commute into Milwaukie from other areas, most notably from Portland, Gresham, Oregon City, Oak Grove, and Happy Valley. More than 10,000 residents of Milwaukie commute out of the city for work, many of them to Portland, Beaverton, and Tigard.

About 15,198 people work in Milwaukie. A majority of these people commute into Milwaukie for work.

About 752 people live and work in Milwaukie, accounting for about 5% of jobs in Milwaukie.

About 10,267 people live in Milwaukie but commute outside of the city for work.

Exhibit 46. Commuting Flows, Milwaukie, 2019

Source: US Census Bureau, Census on the Map.



About 5% of people who work at businesses located in Milwaukie also live in Milwaukie.

The remainder commute from Portland and other parts of the Metro.

About 7% of Milwaukie residents worked in Milwaukie.

Exhibit 47. Places where Workers at Businesses in Milwaukie Lived, 2019

Source: US Census Bureau, Census on the Map.



Exhibit 48. Places where Milwaukie Residents Were Employed, 2019

Source: US Census Bureau, Census On the Map.

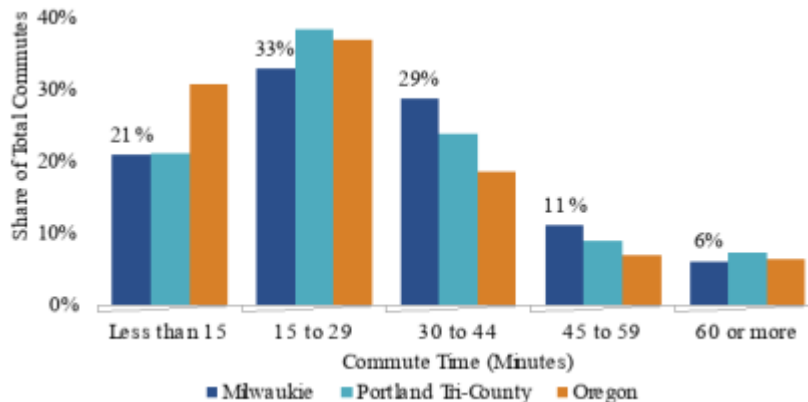


Less than a quarter of Milwaukie residents (21%) had a commute

Exhibit 49. Commute Time by Place of Residence, Milwaukie, the Portland region, Oregon, 2015-2019

Source: US Census Bureau, 2015-2019 ACS 5-Year Estimate, Table B08303.

time that took less than 15 minutes.

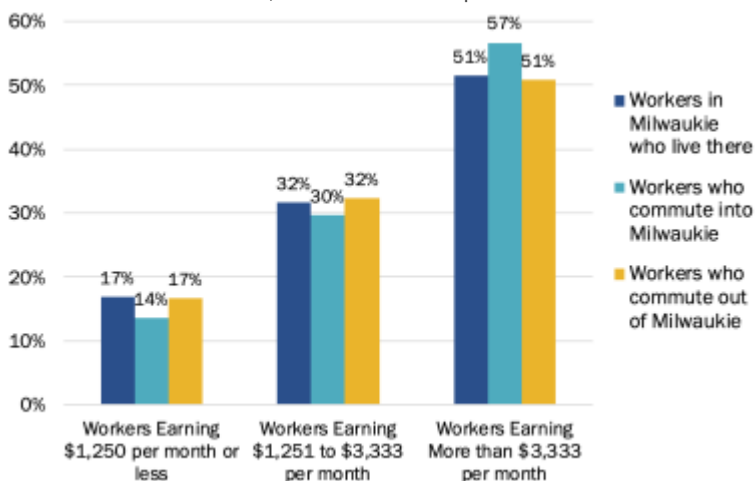


Workers commuting into Milwaukie tended to have higher wages on average than those who lived and worked in Milwaukie or those who lived in Milwaukie but commuted out to work.

Fifty-seven percent of workers who commute into Milwaukie were earning more than \$3,333 per month.

Exhibit 50. Average Wages for Commuters, Milwaukie, 2015-2019

Source: US Census Bureau, Census on the Map.

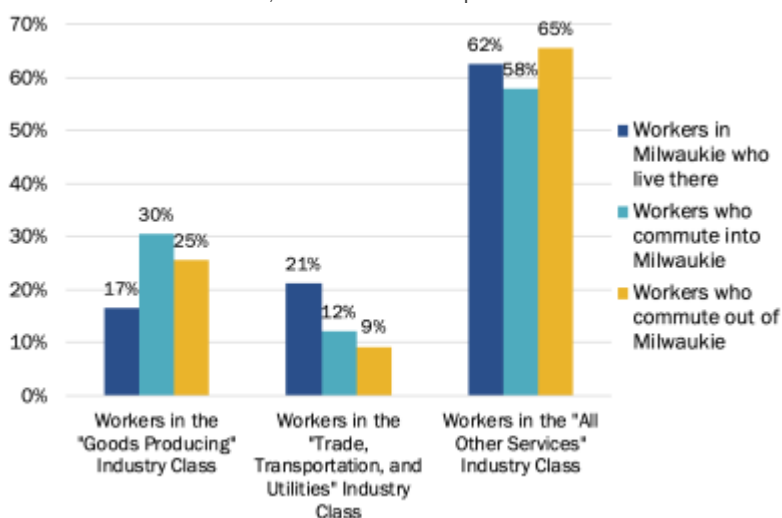


Workers commuting into Milwaukie had a higher percentage of workers in the “Good Producing” Industry Class than workers in Milwaukie who live there and workers who commute out of Milwaukie.

Workers in Milwaukie who live there had the highest percentage of workers in the “Trade, Transportation, and Utilities” Industry Class.

Exhibit 51. Commuters by Industry, Milwaukie, 2015-2019

Source: US Census Bureau, Census on the Map.



Populations with Special Needs

People Experiencing Houselessness

This section uses the following sources of information:

Point-in-Time (PIT) Count: The PIT count is a snapshot of individuals experiencing houselessness on a single night in a community. It records the number and characteristics (e.g., race, age, veteran status) of people who live in emergency shelters, transitional housing, rapid rehousing, Safe Havens, or PSH—as well as recording those who are unsheltered. HUD requires that communities and Continuums of Care (CoC) perform the PIT count during the last ten days of January on an annual basis for sheltered people and on a biennial basis for unsheltered people. 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.

McKinney Vento Data: The McKinney Vento Houseless Assistance Act authorized, among other programs, the Education for Homeless Children and Youth (EHCY) Program to support the academic progress of children and youths experiencing houselessness. The US Department of Education works with state coordinators and local liaisons to collect performance data on students experiencing houselessness. The data records the number of school-aged children who live in shelters or hotels/motels and those who are doubled up, unsheltered, or unaccompanied. This is a broader definition of houselessness than that used in the PIT.

Although these sources of information are known to undercount people experiencing houselessness, they are consistently available for counties in Oregon.

Gathering reliable data from individuals experiencing houselessness is difficult precisely because they are unstably housed. People can cycle in and out of houselessness and move around communities and shelters. Moreover, the definition of houselessness can vary between communities. Individuals and families temporarily living with relatives or friends are insecurely housed, but they are often neglected from houselessness data. Even if an individual is identified as lacking sufficient housing, they may be reluctant to share information. As a result, information about people experiencing houselessness in Milwaukie is not readily available.

According to HUD’s 2021 Annual Homeless Assessment Report (AHAR), across the United States, the number of people experiencing *sheltered* homelessness has been decreasing since 2015, but the drop between 2020 and 2021 was steeper than in recent years.²⁰ It is likely that some of this decline is due to COVID-related precautions that resulted in fewer beds available (due to the need to have more space between beds). Other factors include people being unwilling to use shelter beds due to health risks as well as eviction moratoria and stimulus payments which may have prevented people from needing emergency shelter.

Pandemic-related disruptions to *unsheltered* houselessness counts made it difficult to determine if this population is increasing or decreasing in communities. Many communities chose not to conduct unsheltered PIT counts due to the risk of increasing COVID-19 transmission. While the communities that conducted unsheltered counts seem to indicate that this population did not increase, trends on unsheltered houselessness are known for only half of communities.

²⁰ The U.S. Department of Housing and Urban Development (2021). The 2021 Annual Homeless Assessment Report (AHAR) to Congress. Office of Community Planning and Development.

About 568 sheltered and unsheltered people were identified as experiencing houselessness in Clackamas County in 2022.

Clackamas County's Point-in-Time Houseless count decreased by 74% from 2015 to 2022.

Exhibit 52. Number of Persons Houseless, Sheltered and Unsheltered, Clackamas County, Point-in-Time Count, 2015, 2019, and 2022

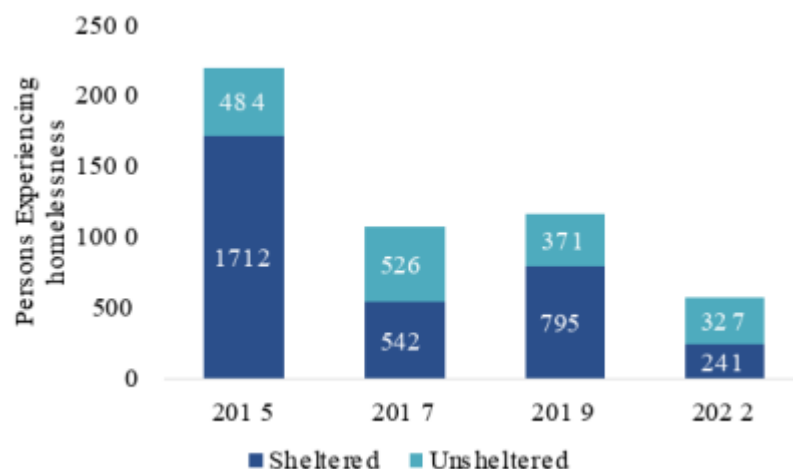
Source: Oregon Housing and Community Services.

2,196 Persons	1,166 Persons	568 Persons
2015	2019	2022

Between 2015 and 2022, the number of persons that experienced sheltered houselessness shrunk by 56%, and the number of persons that experienced unsheltered houselessness decreased by about 38%.

Exhibit 53. Number of Persons Houseless by Living Situation, Clackamas County, Point-in-Time Count, 2015, 2017, 2019, and 2022

Source: Oregon Housing and Community Services.

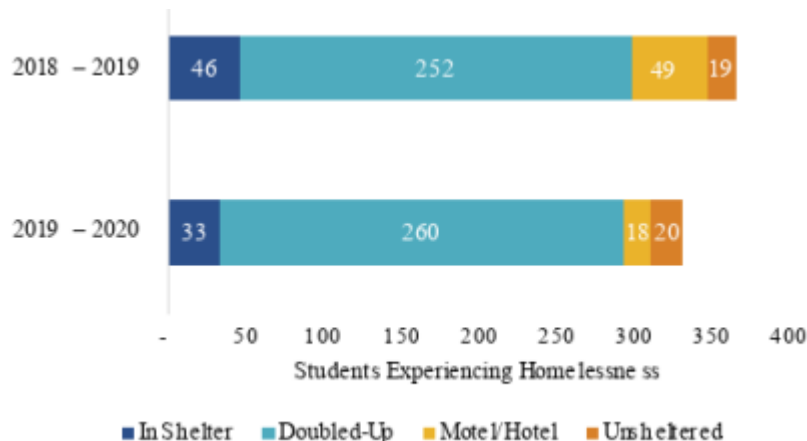


From the 2018-19 school year to the 2019-20 school year, student houselessness decreased by 10% (35 students), from 366 students in 2018-19 to 331 students in 2019-20.

Of the 331 students in 2019-20 experiencing houselessness, 71 were unaccompanied.

Exhibit 54. Students Houseless by Living Situation, North Clackamas School District, 2018 – 2019 and 2019 – 2020

Source: McKinney Vento, Houseless Student Data.

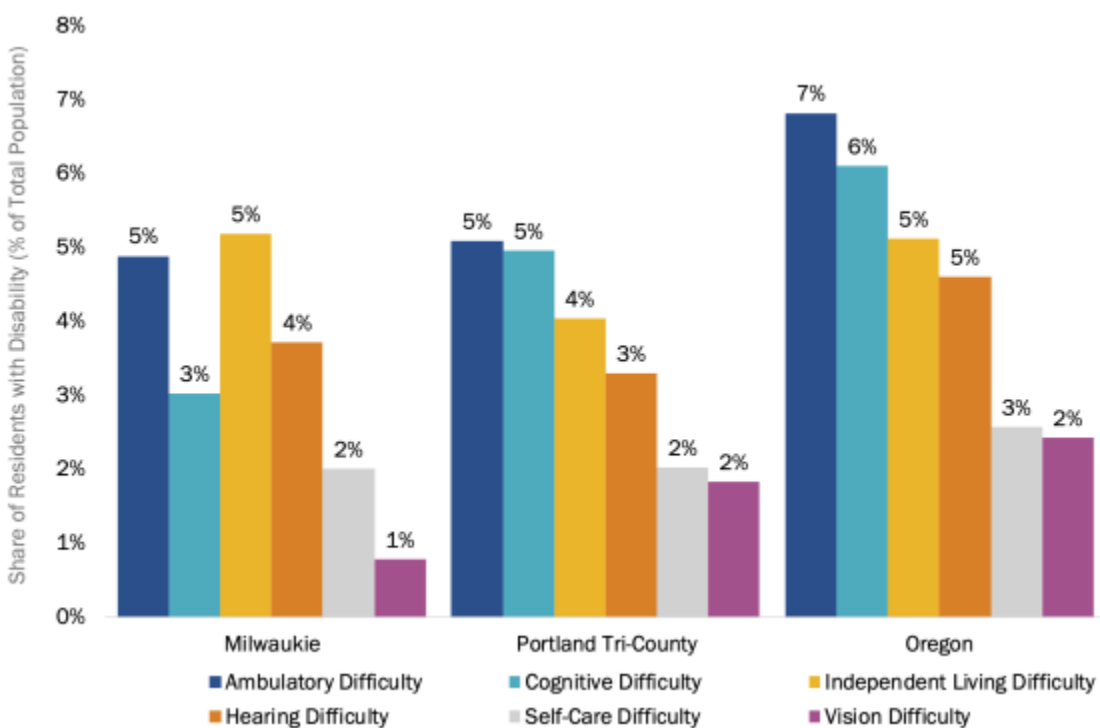


People with Disabilities

Persons with disabilities often require housing accommodations such as single-story homes or ground floor dwelling units, unit entrances with no steps, wheel-in showers, widened doorways, and other accessibility features. Limited supply of these housing options poses additional barriers to housing access for these groups. Exhibit 55 shows percentage of the population with a disability.

Exhibit 55. Persons Living with a Disability by Type and as a Percent of Total Population Milwaukie, the Portland region, Oregon, 2015-2019

Source: US Census Bureau 2015-2019 ACS, Table K201803.



Regional and Local Trends Affecting Affordability in Milwaukie

This section describes changes in sales prices, rents, and housing affordability in Milwaukie, compared to geographies in the region. Overall, Milwaukie's median home sales price is about \$525,000 (Exhibit 56).

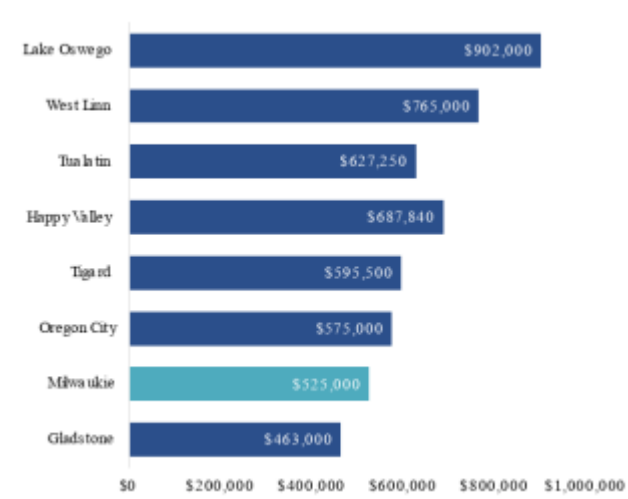
Changes in Housing Costs

Milwaukie's median home sales price was \$525,000 in January to March of 2022.

Milwaukie's median home sales price changed from \$178,900 in February 2012 to \$525,000, growth of about \$346,000 or 193%. This change in price is comparable to other cities in the Portland region (Exhibit 57).

Exhibit 56. Median Home Sales Price, Milwaukie and Comparison Cities, February 2022

Source: Redfin Data Center, 2022.



Milwaukie's median home sales price was generally lower than that of other cities in the region.

Exhibit 57. Median Sales Price, Milwaukie and Comparison Cities, 2012 through 2022

Source: Redfin Data Center, 2022.

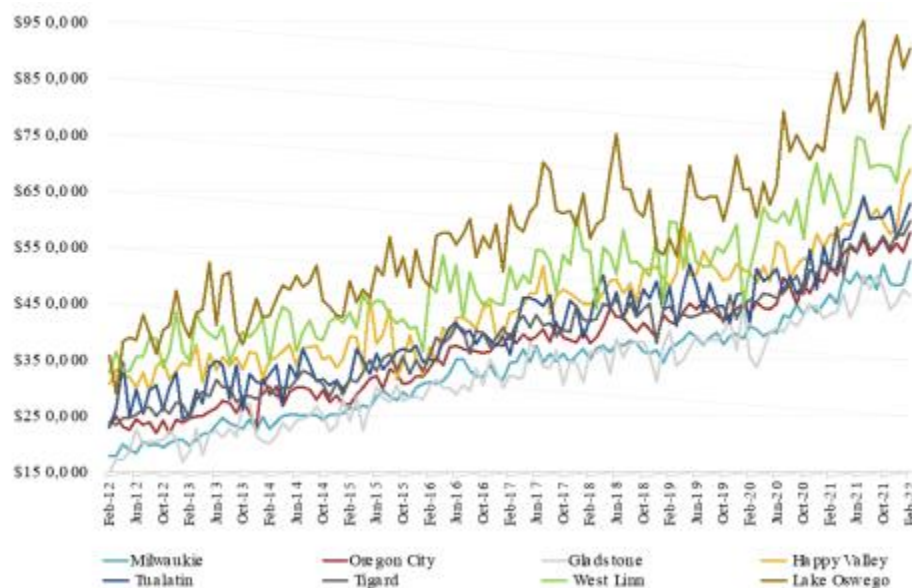
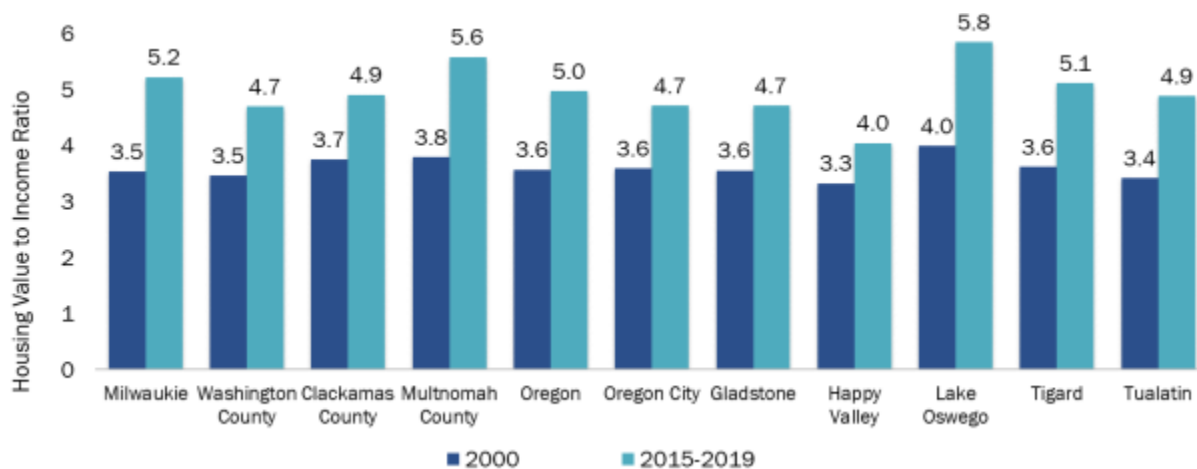


Exhibit 58 shows that, since 2000, housing costs in Milwaukie increased faster than incomes. The household-reported median value of a house in Milwaukie was 3.5 times the median household income in 2000 and 5.2 times the median household income in the 2015-2019 period.

Exhibit 58. Ratio of Median Housing Value to Median Household Income, Milwaukie, Comparison Counties, Oregon, and Comparison Cities, 2000 to 2015-2019²¹

Source: US Census Bureau, 2000 Decennial Census (Table HCT012, H085); 2015-2019 ACS (Table B19013, B25077).



Rental Costs

Multi-dwelling average asking rents were \$1,339 per unit in 2021, not including costs of utilities. The asking rents in 2021 vary from \$1,146 for a one-bedroom unit to \$1,683 for a three-bedroom unit.

The average asking price per multi-dwelling unit in Milwaukie has increased steadily over the past decade.

Between 2015 and 2021, Milwaukie's average multi-dwelling asking rent increased by about \$319 (31%), from \$1,020 per month to \$1,339 per month.

Exhibit 59. Average Multi-dwelling Asking Rent per Unit, Milwaukie, 2011 through 2021

Source: CoStar.

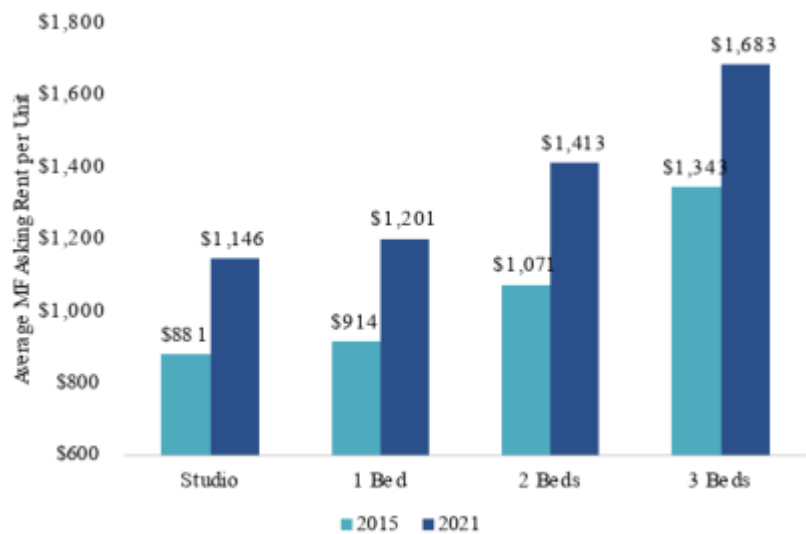
²¹ This ratio compares the median value of housing in Milwaukie (and other places) to the median household income.



The average asking price per multi-dwelling unit in Milwaukie has increased steadily for all units, regardless of number of bedrooms.

Exhibit 60. Average Multi-dwelling Asking Rent per Unit by Number of Bedrooms, Milwaukie, 2015 and 2021

Source: CoStar.



In 2021, Milwaukie's average multi-dwelling asking rent was \$1.65 per square foot, up from \$1.26 per square foot in 2015.

In this time, Milwaukie's multi-dwelling vacancy rate decreased from 4.7% in 2015 to 3.3% in 2021.

Exhibit 61. Average Multi-dwelling Asking Rent per Square Foot and Average Multi-dwelling Vacancy Rate, Milwaukie, 2010 through 2021

Source: CoStar.



Housing Affordability

A typical standard used to determine housing affordability is that a household should pay no more than a certain percentage of household income for housing, including payments and interest or rent, utilities, and insurance. The Department of Housing and Urban Development's guidelines indicate that households paying more than 30% of their income on housing experience "cost burden" and households paying more than 50% of their income on housing experience "severe cost burden." Using cost burden as an indicator is one method of determining how well a city is meeting the Goal 10 requirement to provide housing that is affordable to all households in a community.

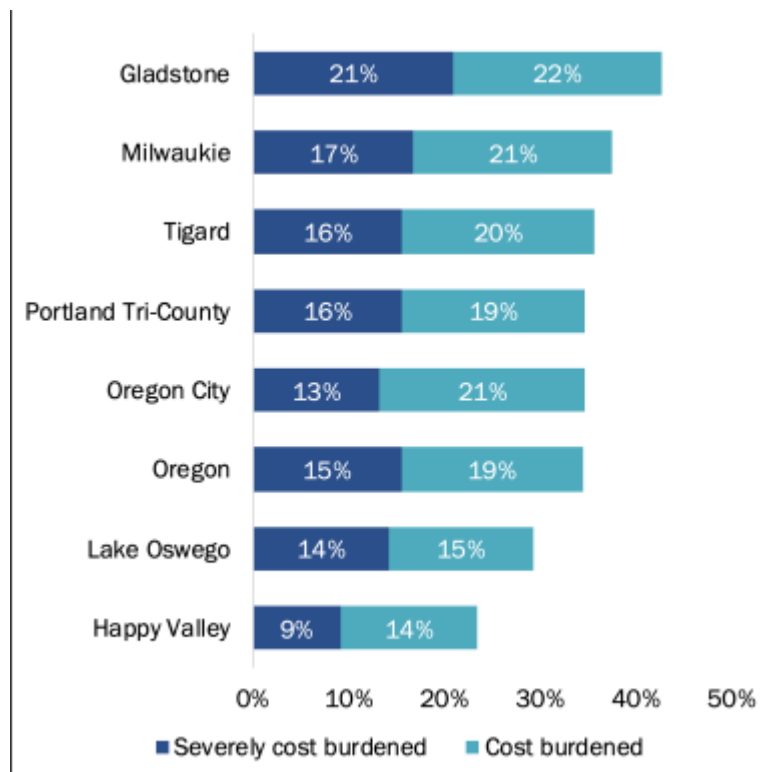
About 38% of Milwaukie's households were cost burdened in the 2015-2019 period and 17% were severely cost burdened. In this period, about 52% of *renter* households were cost burdened or severely cost burdened, compared with 29% of homeowners. Overall, a larger share of households in Milwaukie experienced cost burden, compared to households in the Portland region and Oregon.

Overall, about 38% of all households in Milwaukie were cost burdened.

Milwaukie had a higher share of cost-burdened households compared to the Portland region and the state.

Exhibit 62. Housing Cost Burden, Milwaukie, the Portland region, Oregon, Other Comparison Cities, 2015-2019

Source: US Census Bureau, 2015-2019 ACS Tables B25091 and B25070.



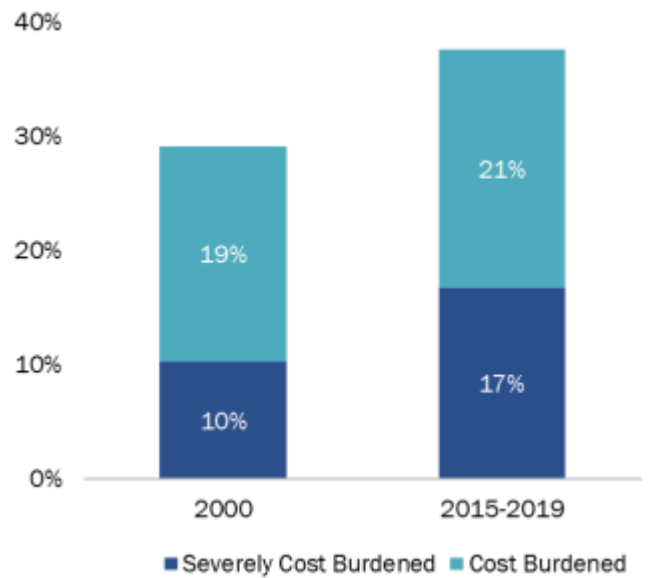
From 2000 to the 2015-2019 period, the number of cost-burdened and severely cost-burdened households

Exhibit 63. Change in Housing Cost Burden, Milwaukie, 2000 to 2015-2019

Source: US Census Bureau, 2000 Decennial Census, Tables H069 and H094 and

grew by 9% in Milwaukie.

2015-2019 ACS Tables B25091 and B25070.



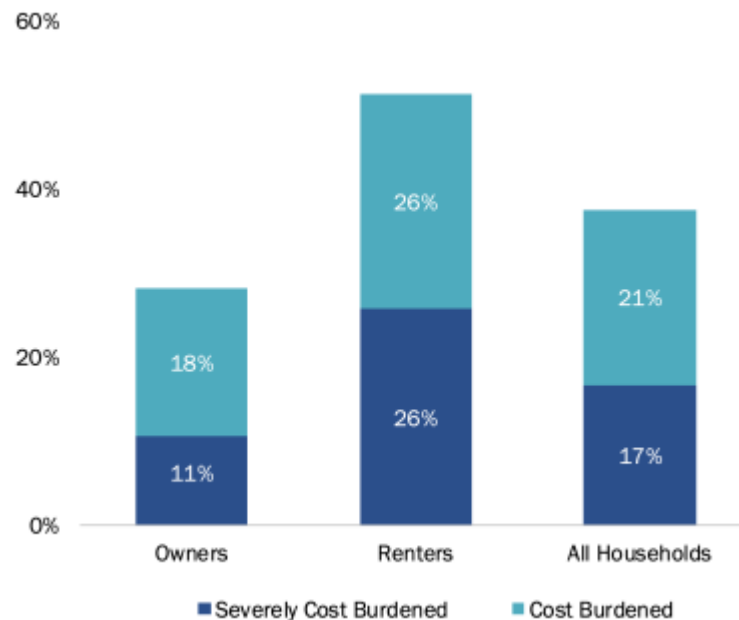
Renters are much more likely to be cost burdened than homeowners.

In the 2015-2019 period, about 52% of Milwaukie's renters were cost burdened or severely cost burdened, compared to 29% of homeowners.

About 26% of Milwaukie's renters were severely cost burdened (meaning they paid more than 50% of their income on housing costs alone).

Exhibit 64. Housing Cost Burden by Tenure, Milwaukie, 2015-2019

Source: US Census Bureau, 2015-2019 ACS Tables B25091 and B25070.



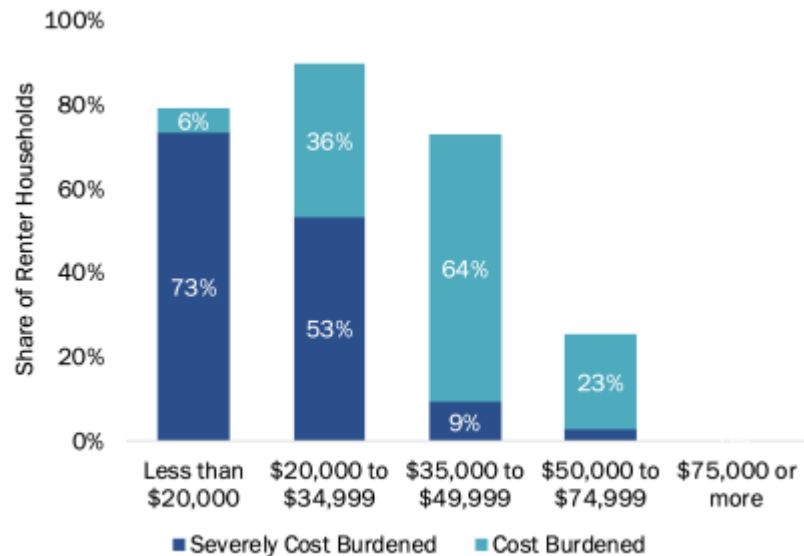
Cost burden is highest for the households with the lowest incomes.

Most households earning less than \$20k are cost burdened (79%), compared with 0% of households with

Exhibit 65. Cost-Burdened Renter Households, by Household Income, Milwaukie, 2015-2019

Source: US Census Bureau, 2015-2019 ACS Table B25074.

an income of \$75k or more.



A higher proportion of BIPOC owner-occupied households are cost burdened (especially severely cost burdened) than white owner-occupied households.

In contrast, a higher proportion of white renter-occupied households are severely cost burdened (43% in total vs. 34%).

Exhibit 66. Cost-Burden, by Tenure for BIPOC and White populations, Milwaukie, 2014-2018

Source: CHAS, 2014-2018, Table 9

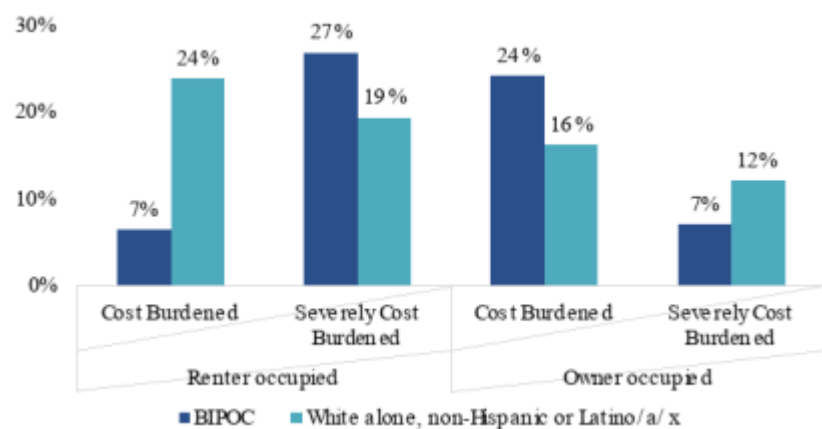


Exhibit 67 through Exhibit 69 show cost burden in Oregon for renter households for seniors, people of color, and people with disabilities.²² This information is not readily available for a city with a population as small as Milwaukie, which is why we present statewide information. These exhibits show that these groups experience cost burden at higher rates than the overall statewide average.

Renters 65 years of age and older were disproportionately rent burdened compared to the state average.

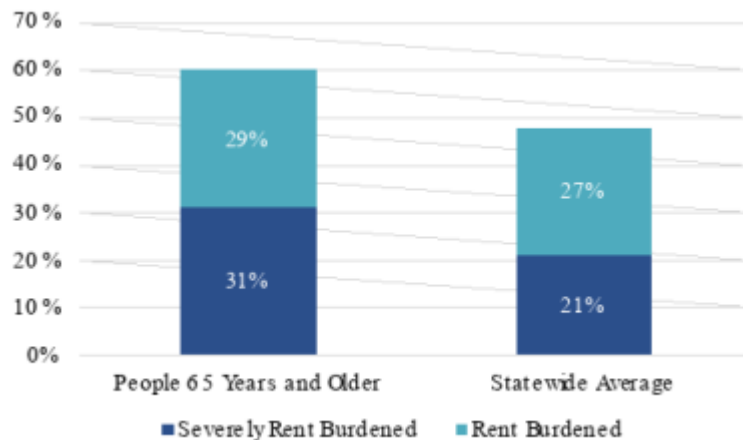
About 60% of renters aged 65

Exhibit 67. Cost-Burdened Renter Households, for People 65 Years of Age and Older, Oregon, 2018

Source: US Census, 2018 ACS 1-Year PUMS Estimates. From the Report *Implementing a Regional Housing Needs Analysis Methodology in Oregon: Approach, Results, and Initial Recommendations* by ECONorthwest, August 2020.

²² From the report *Implementing a Regional Housing Needs Analysis Methodology in Oregon*, prepared for Oregon Housing and Community Services by ECONorthwest, March 2021.

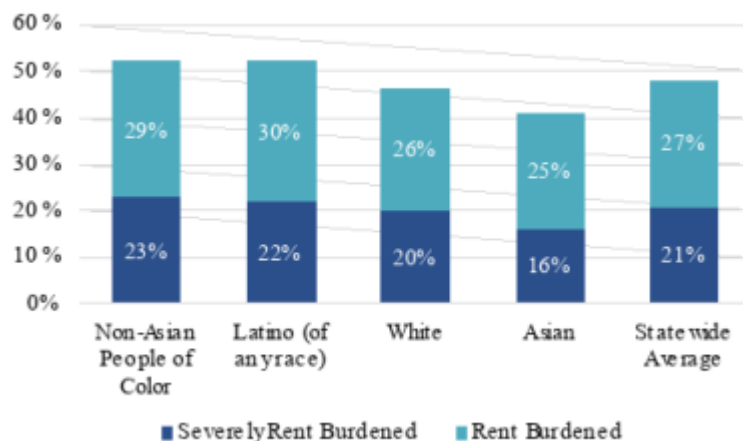
years and older were rent burdened, compared with the statewide average of 48% of renters.



Compared to the average renter household in Oregon, those that identified as a non-Asian person of color or as Latino/a/x were disproportionately rent burdened.

Exhibit 68. Cost-Burdened Renter Households, by Race and Ethnicity, Oregon, 2018

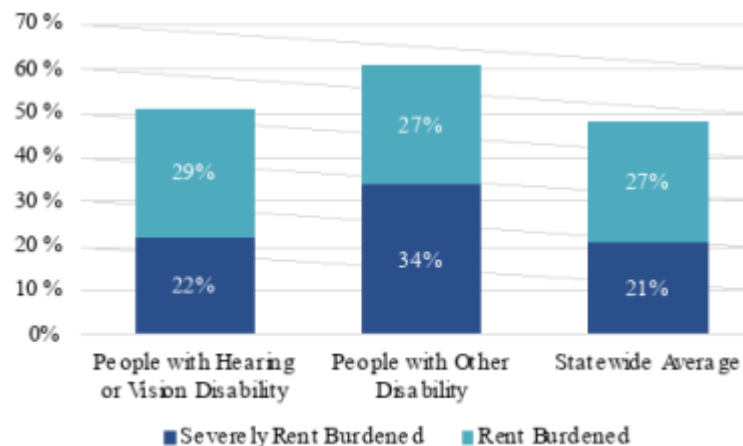
Source: US Census, 2018 ACS 1-Year PUMS Estimates. From *Implementing a Regional Housing Needs Analysis Methodology in Oregon: Approach, Results, and Initial Recommendations* by ECONorthwest, August 2020.



Renters with a disability in Oregon were disproportionately cost burdened.

Exhibit 69. Cost-Burdened Renter Households, for People with Disabilities, Oregon, 2018

Source: US Census, 2018 ACS 1-Year PUMS Estimates. From the Report *Implementing a Regional Housing Needs Analysis Methodology in Oregon: Approach, Results, and Initial Recommendations* by ECONorthwest, August 2020.



While cost burden is a common measure of housing affordability, it does have some limitations. Some important limitations are:

- A household is defined as cost burdened if the housing costs exceed 30% of their income, regardless of actual income. The remaining 70% of income is expected to be spent on nondiscretionary expenses, such as food or medical care expenses. Households with higher incomes may be able to pay more than 30% of their income on housing without impacting the household's ability to pay for necessary nondiscretionary expenses.
- Cost burden compares income to housing costs and does not account for accumulated wealth. As a result, the estimate of how much a household can afford to pay for housing does not include the impact of a household's accumulated wealth. For example, a household of retired people may have relatively low income but may have accumulated assets (such as profits from selling another house) that allow them to purchase a house that would be considered unaffordable to them based on the cost-burden indicator.
- Cost burden does not account for debts, such as college loans, credit card debt, or other debts. As a result, households with high levels of debt may be less able to pay up to 30% of their income for housing costs.

Another way of exploring the issue of financial need is to review housing affordability at varying levels of household income.

Fair Market Rent for a 2-bedroom apartment in Portland-Vancouver-Hillsboro, OR-WA MSA is \$1,735.

Exhibit 70. HUD Fair Market Rent (FMR) by Unit Type, Portland-Vancouver-Hillsboro, OR-WA MSA, 2021
Source: US Department of Housing and Urban Development.

\$1,416	\$1,512	\$1,735	\$2,451	\$2,903
Studio	1-Bedroom	2-Bedroom	3-Bedroom	4-Bedroom

A household must earn at least \$30.03 per hour to afford a two-bedroom unit at Fair Market Rent (\$1,735) in Portland-Vancouver-Hillsboro, OR-WA MSA.

Exhibit 71. Affordable Housing Wage, Portland-Vancouver-Hillsboro, OR-WA MSA, 2021
Source: US Department of Housing and Urban Development; Oregon Bureau of Labor and Industries.

\$30.03 per hour

Affordable housing wage for two-bedroom unit in Portland-Vancouver-Hillsboro, OR-WA MSA

That is about \$62,000 for a full-time job. About 75% of Milwaukie's household have income below \$60,000 per year.

The Median Family Income (MFI) in the Portland region (and Clackamas County) in 2021 was \$96,900 for a household of four people. MFI is a standard used (and defined) by US Department

of Housing and Urban Development on a county-by-county basis. It is used to estimate affordable rental costs for income-restricted housing based on household size. A household earning 100% of MFI (\$96,900) can afford a monthly rent of about \$2,420 or a home roughly valued between \$339,000 and \$388,000. As Exhibit 73 shows, about 39% of Milwaukie's households have an income less than \$48,450 (50% or less of MFI) and cannot afford a two-bedroom apartment at Portland-Vancouver-Hillsboro, OR-WA MSA's Fair Market Rent (FMR) of \$1,735.

To afford the average asking rent of \$1,413, a household would need to earn about \$56,520 or 58% of MFI. About 40% of Milwaukie's households earn less than \$50,000 and cannot afford these rents. In addition, about 22% of Milwaukie's households have incomes of less than \$29,070 (30% of MFI) and are at risk of becoming houseless.

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.

Exhibit 72. 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 73 shows that 39% of Milwaukie's households are extremely low or very low-income, with incomes below \$48,450. These households can afford monthly rent of \$1,210 or less, which is below the HUD Fair Market Rent of \$1,735 and below the market rent of for a two-bedroom

unit of \$1,413. Private housing developers generally cannot build housing affordable to households in these income groups because the rents are too low to pay for the cost of development. Newly built housing for households with these incomes is generally income-restricted affordable housing, built with government subsidy.

About 22% of Milwaukie households are low income, with incomes between \$48,000 and \$78,000. These households can afford rents of \$1,210 to \$1,940. Only the highest income households in this group can afford market-rate housing (such as HUD Fair Market Rent of \$1,735 or market rent for a two-bedroom unit of \$1,413). Private housing developers generally cannot build housing affordable to households in this income group because the rents are too low to pay for the cost of development. Newly built housing for households in this income group is less commonly built and generally has some form of government subsidy to make development financially feasible.

About 21% of Milwaukie's households are middle income (with incomes between \$78,000 and \$116,000) and 19% are high income (with incomes above \$116,000). These households can afford rental housing in Milwaukie, and some can afford the cost of homeownership (generally households with incomes above \$116,000). Private housing developers can build most types of housing affordable to these income groups without government subsidy.

Exhibit 73. Share of Households by Median Family Income (MFI) for Portland-Vancouver-Hillsboro, OR-WA MSA, Milwaukie, 2021

Source: US Department of HUD. US Census Bureau, 2015-2019 ACS Table 19001.

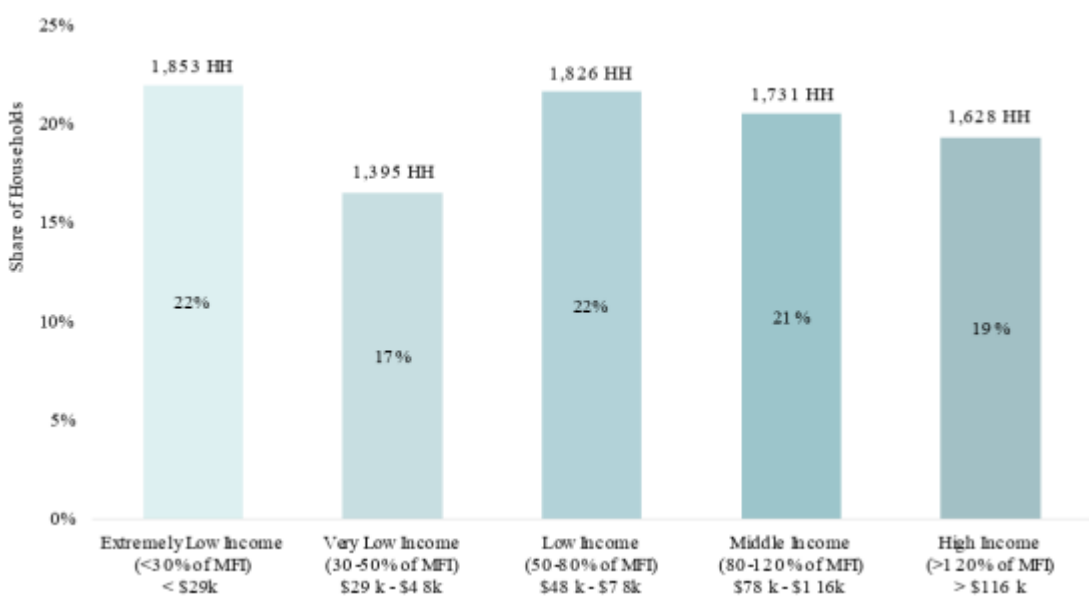


Exhibit 74 compares the number of households by income category with the number of units affordable to those households in Milwaukie. Milwaukie currently has a deficit of housing units for households earning 0-50% of the MFI (less than \$48,450 per year), resulting in cost burden of these households. Similarly, Milwaukie has a deficit of units affordable to households earning 50-80% of the MFI (\$48,450 to \$77,520) who are also cost burdened. This indicates a deficit of

more affordable housing types (such as government-subsidized housing, existing lower-cost apartments, and manufactured housing). For households earning more than 80% of the MFI, some households are renting or buying down, which means that they are occupying units affordable to lower-income households. These households could afford more costly housing but either choose to live in less costly housing or cannot find higher-cost housing that meets their needs.

Exhibit 74. Unit Affordability by Household Income, Milwaukee, 2014-2018

Source: CHAS, 2014-2018, Table 18.

Unit Affordability	Household Income			
	0-50% MFI \$0 to \$48,450	50-80% MFI \$48,450 to \$77,520	80% MFI \$77,520 +	
0-50% (Monthly housing costs of \$1,210 or less)	490	90	289	*Renting/
50-80% (Monthly housing costs of \$1,210-\$1,940)	Cost 860	655	1,525	Buying Down*
+80% (Monthly housing costs of \$1,940 or more)	Burdened 770	565	3,850	

Summary of the Factors Affecting Milwaukie's Housing Needs

The purpose of the analysis thus far has been to provide background on the kinds of factors that influence housing choice. While the number and interrelationships among these factors ensure that generalizations about housing choice are difficult to make and prone to inaccuracies, it is a crucial step to informing the types of housing that will be needed in the future.

There is no question that age affects housing type and tenure. Mobility is substantially higher for people aged 20 to 34. People in that age group will also have on average, less income than people who are older, and they are less likely to have children. These factors mean that younger households are much more likely to be renters, and renters are more likely to be in multi-dwelling housing.

The data illustrates what more detailed research has shown and what most people understand intuitively: life cycle and housing choice interact in ways that are predictable in the aggregate, age of the household head is correlated with household size and income, household size and age of household head affect housing preferences, and income affects the ability of a household to afford a preferred housing type. The connection between socioeconomic and demographic factors and housing choice is often described informally by giving names to households with certain combinations of characteristics: the "traditional family," the "never-marrieds," the "dinks" (dual income, no kids), and the "empty nesters."²³ Thus, simply looking at the long wave of demographic trends can provide good information for estimating future housing demand.

Still, one is ultimately left with the need to make a qualitative assessment of the future housing market. The following is a discussion of how demographic and housing trends are likely to affect housing in Milwaukie over the next 20 years:

- **Housing affordability is a growing challenge in Milwaukie.** Housing affordability is a challenge in most of the Portland region in general, and Milwaukie is affected by these regional trends. Housing prices are increasing faster than incomes in Milwaukie and Clackamas County, which is consistent with state and national challenges. Since 2015, rental costs increased by about 31% and sales prices increased by about 98%. But incomes in Milwaukie (and the Portland region) have remained flat, with a decrease in income since 2000 when adjusted for inflation.

In addition, Milwaukie has a modest supply of multi-dwelling housing (about 25% of the city's housing stock), but over half of renter households are cost burdened (52%). Milwaukie's key challenge over the next 20 years is providing opportunities for the development of relatively affordable housing of all types, such as lower-cost single-dwelling housing, town homes, cottage housing, duplexes, triplexes, quadplexes, market-rate multi-dwelling housing, and income-restricted affordable housing

²³ See *Planning for Residential Growth: A Workbook for Oregon's Urban Areas* (June 1997).

- **Without substantial changes in housing policy, on average, future housing will look a lot like past housing.** That is the assumption that underlies any trend forecast, and one that is important when trying to address demand for new housing.

The City's residential policies can impact the amount of change in Milwaukie's housing market, to some degree. The City has adopted policies to allow for development of middle housing types, such as town homes, cottage housing, duplexes, triplexes, quadplexes. If the City adopts policies to increase opportunities to build multi-dwelling housing types (particularly multi-dwelling housing that is affordable to low and moderate-income households), a larger percentage of new housing developed over the next 20 years in Milwaukie may begin to address the city's needs.

- **Where the future differs from the past, it is likely to move in the direction, on average, of smaller units and more diverse housing types.** Most of the evidence suggests that the bulk of the change will be in the direction of smaller average house and lot sizes for single-dwelling housing. This includes providing opportunities for the development of smaller single-dwelling detached homes, town homes, and multi-dwelling housing. However, the on-going impacts of the COVID-19 pandemic may trigger a reversal of these trends, if more working-aged persons transition to permanent work-from-home situations.

Key demographic and economic trends that will affect Milwaukie's future housing needs are (1) the aging of baby boomers, (2) the aging of millennials and Generation Z, and (3) the continued growth in the Hispanic and Latino/a/x population.

- *The baby boomer's population is continuing to age.* Household sizes decrease as this population ages. The majority of baby boomers are expected to remain in their homes as long as possible, downsizing or moving when illness or other issues cause them to move. Demand for specialized senior housing, such as age-restricted housing or housing in a continuum of care from independent living to nursing home care, may grow in Milwaukie. Given the regional concentration of hospitals and health care, Milwaukie could attract a larger share of need for these types of housing.
- *Millennials and Generation Z will continue to form households and make a variety of housing choices.* As millennials and Generation Z age, generally speaking, their household sizes will increase, and their homeownership rates will peak by about age 55. Between 2023 and 2043, millennials and Generation Z will be a key driver in demand for housing for families with children. The ability to attract millennials and Generation Z will depend on the City's availability of renter and ownership housing that is large enough to accommodate families while still being relatively affordable. It will also depend on the location of new housing in Milwaukie as many millennials prefer to live in more urban or walkable environments.²⁴ Homeownership is

²⁴ Choi, Hyun June; Zhu, Jun; Goodman, Laurie; Ganesh, Bhargavi; Storchak, Sarah. (2018). Millennial Homeownership, Why is it So Low, and How Can We Increase It? Urban Institute. https://www.urban.org/research/publication/millennial-homeownership/view/full_report

becoming increasingly common among millennials but financial barriers to homeownership remain for some millennials and Generation Z, resulting in need to rent housing, even if they prefer to become homeowners. Housing preferences for Generation Z are not yet known, but are expected to be similar to millennials, with the result that they will also need affordable housing, both for rental and later in life for ownership. Some millennials and Generation Z households will occupy housing that is currently occupied but becomes available over the planning period, such as housing that is currently owned or occupied by baby boomers. The need for housing large enough for families may be partially accommodated by these existing units.

- *Hispanic and Latino/a/x population will continue to grow.* Hispanic and Latino/a/x population growth will be an important driver in growth of housing demand, both for owner and renter-occupied housing. Growth in the Hispanic and Latino/a/x population will drive demand for housing for families with children. Given the lower income for Hispanic and Latino/a/x households, especially first-generation immigrants, growth in this group will also drive demand for affordable housing, both for ownership and renting.

In summary, an aging population; increasing housing costs; housing affordability concerns for seniors, millennials, Generation Z, and Latino/a/x populations; and other variables are factors that support the need for smaller and less expensive units and a broader array of housing choices.

5. Housing Need in Milwaukie

Projected New Housing Units Needed in the Next 20 Years

The results of the Housing Capacity Analysis are based on (1) Metro's official household forecast for growth in Milwaukie over the 20-year planning period, (2) information about Milwaukie's housing market relative to Clackamas County, other the Portland region, Oregon, and nearby cities, and (3) the demographic composition of Milwaukie's existing population and expected long-term changes in the demographics of Clackamas County.

Forecast for Housing Growth

A 20-year household forecast (in this instance for 2023 to 2043) is the foundation for estimating needed new dwelling units. The forecast for Milwaukie is based on Metro's 2045 Household Distributed Forecast.²⁵ Exhibit 76 shows the forecast of new housing based on the Metro 2045 Distributed Forecast for both the Milwaukie city limits and the UGMA.

Exhibit 75. Forecast of Demand for New Dwelling Units,
Milwaukie city limits, 2023 to 2043

Source: Metro's 2045 Distributed Forecast. Calculations by ECONorthwest.

Year	Household Forecast Milwaukie City Limits
2023	9,559
2043	11,230
Change 2023 to 2043	
Number	1,670
Percent	17%
AAAR	0.81%

²⁵ Metro's 2045 Distributed Forecast shows that the Milwaukie city limits had 9,141 households in 2020. The forecast shows Milwaukie growing to 11,328 households in 2045, an average annual growth rate of 0.86% for the 25-year period. Using this growth rate, ECONorthwest extrapolated the forecast to 2023 and 2043 in Exhibit 75.

Housing Units Needed Over the Next 20 Years

Exhibit 76 presents a forecast of new housing in Milwaukie's city limits for the 2023 to 2043 period. This section determines the needed mix and density for the development of new housing developed over this 20-year period in Milwaukie.

Over the next 20 years, the need for new housing developed in Milwaukie will generally include a wider range of housing types and housing that is more affordable. This conclusion is based on the following information, found in the previous sections:

- Milwaukie's existing housing mix is predominately single-dwelling detached. In the 2015-2019 period, 67% of Milwaukie's housing was single-dwelling detached, 2% was single-dwelling attached, 6% was multi-dwelling housing (with two to four units per structure), and 25% was multi-dwelling housing (with five or more units per structure). Between 2010 and 2021, Milwaukie issued building permits, of which 76% were single-dwelling units (both single-dwelling detached and attached), 17% were multi-dwelling of all types, and 6% were accessory dwelling units.
- Demographic changes across Milwaukie suggest increases in demand for single-dwelling attached housing and multi-dwelling housing. The key demographic and socioeconomic trends that will affect Milwaukie's future housing needs are an aging population, increasing housing costs, housing affordability concerns for millennials, Generation Z, and Latino/a/x populations. The implications of these trends are increased demand from smaller, older (often single-person) households and increased demand for affordable housing for families, both for ownership and rent.
- Milwaukie's median household income was \$61,902, about \$18,000 lower than Clackamas County's median. Since 2000, housing costs in Milwaukie increased faster than incomes. The median value of a house in Milwaukie was 3.5 times the median household income in 2000 and 5.2 times the median household income in the 2015-2019 period.
- About 38% of Milwaukie's households are cost burdened (paying 30% or more of their household income on housing costs). About 52% of Milwaukie's **renters** are cost burdened and about 29% of Milwaukie's **homeowners** are cost burdened. Cost-burden rates in Milwaukie are similar to those in the Portland region.
- Milwaukie needs more affordable housing types for homeowners. Housing sales prices increased in Milwaukie over the last several years. Since 2015, rental costs increased by about 31% and sales prices increased by about 98%. But incomes in Milwaukie (and the Portland region) have remained flat, with a decrease in income since 2000 when adjusted for inflation.
- To afford the average asking rent of \$1,413, a household would need to earn about \$56,520 or 58% of MFI. About 40% of Milwaukie's households earn less than \$50,000 and

cannot afford these rents. In addition, about 22% of Milwaukie's households have incomes of less than \$29,070 (30% of MFI) and are at risk of becoming houseless.

- 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.
- Milwaukie needs more affordable housing types for renters. To afford the average asking rent of for a two-bedroom unit of \$1,413 a household would need to earn about \$56,520 or 58% of MFI. About 40% of Milwaukie's households earn less than \$50,000 and cannot afford these rents. In addition, about 22% of Milwaukie's households have incomes of less than \$29,070 (30% of MFI) and are at risk of becoming houseless.

These factors suggest that Milwaukie needs a broader range of housing types with a wider range of price points than are currently available in Milwaukie's housing stock. This includes providing opportunity for the development of housing types across the affordability spectrum, such as single-dwelling detached housing (e.g., small-lot single-dwelling detached units, cottages, accessory dwelling units, and "traditional" single-dwelling homes), town houses, duplexes, triplexes, quadplexes, and multi-dwelling buildings with five or more units.

Exhibit 76 shows the forecast of needed housing in the Milwaukie city limits during the 2023 to 2043 period. The projection is based on the following assumptions:

- The assumptions about the mix of housing (based on the discussion above) in Exhibit 76 are as follows. This represents Milwaukie's needed housing mix:
 - **About 40% of new housing will be single-dwelling detached**, a category which includes manufactured housing. About 67% of Milwaukie's existing housing was single-dwelling detached in the 2015-2019 period.
 - **About 5% of new housing will be single-dwelling attached**. About 2% of Milwaukie's existing housing was townhouse in the 2015-2019 period.
 - **About 20% of new housing will be duplexes, triplexes, and quadplexes**. About 6% of Milwaukie's existing housing these housing types in the 2015-2019 period.
 - **About 35% of new housing will be multi-dwelling housing (with five or more units per structure)**. About 25% of Milwaukie's existing housing were multi-dwelling in the 2015-2019 period.

The Milwaukie city limits are forecast to grow by 1,670 new dwelling units over the 20-year period, 40% of which will be single-dwelling detached housing.

Exhibit 76. Forecast of Demand for New Dwelling Units, Milwaukie city limits, 2023 to 2043
Source: Calculations by ECONorthwest.

Variable	Milwaukie City Limits
Needed new dwelling units (2023-2043)	1,670
Dwelling units by structure type	
Single-dwelling detached	
Percent single-dwelling detached DU	40%
Total new single-dwelling detached DU	668
Townhouse	
Percent townhouse DU	5%
Total new townhouse DU	84
Duplex, Triplex, Quadplex	
Percent duplex, triplex, quadplex	20%
Total new duplex, triplex, quadplex	334
Multidwelling (5+ units)	
Percent multidwelling (5+ units)	35%
Total new multidwelling (5+ units)	585
Total new dwelling units (2023-2043)	1,670

Exhibit 77 allocates needed housing to plan designations in Milwaukie. The allocation is based, in part, on the types of housing allowed in the zoning districts of each plan designation. Exhibit 77 shows:

- **Moderate Density** land will accommodate single-dwelling detached housing, accessory dwelling units, cottage cluster housing, duplexes, triplexes and quadplexes.
- **High Density** land will accommodate Single-unit detached, duplex, triplex, quad plex, Townhouse, cottage cluster, ADU and manufactured dwelling parks.
- **Commercial Mixed-Use** land will accommodate rowhouses, multiunit, cottage cluster, mixed use, live/work dwellings.

These assumptions assume that Milwaukie will be complying with the requirements of House Bill 2001 to allow cottage housing, town houses, duplexes, triplexes, and quadplexes in zones where single-dwelling housing is allowed.

Exhibit 77. Allocation of Needed Housing by Housing Type and Plan Designation, Milwaukie city limits, 2023 to 2043

Source: ECONorthwest.

Housing Type	Plan Designations			TOTAL
	Moderate Density	High Density	Commercial Mixed Use	
Dwelling Units				
Single Dwelling Unit detached	635	33	-	668
Single Dwelling Unit attached	50	33	-	83
Duplex, triplex, quadplex	284	50	-	334
Multi Dwelling Unit (5+ units)	-	334	251	585
Total	969	450	251	1,670
Percent of Units				
Single Dwelling Unit detached	38%	2%	0%	40%
Single Dwelling Unit attached	3%	2%	0%	5%
Duplex, triplex, quadplex	17%	3%	0%	20%
Multi Dwelling Unit (5+ units)	0%	20%	15%	35%
Total	58%	27%	15%	100%

Exhibit 15 shows densities for development in Milwaukie for 2000 to 2022. Exhibit 78 shows the following densities, using the densities shown in Exhibit 15 as a base.²⁶ The densities in Exhibit 78 include an assumption that densities in Moderate and High Density zones will increase by 3%, a result of complying with House Bill 2001.²⁷

- **Moderate Density:** Densities in this designation average 5.02 dwelling units per acre.
- **High Density:** Densities in this designation average 7.82 dwelling units per acre.
- **Commercial Mixed Use:** Densities in this designation average 74.52 dwelling units per acre.

Exhibit 78. Future Density for Housing Built in the Milwaukie City Limits, 2023 to 2043

Source: ECONorthwest. Note: DU is dwelling unit.

Plan Designation	Avg. Density (DU net acre)
Moderate Density	5.02
High Density	7.82
Commercial Mixed Use	74.52

²⁶ OAR 660-024-0010(6) uses the following definition of net buildable acre. Net buildable acre “consists of 43,560 square feet of residentially designated buildable land after excluding future rights-of-way for streets and roads.” While the administrative rule does not include a definition of a gross buildable acre, using the definition above, a gross buildable acre will include areas used for rights-of-way for streets and roads. Areas used for rights-of-way are considered unbuildable.

²⁷ ORS 197.296(6) limits assumptions about increases in future density to a 3% increase based on complying with HB 2001, without additional quantifiable information about density increase. Given that the City just adopted zoning code to comply with HB 2001 earlier in 2022, such information is not yet available.

Needed Housing by Income Level

The next step in the Housing Capacity Analysis is to develop an estimate of need for housing by income and housing type. This analysis requires an estimate of the income distribution of current and future households in the community. Estimates presented in this section are based on secondary data from the Census and analysis by ECONorthwest.

The analysis in Exhibit 79 is based on Census data about household income levels for existing households in Milwaukie. Income is distributed into market segments consistent with HUD income level categories, using Clackamas County's 2021 median family income (MFI) of \$96,900. The exhibit assumes that approximately the same percentage of households will be in each market segment in the future.

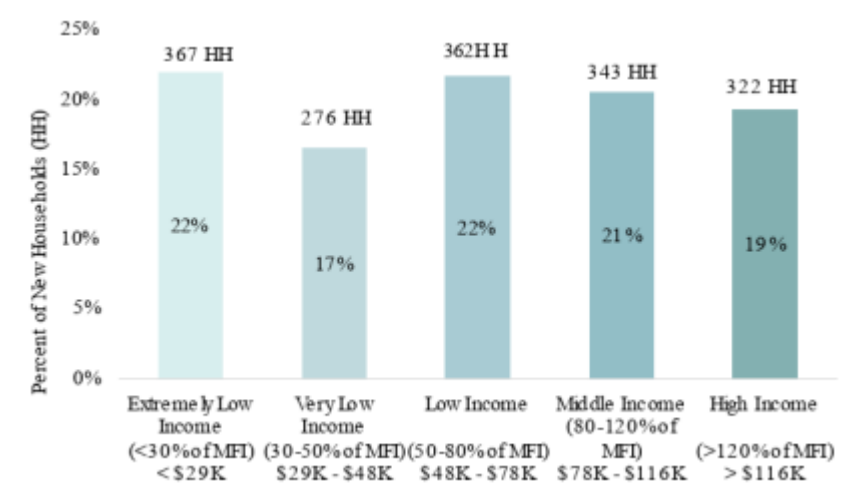
About 39% of Milwaukie's future households will have income below 50% of Clackamas County's median family income (less than \$48,000).

About 43% will have incomes between 50% and 120% of the county's MFI (between \$48,000 and \$116,000).

This graph shows that, as Milwaukie's population grows, Milwaukie will continue to have demand for housing across the affordability spectrum.

Exhibit 79. Future (New) Households, by Median Family Income (MFI) for Clackamas County (\$96,900), Milwaukie city limits, 2023 to 2043

Source: US Department of HUD, Clackamas County, 2021. US Census Bureau, 2015-2019 ACS Table 19001.



Other Housing Needs

ORS 197.303, 197.307, 197.312, and 197.314 require cities to plan for government-assisted housing, farmworker housing, manufactured housing on lots and in parks, and housing for people with disabilities and people experiencing homelessness.

- **Income-restricted and government-subsidized housing.** Government subsidies can apply to all housing types (e.g., single-dwelling detached, apartments, etc.). Milwaukie allows development of government-assisted housing in all residential plan designations, with the same development standards for market-rate housing. This analysis assumes that Milwaukie will continue to allow government housing in all of its residential plan designations. Because government-assisted housing is similar in character to other housing (with the exception being the subsidies), it is not necessary to develop separate forecasts for government-subsidized housing.
- **Farmworker housing.** Farmworker housing can also apply to all housing types, and the City allows development of farmworker housing in all residential zones, with the same development standards as market-rate housing. This analysis assumes that Milwaukie will continue to allow farmworker housing in all of its residential zones. Because it is similar in character to other housing (with the possible exception of government subsidies, if population restricted), it is not necessary to develop separate forecasts for farmworker housing.
- **Manufactured and prefabricated housing on lots.** Milwaukie allows manufactured homes on lots where it allows other single-unit detached housing.
 - Milwaukie's development code (section 19.506.4) requires that manufactured dwelling says that "Bare metal is not allowed as a roofing material and is not allowed on more than 25% of any façade of the unit." Milwaukie may need to revise these requirements so that manufactured housing is not subject to standard that are different from single-family structures, consistent with the requirements of ORS 197.314.
 - Milwaukie development code defines prefabricated structures but does not otherwise mention prefabricated housing, an issue we recommend the City address to meet the requirements of ORS 197.314. Prefabricated housing is housing built piece-by-piece (generally in a factory) that is transported to the building site and assembled on site. Prefabricated housing includes housing built in panels or modules (called modular housing).
- **Manufactured housing in parks.** Milwaukie conditionally allows manufactured homes in parks in the R-MD and R-3 zones. OAR 197.480(4) requires cities to inventory the mobile home or manufactured dwelling parks sited in areas planned and zoned or generally used for commercial, industrial, or high-density residential development. According to the Oregon Housing and Community Services' Manufactured Dwelling

Park Directory,²⁸ Milwaukie has 2 manufactured home parks within the city, with 65 spaces.

- ORS 197.480(2) requires Milwaukie to project need for mobile home or manufactured dwelling parks based on (1) population projections, (2) household income levels, (3) housing market trends, and (4) an inventory of manufactured dwelling parks sited in areas planned and zoned or generally used for commercial, industrial, or high-density residential development.
- Exhibit 75 shows that Milwaukie will grow by 1,670 households over the 2023 to 2043 period.
- Analysis of housing affordability shows that about 39% of Milwaukie's new households will be considered very low or extremely low income, earning 50% or less of the region's median family income. One type of housing affordable to these households is manufactured housing.
- Manufactured housing accounts for about 0.9% (about 91 dwelling units) of Milwaukie's current housing stock.
- National, state, and regional trends since 2000 showed that manufactured housing parks are closing, rather than being created. For example, between 2000 and 2015, Oregon had 68 manufactured parks close, with more than 2,700 spaces. Discussions with several stakeholders familiar with manufactured home park trends suggest that over the same period, few to no new manufactured home parks have opened in Oregon.
- The households most likely to live in manufactured homes in parks are those with incomes between \$29,000 and \$48,000 (30% to 50% of MFI), which includes 17% of Milwaukie's households. However, households in other income categories may live in manufactured homes in parks.
- National and state trends for manufactured home park closures, and the fact that no new manufactured home parks have opened in Oregon in the last 15 years, demonstrate that the development of new manufactured home parks in Milwaukie is unlikely. However, manufactured home parks provide an important opportunity for affordable housing for homeownership. Preserving existing manufactured home parks and allowing smaller manufactured units in manufactured home parks are important ways to provide opportunities for affordable, lower-cost homeownership opportunities.
- If the City had the need for a new manufactured home park over the 2023-2043 period, it would be for 16 new units (0.9% of new units) on 2 acres of land at a density of 8 dwelling units per acre. If a new manufactured home park were developed in Milwaukie, the City would have sufficient capacity to accommodate it

²⁸ Oregon Housing and Community Services, Oregon Manufactured Dwelling Park Directory, <http://o.hcs.state.or.us/MDPCRParcs/ParkDirQuery.jsp>

in zones where manufactured housing is allowed. The housing forecast includes new manufactured homes on lots and in parks in the category of single-dwelling detached housing.

- Over the next 20 years (or longer), one or more manufactured home parks may close in Milwaukie. This may be a result of manufactured home park landowners selling or redeveloping their land for uses with higher rates of return, rather than lack of demand for spaces in manufactured home parks. Manufactured home parks contribute to the supply of low-cost affordable housing options, especially for affordable homeownership.
- While there is statewide regulation of manufactured home parks closures designed to lessen the financial difficulties of closures for park residents,²⁹ the City has a role to play in ensuring that there are opportunities for housing for the displaced residents. The City's primary roles are to ensure that there is sufficient land zoned for new multi-dwelling housing and to reduce barriers to residential development to allow for the development of new, relatively affordable housing.

In addition to these required housing types, this section also addresses housing for people with disabilities and housing for people experiencing homelessness.

- **Housing for People with Disabilities.** Housing for people with disabilities can apply to all housing types, with the same development standards as market-rate housing. It can also apply to other residential/group living uses (such as nursing homes, residential care homes or facilities, or room and boarding facilities) as well as government-subsidized housing (including units that are population restricted). Broadly, housing options for people with disabilities include (1) living in housing independently (alone or with roommates/family), (2) living in housing with supportive services (e.g., with help from a live-in or visiting caregiver), or (3) living in housing in a supervised residential setting. Meeting the housing needs for people with disabilities will require addressing affordability issues, 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.
- **Housing for People Experiencing Homelessness.** Meeting the housing needs of people experiencing homelessness ranges from emergency shelter, transitional housing, and permanent supportive housing (including supportive housing with services) and improved access to an affordable unit (including rent and utility assistance). Persons experiencing homelessness or those at risk of becoming homeless will require assistance with addressing individual, complex barriers to improve long-term housing stability.

²⁹ ORS 90.645 regulates rules about the closure of manufactured dwelling parks. It requires that the landlord must give at least one year's notice of park closure and pay tenants between \$5,000 and \$9,000 for each manufactured dwelling park space, in addition to not charging tenants for demolition costs of abandoned manufactured homes.

6. Residential Land Sufficiency in Milwaukie

This chapter presents an evaluation of the sufficiency of vacant residential land in Milwaukie to accommodate expected residential growth over the 2023 to 2043 period. This chapter includes an estimate of residential development capacity (measured in new dwelling units) and an estimate of Milwaukie's ability to accommodate needed new housing units for the 2023 to 2043 period, based on the analysis in the Housing Capacity Analysis. The chapter ends with a discussion of the conclusions of the Housing Capacity Analysis.

Capacity Analysis

The buildable lands inventory summarized in Chapter 2 provides a *supply* analysis (buildable land by type), and Chapter 5 provided a *demand* analysis (population and growth leading to demand for more residential development). The comparison of supply and demand allows the determination of land sufficiency.

Milwaukie Capacity of Buildable Land

The capacity analysis estimates the development potential of vacant residential land to accommodate new housing, based on the needed densities by the housing type categories shown in Exhibit 78.

Exhibit 80 shows that **Milwaukie has 51 acres of vacant land to accommodate dwelling units**, based on the following assumptions:

- **Buildable residential land.** The capacity estimates start with the number of buildable acres in plan designations that allow residential uses outright, as shown in Exhibit 5.
 - Exhibit 80 assumes that the commercial plan designations will be able to accommodate nearly 730 dwelling units on commercial mixed-use land, consistent with housing development that occurred in commercial areas over the 2009 to 2020 period in Exhibit 15.
- **Needed densities.** The capacity analysis assumes development will occur at needed densities. Those densities were derived from the needed densities shown in Exhibit 78.
 - Exhibit 15 shows an average net density of 8.0 dwelling units per net acre for development over the 2009 to 2020 period.
 - The estimate of capacity on buildable land in Exhibit 80 uses the same average densities by plan designation in Exhibit 15, incorporated with assumptions based on the implementation of HB 2001. Commercial Mixed Use density of 74.5 dwelling units per acre is the average of historical densities in mixed use zones. Based on these assumptions, Milwaukie's development capacity is between 5.02 and 74.52

dwelling units per acre.³⁰

Exhibit 80. Estimate of Capacity on Buildable Land, Milwaukie city limits, 2023 to 2043

Source: Buildable Lands Inventory; Calculations by ECONorthwest. *Note: These acres are net acres because the buildable land inventory shows that most vacant unconstrained land

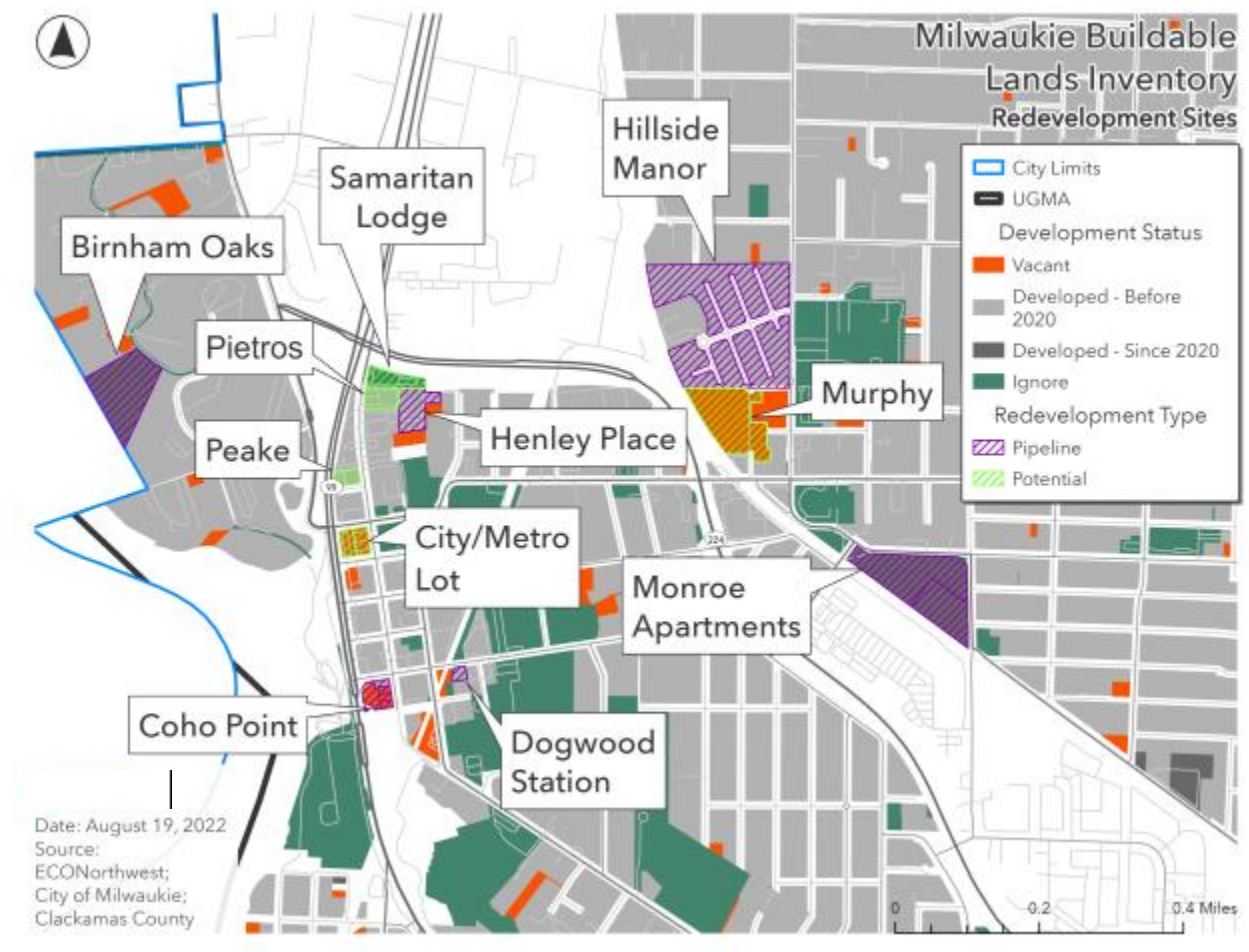
Plan Designation	Total Unconstrained Buildable Acres	Density Assumption (DU/ Acre)	Capacity (Dwelling Units)
Moderate Density	30	5.02	149
High Density	12	7.82	93
Commercial Mixed Use	10	74.52	730
Total	51	-	972

³⁰ Exhibit 80 shows that 972 new dwelling units can be accommodated on Milwaukie's 51 unconstrained buildable acres, which is 18.89 dwelling units per acre. These acres are net acres because the buildable land inventory shows that most vacant unconstrained land.

Downtown Redevelopment Analysis

Milwaukie's downtown has seen recent interest and investment, with a number of recently completed projects and additional development in the pipeline. City staff identified potential sites for mixed-use redevelopment based on local knowledge and property owner/developer interest. These sites are identified on Exhibit 81.

Exhibit 81: Potential Redevelopment Sites and Pipeline Projects in Downtown Milwaukie



Given that some of these overlap with land identified as vacant, ECONorthwest filtered the sites identified by staff to focus on those on land identified as developed. Staff provided estimated unit counts for pipeline projects based on the best available information from developers. For potential projects on other sites where less is known, ECONorthwest estimated the potential units from redevelopment based on the historic density of development in this zone (see Exhibit 80). The estimated capacity based on redevelopment in the downtown is summarized in Exhibit 82.

Exhibit 82: Downtown Mixed Use Redevelopment Capacity

	Total Units	Units from Redevelopment (Excluding vacant land)
Pipeline projects	1,262	1,202
Potential projects (at 74.5 du/ac)	609	186
Total	1,871	1,388

Summary of Development Capacity

Exhibit 83 summarizes housing development capacity based on: (1) vacant buildable land, (2) middle housing infill and redevelopment lots, and (3) mixed-use redevelopment in commercial areas,. When accounting for Middle Housing Infill and Redevelopment Potential and Mixed-use Redevelopment potential, the capacity of Moderate Density and Commercial Mixed-use increases, as shown in Exhibit 83.

- Moderate Density (R-MD the zone most affected by HB 2001) adds an additional 600 to 1,600 units.
- Commercial Mixed Use (the zone most likely to experience redevelopment) then adds an additional estimated 1,388 units.

Exhibit 83. Estimate of Capacity on Buildable Land, Infill/Redevelopment and MU Redevelopment, Milwaukie city limits, 2023 to 2043

Source: Buildable Lands Inventory; Calculations by ECONorthwest. *Note: These acres are net acres because the buildable land inventory shows that most vacant unconstrained land

Plan Designation	Capacity on Vacant Land (Dwelling Units)	Middle Housing Infill and Redevelopment Potential		Mixed-Use Redevelopment Potential
		Low	High	
Moderate Density	149	600	1,600	
High Density	93			
Commercial Mixed Use	730			1,388
Total	972	600	1,600	1,388

Residential Land Sufficiency

The next step in the analysis of the sufficiency of residential land within Milwaukie is to compare the demand for housing by plan designation (Exhibit 77) with the capacity of land by plan designation (Exhibit 80), including the Middle Housing Infill/Redevelopment and Mixed-Use Redevelopment.

Exhibit 84 shows that Milwaukie the following about land sufficiency:

- **Moderate Density.** Milwaukie likely has enough capacity in Moderate Density areas as a result if infill and redevelopment of missing middle housing types. If only 600 new units result from new middle housing infill and redevelopment by 2043, then Milwaukie may have a deficit of 220 dwelling units. If the high estimate of 1,600 new units result from new middle housing infill and redevelopment by 2043, then Milwaukie would have a surplus of 780 units of capacity beyond the forecast.
- **High Density.** Milwaukie does not have enough capacity to accommodate housing growth in the High Density designation. Milwaukie only has 12 acres of unconstrained vacant buildable land in High Density and the development densities of 7.8 dwelling units per acre is lower than what is common in High Density areas in other cities in the Portland region.
- **Commercial Mixed Use.** Milwaukie has enough capacity to accommodate housing growth in Commercial Mixed Use areas. Most of this capacity is in the form of expected redevelopment occurring in Milwaukie, as described in Chapter 2.

Exhibit 84. Comparison of Capacity of Existing Residential Land with Demand for New Dwelling Units and Land Surplus or Deficit, Milwaukie city limits, 2023 to 2043

Source: Buildable Lands Inventory; Calculations by ECONorthwest.

Plan Designation	Capacity (Dwelling Units)		Demand (Dwelling Units)	Capacity less Demand (Dwelling Units)	
	Low	High		Low	High
Moderate Density	749	1,749	969	(220)	780
High Density	93	93	450	(357)	(357)
Commercial Mixed Use	2,118	2,118	251	1,867	1,867
Total	2,960	3,960	1,670	1,290	2,290

Conclusions

The key findings and conclusions of the Milwaukie's Housing Capacity Analysis are that:

- **Milwaukie's population is forecast to grow slower than in the past.** Milwaukie's city limit is forecast to grow from 9,559 households in 2023 to 11,230 households in 2043, an increase of 1,670 households, about 83 dwelling units per year on average. This household growth will occur at an average annual growth rate of 0.81%.
- **Milwaukie's development occurred at an average of eight dwelling units per net acre over the 2000 to 2020 period.** Over the 2023 to 2043 period, if new housing develops at the same densities as over the 2000 to 2020 period, Milwaukie's housing will develop with between 5 and 74 dwelling units per acres.
- **Milwaukie is able to meet the requirement for future development at least 8 dwelling units per net acres, as required in OAR 660-007.** Overall, Milwaukie is planning for future densities of about 18.9 dwelling units per net acre,³¹ mostly as a result of the relatively high development densities achieved in Commercial Mixed-Use.
- **Milwaukie has enough capacity within city limits to accommodate the forecast of growth in some plan designations between 2023 and 2043.**
 - Milwaukie likely has enough capacity in the Moderate Density Plan Designation to accommodate growth. It seems likely that the City will have more than the estimate of 600 units of middle housing infill and redevelopment, which suggests that there is enough capacity to accommodate the forecast of growth in Moderate Density. It also seems unlikely that Milwaukie will see the high estimate of infill and redevelopment of missing middle housing (1,600 dwelling units). The amount of middle housing development in Milwaukie will depend on factors such as property owner preference for new development, financial feasibility of infill or redevelopment (which is supported in 2022 by a strong housing market), and characteristics of parcels that infill or redevelop (such as the size and configuring of existing development on individual parcels).
 - Milwaukie has a deficit of capacity to accommodate growth in the High Density Plan Designation. One reason for this is that Milwaukie has little land in this plan designation. Equally important is that Milwaukie's High Density Plan Designation is developing at relatively low densities, about 7.8 dwelling units per net acre. Milwaukie may want to identify reasons for this low development density and propose code changes to increase densities in the High Density Plan Designation.

³¹ The estimate of 18.9 dwelling units per net acre for future density is based on the estimate of vacant land, 51 acres, and expected future densities for new development. Much of this capacity is in Commercial Mixed Use areas, which have historically developed at 74.5 dwelling units per acre. Even if future development in Commercial Mixed Use areas occurs at a substantially lower density (like 20 dwelling units per net acre), Milwaukie's vacant land would still likely achieve development densities of more than 8 dwelling units per net acre.

- Milwaukie is expecting substantial multi-dwelling unit redevelopment in Commercial Mixed Use Plan Designations, which suggests that the City has sufficient capacity to accommodate expected growth in these areas. This report documents projects within the development pipeline (i.e., under development) and likely future projects.
- **Milwaukie is planning for a mix of new housing that meets the requirements of OAR 660-007.** Milwaukie's forecast shows that 40% of new housing developed over the 20-year planning permit will be single-dwelling detached housing, 5% will be townhouses, 20% will be duplex through quadplex, and 35% will be multi-dwelling with 5 or more units per structure. This mix of housing should provide opportunities for development of housing that is comparatively affordable.
- **Milwaukie's needed housing mix is for an increase in housing affordable to renters and homeowners, with more attached and multi-dwelling housing types.** Historically, about 67% of Milwaukie's housing was single-dwelling detached. While 40% of new housing in Milwaukie is forecast to be single-dwelling detached, the City will need to provide opportunities for the development of new single-dwelling attached housing (5% of new housing), duplexes, triplexes, quadplexes (20% of new housing), and multi-dwelling structures with 5 or more units (35% of new housing). Milwaukie is able to meet its needed housing mix based on these assumptions.
 - The factors driving the shift in types of housing needed in Milwaukie include changes in demographics and decreases in housing affordability. The aging of baby boomers and the household formation of millennials and Generation Z will drive demand for renter and owner-occupied housing, such as single-dwelling detached housing, accessory dwelling units, town houses, cottage housing, duplexes, triplexes, quadplexes, and multi-dwelling structures. These groups may prefer housing in walkable neighborhoods, with access to services.
 - Milwaukie will be complying with the requirements of House Bill 2001 to allow cottage housing, town houses, duplexes, triplexes, and quadplexes in zones where single-dwelling housing is allowed. Allowing this wider range of housing in more areas will likely result in a change in mix of housing developed over the next 20 years, especially in areas with large areas of vacant buildable land.
 - Without diversification of housing types and the development of housing affordable to households with incomes below 80% of MFI (\$78,000), lack of affordability will continue to be a problem, possibly growing in the future if incomes continue to grow at a slower rate than housing costs. About 38% of Milwaukie's households are cost burdened (paying more than 30% of their income on housing), including a cost burden rate of 52% for renter households.

Under the current conditions, 643 new households will have incomes of \$48,450 (in 202 dollars) or less. These households often cannot afford market-rate housing, and for newly built housing to be affordable, it will need to be income-restricted government-subsidized housing. About 705 new households will have incomes

between \$48,450 and \$116,280. These households will all need access to housing that is affordable to them, which will predominantly be existing housing or newly built smaller units, such as cottage housing, duplexes, or multi-dwelling housing.

- **Milwaukie has a need for additional housing affordable to lower and middle-income households.** Milwaukie has a need for additional housing affordable to households with extremely low incomes and very low incomes, people experiencing homelessness, and households with low and middle incomes. These needs include existing unmet housing needs and likely housing needs for new households over the 20-year planning period.
 - About 39% of Milwaukie’s households have extremely low incomes or very low incomes, with household incomes below \$48,450. At most, these households can afford \$1,211 in monthly housing costs. Median gross rent in Milwaukie was \$1,173 in the 2015-2019 period and has likely increased since. Development of housing affordable to these households (either rentals or homes for sale) rarely occurs without government subsidy or other assistance. Meeting the housing needs of extremely low-income and very low-income households will be a significant challenge to Milwaukie.
 - About 43% of Milwaukie’s households have low or middle incomes, with household incomes between \$48,450 and \$116,280. These households can afford between \$1,211 to \$2,907 in monthly housing costs. Households at the lower end of this income category may struggle to find affordable rental housing, especially with growing costs of rental housing across the Portland Metropolitan region. Some of the households in this group are likely part of the 38% of all households that are cost burdened. Development of rental housing affordable to households in this income category (especially those with middle incomes) can occur without government subsidy, but the City’s zoning code will need to provide opportunities for the development of a wider range of housing types in more places to accommodate more of this type of housing.

Homeownership opportunities for households in this income category may be limited to existing housing, unless there are opportunities to build new housing at lower costs.

The *Milwaukie Housing Production Strategy* provides recommendations for actions to meet the housing needs described above and throughout this report.

Appendix A: Residential Buildable Lands Inventory Methodology

The buildable lands inventory uses methods and definitions that are consistent with Goal 10/OAR 660-008. This appendix describes the methodology that ECONorthwest used for this report, based on 2020 data. The results of the BLI are discussed in Chapter 2.

Overview of the Methodology

The general structure of this BLI analysis is based on Oregon Metro’s Buildable Land Inventory methodology. The steps and sub steps in the supply inventory are:

1. Identify vacant tax lots (and complement developed tax lots) by zoning class
2. Remove tax lots from the BLI that don’t have the potential to provide residential or employment growth capacity (e.g., parks)
3. Calculate deductions for environmental resources
4. Calculate deductions for “future streets”
5. Calculate BLI estimates (BLI includes capacity estimates for vacant and redevelopment)
 - a. Single Family Residential (SFR)
 - b. Multifamily Residential (MFR) and Mixed-Use Residential Capacity (MUR)

This BLI for Milwaukie is a 2022 update to the City’s previous BLI conducted in 2020. In order to update step 2, we used building permits since 2020 to ascertain which properties have developed since then, which directly impacts their development status and thus, whether they are included in the residential BLI.

Inventory Steps

The BLI consists of several steps:

1. Generate land base
2. Classify lands
3. Identify and Apply Constraints
4. Remove ROW

5. Verification
6. Tabulation and mapping.

Step 1: Generate “land base”

The land base for the Milwaukie residential BLI includes all tax lots in the city limits and urban growth management area in residential zones where housing development is allowed with clear and objective standards. These zones are:

Milwaukie:

- Residential
 - R-1
 - R-2
 - R-3
 - R-MD
- Residential-Business Office (R-1-B)
- Downtown Mixed Use (DMU)
- General Mixed Use (GMU)
- Neighborhood Mixed Use (NMU)
- Tacoma Station Area Mixed Use (MUTSA)

Clackamas County:

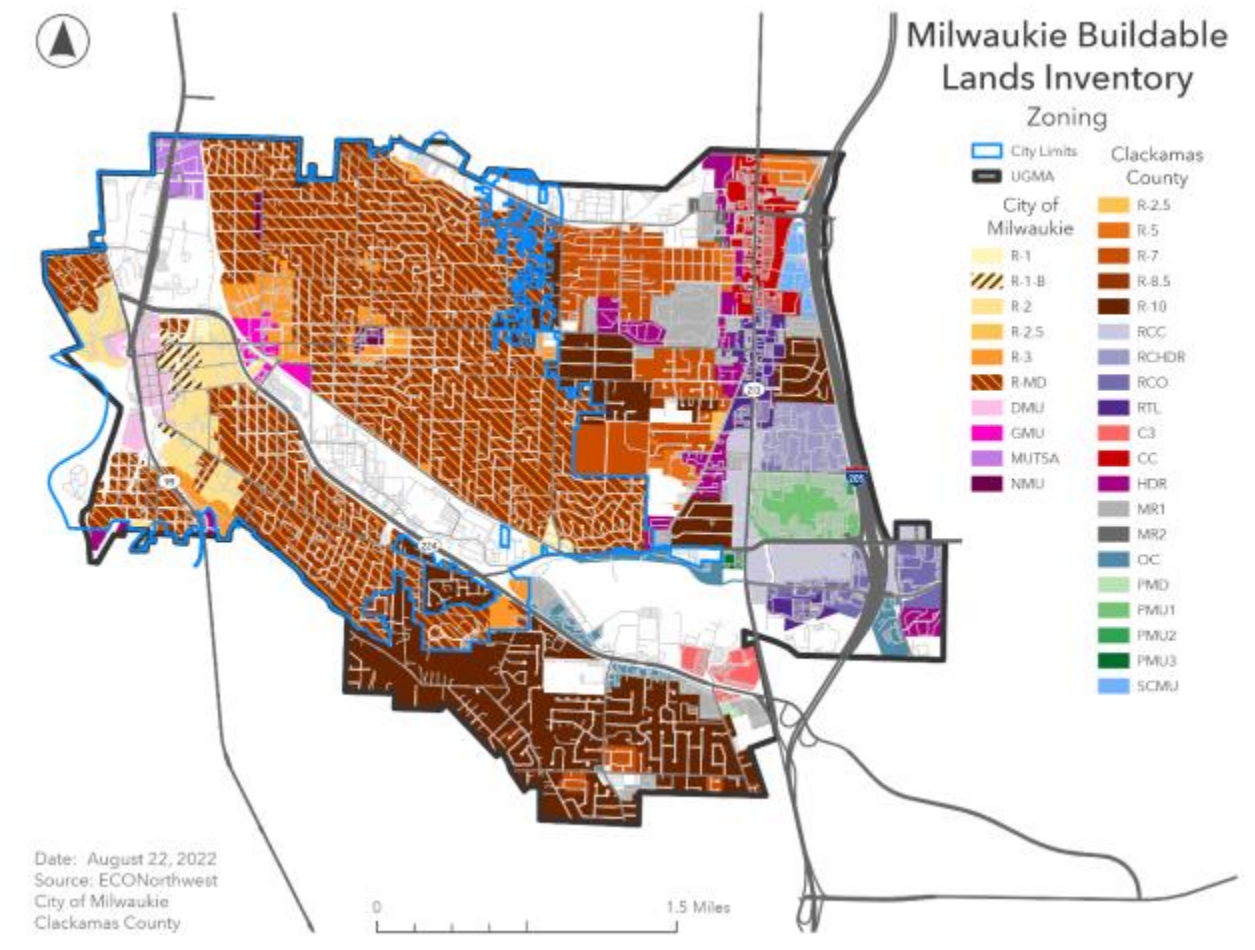
- Urban Low Density Residential
 - R-2.5
 - R-5
 - R-7
 - R-8.5
 - R-10
- Medium Density Residential
 - MR-1
 - MR-2
- Planned Medium Density Residential (PMD)
- High Density Residential (HDR)
- Regional Center High Density Residential (RCHDR)
- Planned Mixed Use
 - PMU-1
 - PMU-2
 - PMU-3
- Corridor Commercial (CC)
- General Commercial (C-3)
- Office Commercial (OC)

- Regional Center Commercial (RCC)
- Regional Center Office (RCO)
- Retail Commercial (RTL)
- Station Community Mixed Use (SCMU)

Exhibit 85 shows the residential zones included in the BLI.

Exhibit 85. Residential Land Base by Plan Designation, Milwaukie city limits and urban growth management area, 2022

Source: ECONorthwest analysis, Clackamas County, City of Milwaukie.



Step 2: Classify lands

In this step, ECONorthwest classified each tax lot with a plan designation that allows residential uses into one of three mutually exclusive categories based on development status, as defined by Metro’s BLI methodology. The rules are described below in Exhibit 86.

Exhibit 86. Rules for Development Status Classification

Development Status	Definition
Vacant	- Any tax lot that is fully vacant (using aerial photography). - A tax lot with less than 2,000 sq. ft of developed area and where this area is less than 10% of the total tax lot area. - Tax lots that are 95% or more “vacant” as identified in the Metro vacant land inventory.
Developed	Land that does not meet the Vacant or Ignore development status definitions.
Ignore	Publicly owned parcels (unless intended for residential/employment development), schools, churches and social organizations, private rights-of-way, rail properties, tax lots under 1,000 sq. ft., parks open spaces, and private residential common areas.

Since this BLI is an update to a 2020 BLI, the classifying of lands occurred by spatially joining recent building permits to parcel data. Parcels that were previously vacant but had building permits that indicated new developed residential units were updated to the “Developed” development status.

Step 3: Identify and Apply Constraints

Consistent with OAR 660-008-0005(2) guidance on residential buildable lands inventories, ECONorthwest deducted certain lands with development constraints from the BLI. We used the following constraints, as listed in Exhibit 87.

Exhibit 87. Constraints to be included in BLI

Constraint	Statutory Authority	Threshold	Source
Regulatory Floodways	OAR 660-008-0005(2)	Lands within FEMA FIRM identified floodway	FEMA via National Map
100-Year Floodplain	OAR 660-008-0005(2)	Lands within FEMA FIRM 100-year floodplain	FEMA via National Map
Steep Slopes	OAR 660-008-0005(2)	Slopes greater than 25%	Oregon Metro
Title 3	OAR 660-008-0005(2)	Land within the Water Quality and Flood Management areas	Oregon Metro
Title 13	OAR 660-008-0005(2)	Land within the Upland Wildlife Habitat Quality, Riparian Wildlife Habitat Quality, or in “Areas Where nearby Activities have an impact on Resources”	Oregon Metro

These constraints, the very same as used in 2020, were applied to single-dwelling and multi-dwelling residential tax lots as follows:

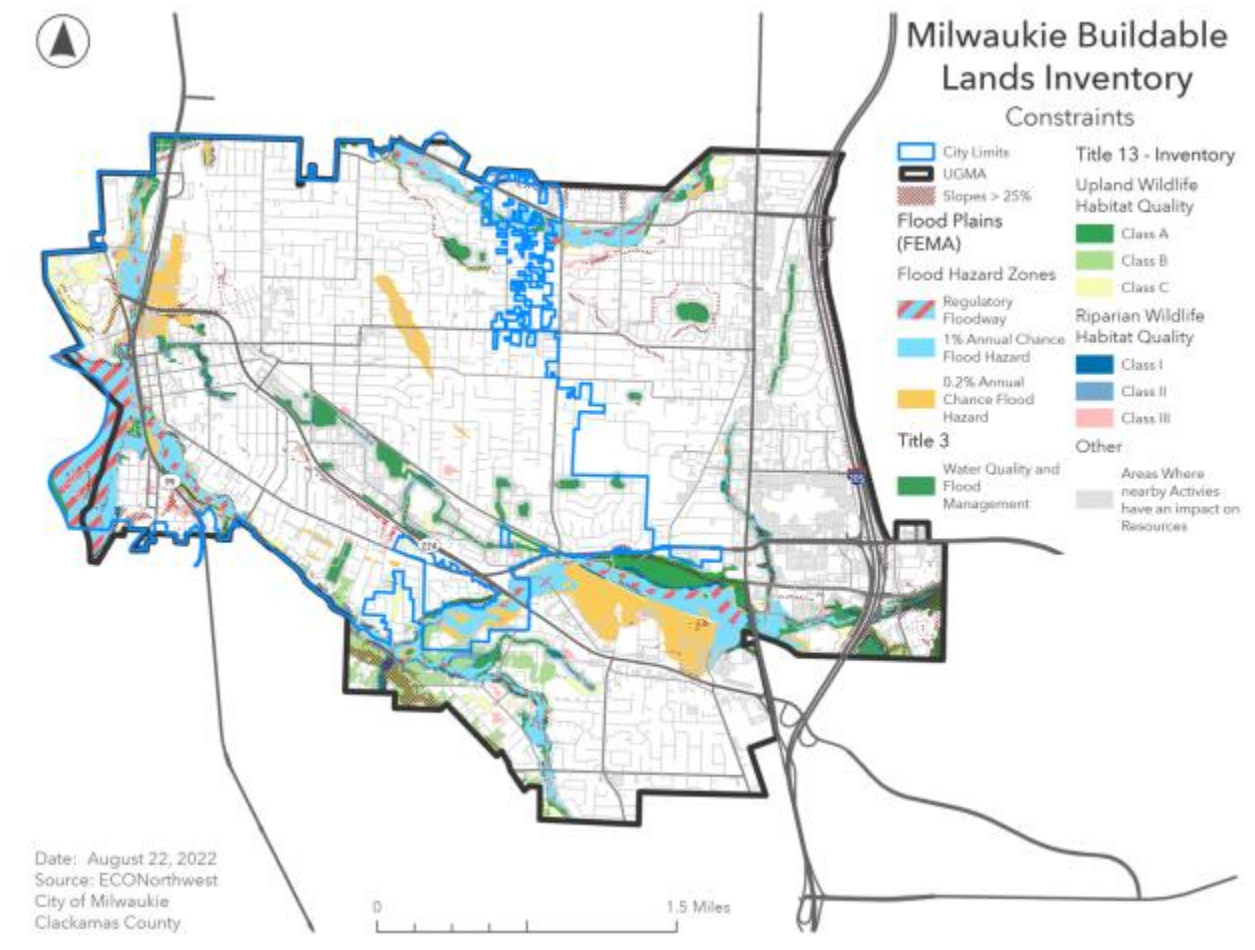
Single-dwelling residential lots removed 100% of floodways and floodplains. Slopes greater than 25% and Title 3 were treated the same with 100% removed. If tax lots where slopes greater than 25% constrained greater than or equal to 50% of said lot, a maximum capacity rule was utilized to add back units. If these slopes constrained less than 50%, it was assumed that 90% of the unconstrained area was in the BLI, essentially applying a 10% discount to vacant buildable acres. 50% of Title 13 constrained acres were removed from the BLI. At least one unit per tax lot was assumed, even if lots were fully constrained.

Multi-dwelling residential removed 100% of floodways and 50% of floodplains. Slopes greater than 25% were 100% removed. Title 3 constrained acres were 50% removed and Title 13 constrained acres were 15% removed. At least one unit per tax lot was assumed, even if lots were fully constrained.

These constraints are shown in Exhibit 88:

Exhibit 88. Residential Development Constraints, Milwaukie city limits and urban growth management area, 2020

Source: ECONorthwest analysis, Clackamas County, City of Milwaukie.



Step 4: Remove ROW

In order to consider future right-of-way developments, portions of vacant land were adjusted. 0% of tax lots under 3/8 acres was assumed for future development. For tax lots between 3/8 and one acre, 10% of the lot was assumed. For tax lots greater than one acre, 18.5% of the lot was assumed. All Industrial-zoned (IND) lots assumed a 10% proportion for all lots with that zone designation.

Step 5: Verification

ECONorthwest used a multistep verification process. The first verification step involved a "rapid visual assessment" of land classifications using GIS and recent aerial photos. The rapid visual assessment involves reviewing classifications overlaid on recent aerial photographs to verify uses on the ground. ECONorthwest reviewed all tax lots included in the inventory using the rapid visual assessment methodology.

City staff and ECONorthwest performed an additional round of verification, which involved verifying the development status determination and the results of the rapid visual assessment. ECONorthwest amended the BLI based on City staff review and a discussion of the City's comments.

Step 6: Tabulation and mapping

The results are presented in tabular and map format. We included a comprehensive plan map, the land base by classification, vacant and partially vacant lands by plan designation, and vacant and partially vacant lands by plan designation with constraints showing.

Results of the Buildable Lands Inventory

Exhibit 89 shows development status with constraints applied, resulting in buildable acres. Vacant land within these constraints is considered unavailable for development and removed from the inventory of buildable land.

Exhibit 89. Development Status with Constraints, Milwaukie city limits and UGMA, 2022

Source: ECONorthwest analysis, Clackamas County, City of Milwaukie.

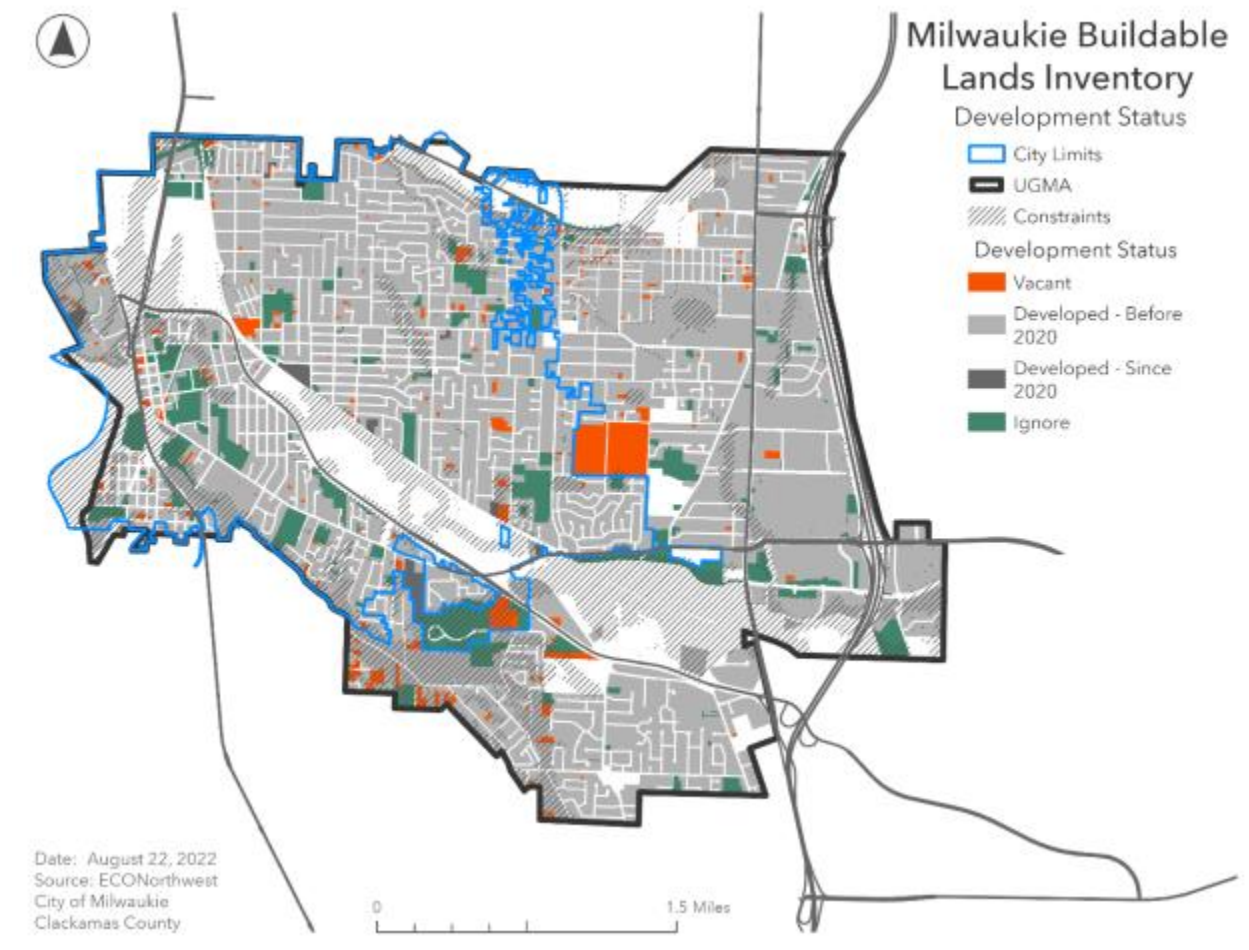


Exhibit 90 shows the total acreage of all Residential lands within the City of Milwaukie, Clackamas County, and the dual interest area, as well as total unconstrained area and net acres (with right of ways removed).

Exhibit 90. Residential Land with Constraints Applied and ROW Removed, Milwaukie city limits and UGMA, 2022

Source: ECONorthwest analysis, Clackamas County, City of Milwaukie.

Jurisdiction	Total Acres	Unconstrained Acres	Net Acres (ROW Removed)
City of Milwaukie	2,061	1,858	1,743
Vacant	69	51	46
Developed	1,699	1,579	1,506
Ignore	293	228	190
Dual Interest (in UGMA)	415	331	293
Vacant	88	78	65
Developed	299	236	215
Ignore	29	16	13
Clackamas County (in UGMA)	1,808	1,621	1,445
Vacant	30	25	23
Developed	1,646	1,500	1,341
Ignore	131	96	81
Total	4,284	3,810	3,482

Vacant Buildable Land

Exhibit 4 shows buildable acres (i.e., acres in tax lots after constraints are deducted) for vacant land by zone. Milwaukie has 51 acres of unconstrained, vacant buildable lands within its city limits. Most of that land is in the R-MD.

Exhibit 91. Buildable Acres in Vacant Tax Lots by Plan Designation and Zone, Milwaukie city limits and UGMA, 2022

Source: ECONorthwest analysis, Clackamas County, City of Milwaukie.

Jurisdiction	Vacant Land with Constraints	Unconstrained Vacant Acres
City of Milwaukie Plan Designation/ Zones	69	51
Moderate Density Designation		
R-MD	42	30
High Density Designation		
R-2	3	2
R-3	13	10
Commercial Mixed Use Designation		
DMU	4	3
GMU	7	7
MUTSA	0.5	0.0
Dual Interest (in UGMA)	88	78
R-7	61	60
R-10	26	18
Clackamas County (in UGMA)	30	24
Total	186	154

Exhibit 92 shows Milwaukie's buildable vacant residential land for the entire city limits and urban growth management area, while Exhibit 93 shows buildable vacant land for just the city limits of Milwaukie.

Exhibit 92. Unconstrained Vacant Residential Land, Milwaukie city limits and UGMA, 2022

Source: ECONorthwest analysis, Clackamas County, City of Milwaukie.

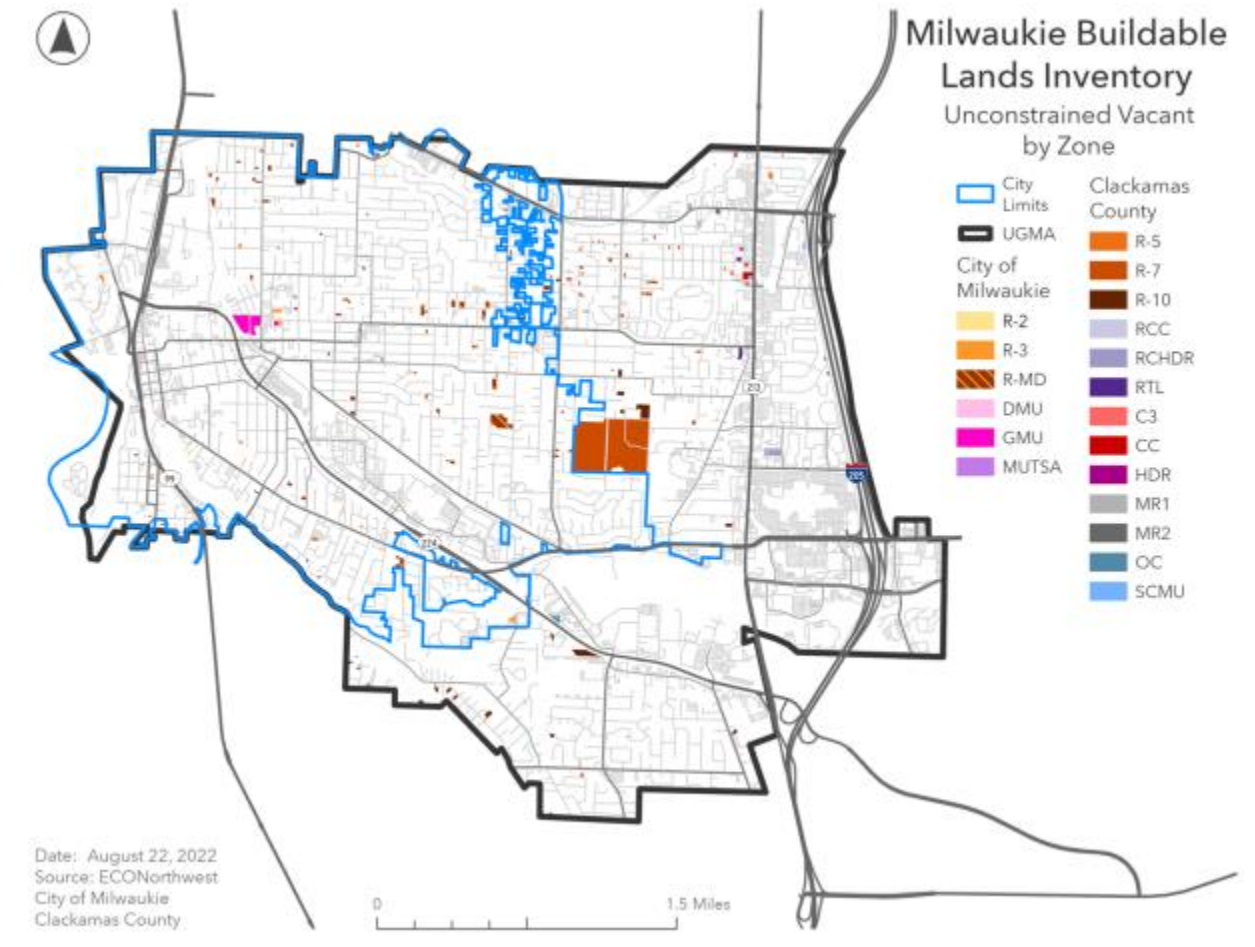
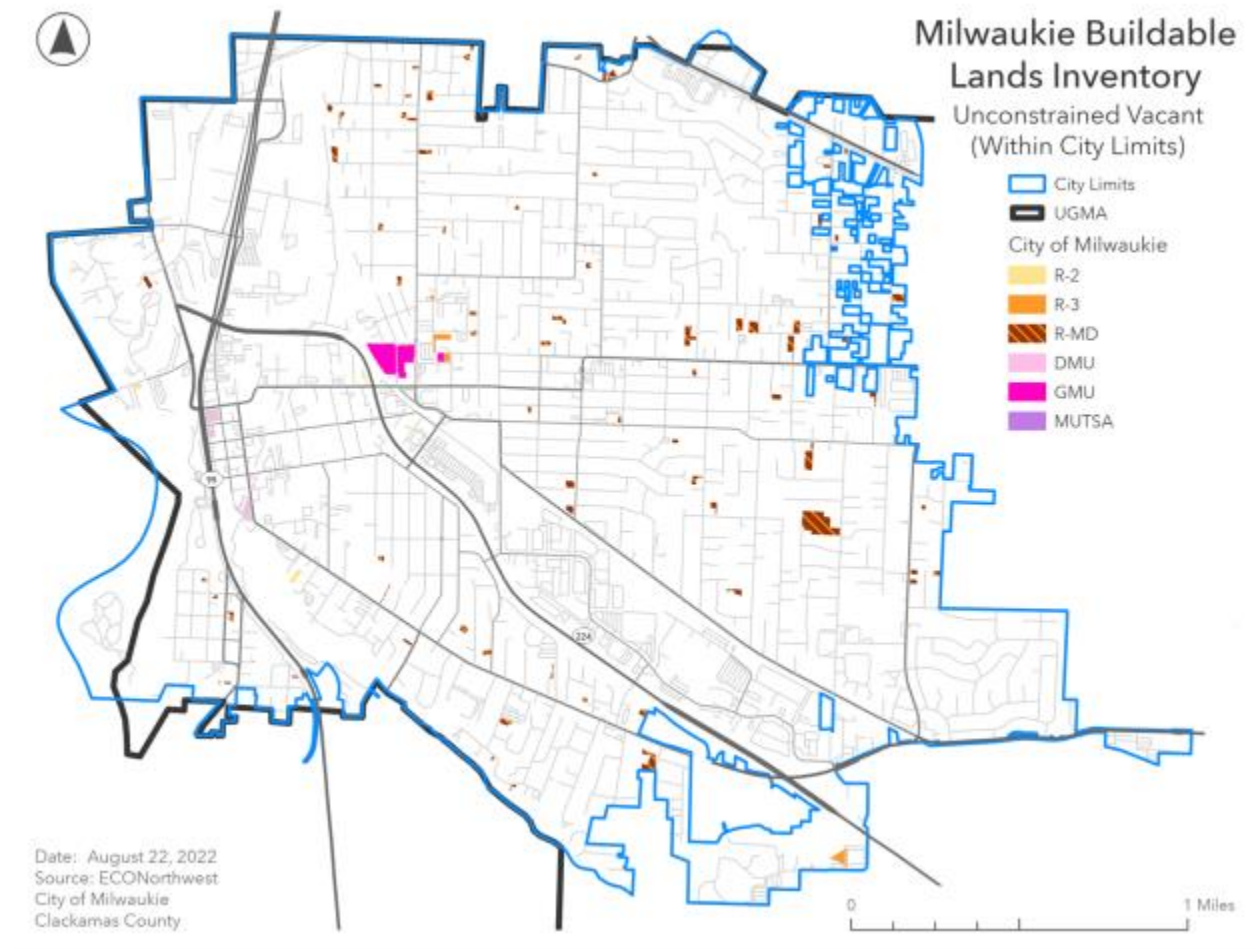


Exhibit 93. Unconstrained Vacant Residential Land, City of Milwaukie, Milwaukie city limits, 2022
 Source: ECONorthwest analysis, Clackamas County, City of Milwaukie.



Appendix B: Middle Housing Infill and Redevelopment Analysis of Potential

Chapter 2 presented the summary of middle housing infill and redevelopment potential. This appendix presents the approach to the middle housing infill and redevelopment analysis, along with key assumptions for the analysis.

Property Criteria

ECONorthwest, based on discussions with City staff, selected parcels that meet the following criteria for consideration in this analysis:

- Zoned R-MD (the zone most affected by HB 2001);
- Over 3,000 square feet (the minimum lot size to allow development of several middle housing types under the City's current development code for R-MD); and
- Classified in the BLI as developed (to avoid double counting other housing capacity).

Housing Types: Form and Market Assumptions

The analysis focuses on middle housing types that are most likely to drive infill and redevelopment potential. ECONorthwest selected detached plexes, cottage clusters, stacked fourplexes, and townhouses based on prior experience.³² The analysis also includes single detached dwellings as a comparison. The specific prototypical developments used in the analysis have assumed building heights, unit sizes, and lot sizes/site area that are allowed under the development code and informed by real-world developments and local market conditions. Required site area assumptions are not necessarily set to the minimums allowed by zoning—some prototypes likely need larger site areas to account for parking, lot coverage, circulation, and site layout.

ECONorthwest estimated sales prices / rents for each housing prototype using recent sales transactions and rents for the most comparable available recent development in Milwaukie and portions of Southeast Portland.

³² Attached duplexes and triplexes are excluded from this analysis because they are allowed on the same size lot as a fourplex, and the fourplex maximizes the yield of the site to a greater extent than a duplex or triplex. Detached duplexes and triplexes are included in this analysis.

Exhibit 94: Housing Prototype Assumptions

Source: ECONorthwest

Housing Type	Unit Size	Required Site Area	Sale Price	Monthly Rent
Average Single Dwelling Residential	2,180 square feet	5,000 square feet	\$663,000	–
Large Single Dwelling Residential	2,730 square feet	6,000 square feet	\$722,000	–
Fourplex (stacked)	875 square feet	5,000 square feet		\$1,900 per unit
Detached Plex	1,600 square feet	3,600 square feet	\$495,000	–
Cottage Cluster	1,350 square feet	10,000 square feet	\$450,000	–
Townhouse (two units)	1,600 square feet	3,500 square feet	\$475,000	–

Evaluating Infill and Redevelopment Potential

Infill and Redevelopment Criteria

ECONorthwest identified the criteria shown in Exhibit 95 to identify parcels that could have potential for infill and/or redevelopment. (These criteria are not mutually exclusive.)

Exhibit 95: Infill and Redevelopment Criteria

Source: ECONorthwest

	Redevelopment Criteria	Infill Criteria
Year Built of Existing Structure	Before 2000	N/A (building assumed to remain)
Building Value* of Existing Structure	<\$350,000	N/A (building assumed to remain)
Buildable area	Enough buildable area to accommodate one or more housing types (without retaining existing structure)	Enough buildable area to accommodate one or more housing types after deducting land for the existing structure
Financial Feasibility	Development can afford to buy site at estimated total market value* + 10%	N/A (value of a back yard is highly subjective)

* Building value and land value are based on assessor estimates. Total market value is based on assessor estimates, adjusted based on recent sales trends.

The approach to determining whether a given property would meet the buildable area and financial feasibility criteria is described further below.

Buildable Area Criteria and Unit Yield

ECONorthwest estimated how many of each prototype could fit on each lot included in the analysis given the buildable area of the lot and the required site size for each prototype in both an infill and a redevelopment scenario. For the infill scenario, the existing structure is assumed to remain, with some land retained around the existing home.³³ For the redevelopment scenario,

³³ For most homes, the analysis assumes 4,000 square feet of land would remain around the existing home in the infill scenario; for homes with a building value (per the assessor's data) over \$525,000 the analysis assumes 10,000 square feet would remain around the existing home.

the existing home is assumed to be removed, and all buildable area on the parcel is assumed to be available for development. For sites that are large enough to fit several housing prototypes, the analysis accounts for land needed for access / circulation (e.g., a new public or private road).³⁴

Financial Feasibility of Redevelopment: Residual Land Value compared to Real Market Value

To analyze whether redevelopment is financially feasible, ECONorthwest used Residual Land Value (RLV)—the maximum price a developer could pay to acquire property given the site’s development potential, the value of future development, and other costs of development (aside from land). ECONorthwest calculated RLV for each housing prototype that would fit on a given lot based on the number of times the prototype could fit on the lot (as described above) and prototype-specific sales prices/rents (listed in Exhibit 94) and development costs. Development cost assumptions are based on input from middle housing developers in the Portland region and elsewhere; construction costs adjust for unit size because smaller units typically cost more to build per square foot. Local system development charges and fees are calibrated for each housing type based on information provided by City staff.

ECONorthwest compared the total RLV for the potential development to the estimated total market value of the existing property. The total market value estimates are based on tax assessor’s estimates of Real Market Value (RMV), adjusted based on ECONorthwest’s analysis of recent sales prices for existing homes compared to estimated RMV for the same property. ECONorthwest found that the assessor’s RMV estimates were low relative to sales prices, on average, although they varied substantially for individual properties. Lower RMV numbers were generally further below the market sale price than higher RMV numbers, as shown in Exhibit 96.

Exhibit 96: Comparison of Sale Price to RMV, Milwaukie

Source: ECONorthwest analysis of sales transactions from Redfin and RMV from Metro RLIS taxlot data

RMV Range	Average of Sale Price to RMV
<\$350,000	137%
\$350,000-\$450,000	126%
>\$450,000	116%
Overall Average	126%

As noted in Exhibit 95, redevelopment was considered financially feasible if a developer could afford to buy the site at estimated total market value plus 10%. In other words, if the RLV of the potential development was at least 10% above the adjusted RMV of the property, redevelopment was considered financially feasible.

³⁴ The analysis assumes 10% of the buildable parcel area would be needed for circulation and access (either as a shared driveway or as a new street) if more than one prototype could be built on a given lot.

From Infill and Redevelopment Potential to Housing Production

Factors Limiting Infill and Redevelopment

Just because infill or redevelopment is theoretically feasible on a given property does not mean that it will occur. There are several factors that influence how many of the properties that may have infill/redevelopment potential will see further development.

Site Layout

Some properties are large enough to accommodate additional housing without removing the existing home, but the layout of the site makes it difficult or impossible to access the back of the property without impacting the existing structure. (See example in Exhibit 97 below.) Based on a visual review of GIS data, ECONorthwest estimates that this site layout constraint likely affects up to 75% of the parcels identified as having infill potential based on parcel size alone.

Exhibit 97: Example development pattern where site layout may preclude or substantially limit infill potential on lots large enough to add more units

Source: ECONorthwest



Orange lots are large enough for infill, but the building footprint (shown in dark grey) covers much of the front of the lot, leaving little room to provide access to the back yard.

Property Owner Preferences and Other Ways to Add Value

Because, as noted above, whether to pursue infill or redevelopment is up to the property owner (in cases where it is allowed and potentially viable), property owner preferences, property condition, market timing, and other factors play a major role in determining the outcome for a given property. Many property owners value their homes and yards as they are and prefer to retain a large yard than to build on the extra land or sell it to a developer. Infill or redevelopment is more likely to occur after a property is sold, as the next property owner may (in some cases) buy it with the intention of increasing development on the site. However, even when there is infill or redevelopment potential, it is often easier for a buyer or investor to remodel an existing home than to redevelop it or add units to it.

Approaches to Estimating Realistic Infill/Redevelopment Housing Production

ECONorthwest used several approaches to account for the difference between infill/redevelopment potential and housing production, looking at data from a range of sources comparing properties where infill or redevelopment was allowed to properties where infill or redevelopment occurred within a given period of time. These are summarized below, along with the resulting calculations.

Approach 1: Viable Property Sales and Conversion Following Sale

Conversion Following Sale

ECONorthwest collected and analyzed sales transaction data from a neighborhood in southeast Portland where many homes are zoned to allow at least one additional unit. ECONorthwest identified properties that sold for up to \$425,000 in the past five years—a sale price below which anecdotal evidence suggests that redevelopment may be possible in some situations. Among these properties, ECONorthwest identified whether additional housing units were allowed under zoning and whether redevelopment had occurred or was in process based on permit records, using data from Portland Maps. Roughly 25% of the properties included in the analysis that were eligible for additional units were redeveloped with or permitted for more than one new unit as of August 2022.

Properties Available for Sale per Year

ECONorthwest estimated the share of properties within the parcel data set used for the middle housing infill and redevelopment analysis that sold annually based on an average across three years of sales transactions. This showed that an average of 8.7% of the properties in the data set sold per year between 2018 and 2021. This was one input into some of the approaches contemplating potential annual housing production due to middle housing infill or redevelopment.

Approach 1 Calculations for Milwaukie Middle Housing Production

- **1,256** properties were estimated to be viable for infill and/or redevelopment after accounting for sites with access/layout limitations prevalence (see Exhibit 7, page 10).
- **8.7%** of subject parcels sell per year on average
- $1,256 \text{ viable properties} \times 8.7\% \text{ sold per year} = \sim\mathbf{109}$ viable properties available for infill/redevelopment per year
- **~25%** of viable properties in Southeast Portland study area converted following sale
- $109 \text{ viable properties sold per year} \times 25\% \text{ conversion rate} = \sim\mathbf{27}$ properties converted per year
- **3.02** net new units estimated per viable site on average (see Exhibit 9, page 11)
- $27 \text{ properties converted per year} \times 3.02 \text{ net new units per property} = \sim\mathbf{82}$ net new units per year

- 82 net new units per year x 20 years = **~1,640 net new units** over 20 years

Approach 2: Share of Viable Properties Converted Based on Recent Milwaukie Infill

Share of Single-Detached Housing Infill Potential Delivered

ECONorthwest used the 2020 Milwaukie BLI data and the City permit data used to update the BLI in mid-2022 to identify the share of properties that had infill potential based on prior zoning that were permitted for development since the last BLI update. The analysis also broke this out based on the number of additional units allowed by zoning to see if there is a difference between sites eligible to add just a few units (up to 4) compared to those allowed to add more units (5 or more). The data covers only a short period of observation, and single-detached housing infill may differ from middle housing infill, but the data quality is good and covers the same properties included in the middle housing infill and redevelopment analysis.

ECONorthwest found that close to 1% of developed R-MD properties eligible for infill as of 2020 had building permits for additional units by mid-2022, as shown in Exhibit 98, with much higher conversion rate for properties with potential for more than four units. However, the number of units produced on larger properties was a smaller share of the maximum potential, suggesting that the larger sites are more likely to be developed but may not develop to the maximum entitlements.

Exhibit 98: Single-Detached Housing Infill and Redevelopment on Developed R-MD Parcels in Milwaukie by Number of Potential New Units, 2020-2022

Source: ECONorthwest analysis of City of Milwaukie BLI data and building permit data

Potential New Units	R-MD developed properties as of 2020	Converted 2020-2022	% converted 2020-2022	Over 20 years if continued	Units allowed	Units added through infill 2020-2022	Units produced as a % of units allowed	Over 20 years if continued
1-4 units	694	4	0.58%	7.68%	1017	5	0.49%	6.56%
>4 units	44	3	6.82%	90.91%	357	9	2.52%	33.61%
Total	738	7	0.95%	12.65%	1374	14	1.02%	13.59%

Approach 2 Calculations for Milwaukie Middle Housing Production

Exhibit 99 shows the result of applying those 20-year estimated conversion rates for single-detached housing infill from Exhibit 98 to properties identified as likely viable for infill / redevelopment with middle housing, differentiating based on the number of potential new units.

Exhibit 99: Estimates of Middle Housing Infill/Redevelopment Potential on Developed R-MD Parcels at Recent Conversion Rates by Number of Potential New Units

Source: ECONorthwest analysis

Potential New Units	Est. Viable Properties	Est. conversion rate over 20 years	Viable Properties Potentially Converted in 20 years	Est. Viable Units	Est. % of Viable Units Delivered over 20 years	Viable Units Potentially Delivered in 20 years
1-4 units	823	7.68%	63	1747	6.56%	115
>4 units	433	90.91%	393	3163	33.61%	1063
Total	1256	12.65%	456	4910	13.59%	1178

This suggests potential for just under 1,200 units of middle housing through infill and/or redevelopment over 20 years.

Approach 3: Applying Portland Duplex Conversion Rate

Portland Duplex Conversion Over Time

The City of Portland collected and analyzed data on corner lots that were zoned to allow duplexes prior to the passage of the [Residential Infill Project](#) and HB 2001. The analysis did not include any property value or size factors but did differentiate based on location within the City. It calculated what share of all corner lots where duplexes were allowed were converted to a duplex between 1991 and 2020. This analysis showed roughly **3.4%** of corner lots zoned to allow duplexes citywide converted. The City's summary stated:

*"Corner lot duplexes and attached houses have been allowed citywide in R20-R2.5 zones since 1991. An inventory of assessor data showed that in RIP zones, the "capture rate" or utilization of the corner lot duplex provision ranged from 3.4 to 5.4 percent of corner lots depending on their proximity to designated centers."*³⁵

Results are shown in Exhibit 100, below.

Exhibit 100: Portland Corner Lot Duplex Conversion Rates 1991-2020

Source: City of Portland

Corner lot duplexes (R7, R5 and R2.5 zones)		
Pattern Area	All corner lots	Only corner lots within ¼ mile of centers
East	2.0%	2.9%
Inner	4.3%	6.3%
West	0.6%	1.7%
Citywide	3.4%	5.4%

This analysis has some differences from the analysis of middle housing infill and redevelopment potential in Milwaukie, including:

³⁵ City of Portland, "Residential Infill Project, Exhibit A Findings of Fact Report", July 2020, https://www.portland.gov/sites/default/files/2020-08/exhibit_a_rip_findings_adopied1.pdf, Page 224

- Land division was generally not permitted — duplexes were allowed with condominium or rental development only.
- No more than two units were allowed, whereas a greater number of middle housing units could be permitted on many sites in Milwaukie's R-MD zone.
- Units had to be attached, whereas middle housing units in Milwaukie's R-MD zone can be attached or detached.
- The observation period was close to 30 years, compared to a 20-year forecast period for the HCA.
- The market conditions in Portland from 1991 to 2020 likely differ from current market conditions in Milwaukie.

Despite the longer time horizon, most of these factors would tend to limit up-take relative to the City of Milwaukie's zoning provisions that allow detached plexes and, pursuant to Senate Bill 458, allow middle housing land divisions that enable the underlying property to be divided.

Approach 3 Calculations for Milwaukie Middle Housing Production

Applying the Portland's citywide average conversion rate for corner lot duplexes (3.4%), as identified in Exhibit 100, to all developed R-MD properties in Milwaukie with zoned potential for middle housing provides one more reference point for consideration, though it is likely a conservative estimate given the factors described previously.

- **5,795** developed R-MD properties zoned to allow more units x **3.4%** converted over 20+ years = **~197** properties converted over 20+ years
- **3.02** net new units estimated per viable site on average (see Exhibit 9, page 11)
- **~197** properties converted x **3.02** net new units per property = **~596** net new units over 20 years

Appendix C: Additional Information

This appendix includes...

Framework for a Housing Capacity Analysis

This report provides information about how the choices of individual households and the housing market in Clackamas County and Milwaukie have interacted, focusing on implications for future housing need in Milwaukie over the 2023 to 2043 period. This report and the *City of Milwaukie Housing Production Strategy* provide policy options that can influence future housing development, considering opportunities to increase access to affordable housing for lower-income communities and communities of color, as well as housing needs for all residents of Milwaukie.

Statewide Planning Goal 10

The passage of the Oregon Land Use Planning Act of 1974 (ORS Chapter 197) established the Land Conservation and Development Commission (LCDC) and the Department of Land Conservation and Development (DLCD). The Act required the Commission to develop and adopt a set of statewide planning goals. Goal 10 addresses housing in Oregon and provides guidelines for local governments to follow in developing their local comprehensive land use plans and implementing policies.

At a minimum, local housing policies must meet the requirements of Goal 10 and the statutes and administrative rules that implement it (ORS 197.295 to 197.314, ORS 197.475 to 197.490, and OAR 600-008).³⁶ Goal 10 requires incorporated cities to complete an inventory of buildable residential lands. Goal 10 also requires cities to encourage the numbers of housing units in price and rent ranges commensurate with the financial capabilities of its households.

Goal 10 defines needed housing types as “all housing on land zoned for residential use or mixed residential and commercial use that is determined to meet the need shown for housing within an urban growth boundary at price ranges and rent levels that are affordable to households within the county with a variety of incomes, including but not limited to households with low-incomes, very low-incomes and extremely low-incomes.” ORS 197.303 defines needed housing types:

- (a) Housing that includes, but is not limited to, attached and detached single-family housing and multiple family housing for both owner and renter occupancy.

³⁶ ORS 197.296 only applies to cities with populations over 25,000 outside of Metro. Milwaukie is located in the Metro UGB, so ORS 197.296 does not apply to Milwaukie.

- (b) Government assisted housing.³⁷
- (c) Mobile home or manufactured dwelling parks as provided in ORS 197.475 to 197.490.
- (d) Manufactured homes on individual lots planned and zoned for single-family residential use that are in addition to lots within designated manufactured dwelling subdivisions.
- (e) Housing for farmworkers.

DLCD provides guidance on conducting a Housing Capacity Analysis in the document *Planning for Residential Growth: A Workbook for Oregon's Urban Areas*, referred to as the Workbook.

Milwaukie must identify needs for all of the housing types listed above as well as adopt policies that increase the likelihood that needed housing types will be developed. This Housing Capacity Analysis was developed to meet the requirements of Goal 10 and its implementing administrative rules and statutes.

The Metropolitan Housing Rule

OAR 660-007 (the Metropolitan Housing rule) is designed to “assure opportunity for the provision of adequate numbers of needed housing units and the efficient use of land within the Metropolitan Portland (Metro) urban growth boundary.” OAR 660-0070-005(12) provides a Metro-specific definition of needed housing:

"Needed Housing" is defined as housing types determined to meet the need shown for housing within an urban growth boundary at particular price ranges and rent levels.

The Metropolitan Housing Rule also requires cities to develop residential plan designations:

(1) Plan designations that allow or require residential uses shall be assigned to all buildable land. Such designations may allow nonresidential uses as well as residential uses. Such designations may be considered to be "residential plan designations" for the purposes of this division. The plan designations assigned to buildable land shall be specific so as to accommodate the varying housing types and densities identified in OAR 660-007-0030 through 660-007-0037.

OAR 660-007 also specifies the mix and density of new residential construction for cities within the Metro UGB:

“Provide the opportunity for at least 50 percent of new residential units to be attached single family housing or multiple family housing or justify an alternative percentage based on changing circumstances” OAR 660-007-0030 (1).

³⁷ Government assisted (income restricted) housing can be any housing type listed in ORS 197.303 (a), (c), or (d).

OAR 660-007-0035 sets specific density targets for cities in the Metro UGB. Milwaukie's average density target is eight dwelling units per net buildable acre.³⁸

Metro Urban Growth Management Functional Plan

The Metro Urban Growth Management Functional Plan describes the policies that guide development for cities within the Metro UGB to implement the goals in the Metro 2040 Plan.

Title 1: Housing Capacity

Title 1 of Metro's Urban Growth Management Functional Plan is intended to promote efficient land use within the Metro UGB by increasing housing capacity. Each city is required to determine its housing capacity based on the minimum number of dwelling units allowed in each zoning district that allows residential development and maintains this capacity.

Title 1 requires that a city adopt minimum residential development density standards by March 2011. If the jurisdiction did not adopt a minimum density by March 2011, the jurisdiction must adopt a minimum density that is at least 80% of the maximum density.

Title 1 provides measures to decrease development capacity in selected areas by transferring the capacity to other areas of the community. This may be approved as long as the community's overall capacity is not reduced.

Metro's *2019 Compliance Report* concludes that Milwaukie is in compliance with the City's Title 1 responsibilities.

Title 7: Housing Choice

Title 7 of Metro's Urban Growth Management Functional Plan is designed to ensure the production of affordable housing in the Metro UGB. Each city and county within the Metro region is encouraged to voluntarily adopt an affordable housing production goal.

Each jurisdiction within the Metro region is required to ensure that their comprehensive plans and implementing ordinances include strategies to:

- Ensure the production of a diverse range of housing types,
- Maintain the existing supply of affordable housing, increase opportunities for new affordable housing dispersed throughout their boundaries; and
- Increase opportunities for households of all income levels to live in affordable housing (3.07.730).

³⁸ OAR 660-024-0010(6) defines net buildable acres as "43,560 square feet of residentially designated buildable land after excluding future rights-of-way for streets and roads."

Metro's 2019 *Compliance Report* concludes that Milwaukie is in compliance for the City's Title 7 responsibilities.

Data Used in This Analysis

Throughout this report, we used data from multiple well-recognized and reliable data sources. One of the key sources for housing and household data is the U.S. Census. This report primarily uses data from three Census sources:³⁹

- The **Decennial Census** is completed every ten years and is a survey of *all* households in the U.S. The Decennial Census collects detailed household information, such as number of people, household size, race and ethnicity, and age.
- The **American Community Survey (ACS)** is completed every year and is a *sample* of households in the U.S. The ACS collects detailed information about households, including demographics (e.g., number of people, age distribution, ethnic or racial composition, country of origin, language spoken at home, and educational attainment), household characteristics (e.g., household size and composition), housing characteristics (e.g., type of housing unit, year unit built, or number of bedrooms), housing costs (e.g., rent, mortgage, utility, and insurance), housing value, income, and other characteristics. The most up-to-date ACS data available for this report was for the 2015-2019 period.
- **Comprehensive Housing Affordability Strategy (CHAS)** is custom tabulations of American Community Survey (ACS) data from the US Census Bureau for the US Department of Housing and Urban Development (HUD). CHAS data show the extent of housing problems and housing needs, particularly for low-income households. CHAS data are typically used by local governments as part of their consolidated planning work to plan how to spend HUD funds and for HUD to distribute grant funds. The most up-to-date CHAS data covers the 2014-2018 period, which is a year older than the most recent ACS data for the 2015-2019 period.
- **Property Radar** provides real estate sales data.

This report primarily uses data from the 2015-2019 ACS for Milwaukie and comparison areas.⁴⁰ Where information is available and relevant, we report information from the 2000 and 2010

³⁹ It is worth commenting on the methods used for the American Community Survey. The American Community Survey (ACS) is a national survey that uses continuous measurement methods. It uses a sample of about 3.54 million households to produce annually updated estimates for the same small areas (census tracts and block groups) formerly surveyed via the decennial census long-form sample. It is also important to keep in mind that all ACS data are estimates that are subject to sample variability. This variability is referred to as "sampling error" and is expressed as a band or "margin of error" (MOE) around the estimate.

This report uses Census and ACS data because, despite the inherent methodological limits, they represent the most thorough and accurate data available to assess housing needs. We consider these limitations in making interpretations of the data and have strived not to draw conclusions beyond the quality of the data.

⁴⁰ Five-year 2020 ACS data was not available when this report was compiled.

Decennial Census.⁴¹ Among other data points, this report also includes data from Oregon's Housing and Community Services Department, the US Department of Housing and Urban Development, and the City of Milwaukie.

Through this report, we attempt to bring in data about Black, Indigenous, and people of color (BIPOC) where possible in the information, to better explain disproportionate housing burdens for historically underrepresented groups. While this report attempts to make good use of the available data from the Census, it is important to acknowledge that the Census consistently undercounts BIPOC and low-income people. In developing policies, as part of the *Milwaukie Housing Production Strategy*, we will bring in feedback from underrepresented communities through outreach or additional research.

National and State Housing Trends

This appendix presents national and state housing and demographic trends that may affect housing development in Milwaukie.

National Trends⁴²

This brief summary on national housing trends builds on previous work by ECONorthwest as well as Urban Land Institute (ULI) reports, conclusions from *The State of the Nation's Housing* report from the Joint Center for Housing Studies of Harvard University, and other research cited in this section. *The State of the Nation's Housing* report (2021) summarizes the national housing outlook as follows:

Even as the US economy continues to recover, the inequalities amplified by the COVID-19 pandemic remain front and center. Households that weathered the crisis without financial distress are snapping up the limited supply of homes for sale, pushing up prices and further excluding less affluent buyers from homeownership. At the same time, millions of households that lost income during the shutdowns are behind on their housing payments and on the brink of eviction or foreclosure. A disproportionately large share of these at-risk households are renters with low incomes and people of color. While policymakers have taken bold steps to prop up consumers and the economy, additional government support will be necessary to ensure that all households benefit from the expanding economy.

⁴¹ The 2020 Census was completed at the end of 2020. However, extenuating circumstances brought on by the COVID-19 pandemic has led to some challenges with the data. The 2020 Decennial Census data is more limited than usual as a result of the COVID-19 pandemic. Where appropriate, this report uses 2015-2019 ACS data, rather than 2020 Decennial Census data, for up-to-date information.

⁴² These trends are based on information from (1) the Joint Center for Housing Studies of Harvard University's publication "The State of the Nation's Housing 2021," (2) Urban Land Institute, "2022 Emerging Trends in Real Estate," and (3) the US Census.

The domestic housing market sees many, interlocking challenges remaining as the world transitions from the COVID-19 pandemic. An extremely limited inventory of entry-level homes make housing unaffordable for many Americans, especially younger ones. However, the conditions for homebuying are ripe for many, resulting in strong demand in the market and increasing home sales prices to record levels. Furthermore, the costs of labor and materials to build new homes increased steeply. While current amount of new housing starts is robust, newly built homes will not make up the shortfall in residential housing in the near-term, especially for single-dwelling homes. The challenges and trends shaping the housing market are summarized below.

- **A continued bounce back in residential construction was led by an increase in single-dwelling and multi-dwelling housing starts.** After a sharp comeback in summer 2020 led by single-dwelling construction, single-dwelling housing starts fell below a 700,000-unit annual rate in April 2020 due to the COVID-19 pandemic. Following that dip, housing starts nearly doubled to a high of 1,315,000 new housing units in December 2020—marking it as the strongest month for single-dwelling homebuilding in over 13 years—with a consistent annual rate of production since then ranging from 1,061,000 to 1,255,000 units; most recently hitting 1,215,000 in February 2022. Multi-dwelling unit starts followed similar trends, reaching a 33-year high in January 2020 of more than half a million buildings with 5 units or more, then hitting a 6-year low in April 2020 of a quarter million. Since that low, multi-dwelling starts have increased 47%, reaching 501,000 units in February 2022.
- **Strong construction numbers did not alleviate the shortage of existing homes for sale.** Inventories fell from three months in December 2019 to just under two months in December 2020, well below what is considered balanced (six months), with lower-cost and moderate-cost homes experiencing the tightest inventories. While *The State of the Nation's Housing* report cited the COVID-19 pandemic as sharing some blame for these tight conditions, the larger cause was the result of underproduction of new homes since mid-2000s. Restrictive land use regulations, the cost and availability of labor, and the cost of building materials were also cited as constraints on residential development.
- **Homeownership rates slowly, but consistently, increased.** After years of decline, the national homeownership rate increased slightly from 64.4% in 2018 to 65.5% in late 2021. Trends suggest the recent homeownership increases are among householders of all age groups, with households under age 35 making up the largest proportions of this increase. About 88% of net new growth (2013 to 2019) was among households with incomes of \$150,000 or more. Significant disparities also still exist between households of color and white households, with the Black-white homeownership gap being 28.1 percentage points in early 2021 and the Hispanic-white gap at 23.8 percentage points (a 1.8 percentage point decrease from 2019).
- **Housing affordability.** Despite a recent downward trend, 37.1 million American households spent more than 30% of their income on housing (Industry standard used for assessing affordability) in 2019, which is 5.6 million more households than in 2001.

Renter households experienced cost burden at more than double the rate of homeowners (46% versus 21%) with the number of cost-burdened renters exceeding cost-burdened homeowners by 3.7 million in 2019. Affordability challenges were most likely to affect households with low incomes as 60% of renters and nearly half of homeowners earning less than \$25,000 were reported to be severely cost-burdened⁴³ in 2019, as well as one in sixth renters and one in eight homeowners earning between \$25,000 and \$49,999. Households under the age of 25 and over the age of 85 had the highest rates of housing cost burden, as well as households of color.

The Department of Housing and Urban Development's guidelines indicate that households paying more than 30% of their income on housing experience "cost burden" and households paying more than 50% of their income on housing experience "severe cost burden." Using cost burden as an indicator is one method of determining how well a city is providing housing that is affordable to all households in a community.

- **Long-term growth and housing demand.** The Joint Center for Housing Studies forecasts that, nationally, demand for new homes could total as many as 10 million units between 2018 and 2028 if current low immigration levels continue. Much of the demand will come from baby boomers, millennials, Generation Z,⁴⁴ and immigrants. The Urban Land Institute cites an increased acceptance of working from home as increasing demand in more suburban or rural environments over closer-in markets.
- **Growth in rehabilitation market.**⁴⁵ Aging housing stock and poor housing conditions are growing concerns for jurisdictions across the United States. With the median age of the US housing stock rising to 41 years in 2019 from 34 years in 2009, Americans are spending in excess of \$400 billion per year on residential renovations and repairs. As housing rehabilitation becomes the primary solution to address housing conditions, the home remodeling market has grown nearly \$20 billion in 2017, topping out at \$433 billion in 2021.

Despite trends showing growth in the rehabilitation market, rising construction costs and complex regulatory requirements pose barriers to rehabilitation. Lower-income households (who are more likely to live in older housing than higher-income households), or households on fixed incomes, may defer maintenance for years due to limited financial means, escalating rehabilitation costs. At a certain point, the cost of

⁴³ A household is considered cost-burdened if they spent 30% or more of their gross income on housing costs. They are severely cost burdened if they spent 50% or more of their gross income on housing costs.

⁴⁴ According to the Pew Research Center, millennials were born between the years of 1981 to 1996 and Generation Z were born between 1997 and 2012 (inclusive). Read more about generations and their definitions here: <http://www.pewresearch.org/fact-tank/2018/03/01/defining-generations-where-millennials-end-and-post-millennials-begin/>.

⁴⁵ These findings are copied from the Joint Center for Housing Studies. (2021). Improving America's Housing, Harvard University. Retrieved from: https://www.jchs.harvard.edu/sites/default/files/Harvard_JCHS_Improving_Americas_Housing_2019.pdf

improvements may outweigh the value of the structure, which may necessitate new responses such as demolition or redevelopment. Regardless, there is a rising urgency with the aging housing stock particularly in regard to increased disaster events caused by climate change. In 2019 spending on disaster repairs hit a record high of 10% of total rehabilitation spending and 2020 saw a record number of billion-dollar climate-related disasters.

- **Declining residential mobility.**⁴⁶ Residential mobility rates have declined steadily since 1980. Nearly one in five Americans moved every year in the 1980s, compared to one in ten Americans between 2018 and 2019. While residential mobility took a further dip in the initial stages of the COVID-19 pandemic, soon conditions emerged that encouraged homebuying, such as historically low mortgage rates, moves toward and the ensuing normalization of working from home, and a growing number of first-time Millennial buyers. Due to such conditions, existing home sales rose by more than 20% year over year from September 2020 through January 2021. These optimal buying conditions have created competition that puts an additional squeeze on the nationwide housing shortage, likely further dampening residential mobility.

Other reasons for decline in residential mobility include factors such as demographic, housing affordability, and labor-related changes. For instance, as baby boomers and millennials age, mobility rates are expected to fall, as people typically move less as they age. Harvard University's Research Brief (2020) also suggests that increasing housing costs could be preventing people from moving if they are priced out of desired neighborhoods or if they prefer to stay in current housing as prices rise around them. Other factors that may impact mobility include the rise in dual-income households (which complicates job-related moves), the rise in work-from-home options, and the decline in company-funded relocations. While decline in mobility rates span all generations, they are greatest among young adults and renters, two of the more traditionally mobile groups.

- **Changes in housing demand.** Housing demand will be affected by changes in demographics, most notably the aging of baby boomers, housing preferences of millennials and Generation Z, and growth of immigrants.
 - *Baby boomers.* In 2020, the oldest members of this generation were in their seventies and the youngest were in their fifties. The continued aging of the baby boomer generation will affect the housing market. In particular, baby boomers will influence housing preference and homeownership trends. Preferences (and needs) will vary for boomers moving through their sixties, seventies, and eighties (and beyond). They will require a range of housing opportunities. For example, "aging baby boomers are increasingly renters-by-choice, [preferring] walkable, high-energy, culturally evolved communities."⁴⁷ Many seniors are also moving to planned retirement

⁴⁶ Frost, R. (2020). "Are Americans stuck in place? Declining residential mobility in the US." Joint Center for Housing Studies of Harvard University's Research Brief.

⁴⁷ Urban Land Institute. Emerging Trends in Real Estate, United States and Canada. 2019.

destinations earlier than expected, as they experience the benefits of work-from-home trends (accelerated by COVID-19). Additionally, the supply of caregivers is decreasing as people in this cohort move from giving care to needing care, making more inclusive, community-based, congregate settings more important. Senior households earning different incomes may make distinctive housing choices. For instance, low-income seniors may not have the financial resources to live out their years in a nursing home and may instead choose to downsize to smaller, more affordable units. Seniors living in proximity to relatives may also choose to live in multigenerational households.

Research shows that “older people in western countries prefer to live in their own familiar environment as long as possible,” but aging in place does not only mean growing old in their own homes.⁴⁸ A broader definition exists, which explains that aging in place means “remaining in the current community and living in the residence of one’s choice.”⁴⁹ Some boomers are likely to stay in their home as long as they are able, and some will prefer to move into other housing products, such as multi-dwelling housing or age-restricted housing developments, before they move into to a dependent-living facility or into a familial home. Moreover, “the aging of the US population, [including] the continued growth in the percentage of single-person households, and the demand for a wider range of housing choices in communities across the country is fueling interest in new forms of residential development, including tiny houses.”⁵⁰

- *Millennials.* Over the last several decades, young adults have increasingly lived in multigenerational housing—more so than older demographics.⁵¹ However, as millennials move into their early to mid-thirties, postponement of family formation is ending, and millennials are more frequently becoming homeowners, frequently of detached, single-dwelling homes.

At the beginning of the 2007–2009 recession, millennials only started forming their own households. The number of millennials homeowners have seen an uptick over the past few years. While the overall U.S. homeownership rate slowly decreased from 2009 to 2019, the millennial homeownership rate increased from 33% in 2009 to 43% in 2019, with 6% of that growth since 2016. The age group of 35 years old and younger accounted for about 15% of the annual household growth in 2019, up from about 10% in 2018. Older millennials (those age 35–44) also accounted for a growing share of growth in homeownership.⁵² However, racial disparities also exist in

⁴⁸ Vanleerberghe, Patricia, et al. (2017). The quality of life of older people aging in place: a literature review.

⁴⁹ *Ibid.*

⁵⁰ American Planning Association. Making Space for Tiny Houses, Quick Notes.

⁵¹ According to the Pew Research Center, in 1980, just 11% of adults aged 25 to 34 lived in a multigenerational family household, and by 2008, 20% did (82% change). Comparatively, 17% of adults aged 65 and older lived in a multigenerational family household, and by 2008, 20% did (18% change).

⁵² The Joint Center for Housing Studies of Harvard University’s publication “The State of the Nation’s Housing 2021”

millennial homeownership rates, with Non-Hispanic White homeowners accounting for 53%, Hispanic homeowners for 35%, and Black homeowners for 21%.⁵³

As this generation continues to progress into their homebuying years, they will seek out affordable, modest-sized homes. This will prove challenging as the market for entry-level single-dwelling homes has remained stagnant. Although construction of smaller homes (< 1,800 sq. ft.) increased in 2019, it only represented 24% of single-dwelling units.

Millennials' average wealth may remain far below boomers and Gen Xers, and student loan debt will continue to hinder consumer behavior and affect retirement savings. As of 2022, millennials comprised 43% of home buyers, while Gen Xers comprised 22% and boomers 29%.⁵⁴ "By the year 2061, it is estimated that \$59 trillion will be passed down from boomers to their beneficiaries," presenting new opportunities for millennials (as well as Gen Xers).⁵⁵

- *Generation Z.* In 2020, the oldest members of Generation Z were in their early twenties and the youngest in their early childhood years. By 2040, Generation Z will be between 20 and 40 years old. While they are more racially and ethnically diverse than previous generations, when it comes to key social and policy issues, they look very much like millennials. Generation Z enters into adulthood with a strong economy and record-low unemployment, despite the uncertainties of the long-term impacts of COVID-19 Pandemic.⁵⁶

Gen Z individuals have only just started entering the housing market in the past few years, and with a maximum age range of 23 as of 2022, this age cohort is the smallest so far in terms of home buyers and sellers, accounting for 2% of each type. While researchers do not yet know how Generation Z will behave in adulthood, many expect they will follow patterns of previous generations.⁵⁷ A segment is expected to move to urban areas for reasons similar to previous cohorts (namely, the benefits that employment, housing, and entertainment options bring when they are in close proximity). However, this cohort is smaller than millennials (67 million vs. 72 million), which may lead to slowing real estate demand in city centers.

⁵³ "Millennials and Housing: Homeownership Demographic Research." Freddie Mac Single-Family, 2021. https://sf.freddiemac.com/content/_assets/resources/pdf/fact-sheet/millennial-playbook_millennials-and-housing.pdf.

⁵⁴ National Association of Realtors. (2020). 2020 Home Buyers and Sellers Generational Trends Report, March 2020. Retrieved from: <https://www.nar.realtor/research-and-statistics/research-reports/home-buyer-and-seller-generational-trends>

⁵⁵ PNC. (n.d.). Ready or Not, Here Comes the Great Wealth Transfer. Retrieved from: <https://www.pnc.com/en/about-pnc/topics/pnc-pov/economy/wealth-transfer.html>

⁵⁶ Parker, K. & Igielnik, R. (2020). On the cusp of adulthood and facing an uncertain future: what we know about gen Z so far. Pew Research Center. Retrieved from: <https://www.pewsocialtrends.org/essay/on-the-cusp-of-adulthood-and-facing-an-uncertain-future-what-we-know-about-gen-z-so-far/>

⁵⁷ "2021 Home Buyers and Sellers Generational Trends Report." National Association of Realtors, 2021. <https://www.nar.realtor/sites/default/files/documents/2021-home-buyers-and-sellers-generational-trends-03-16-2021.pdf>.

- *Immigrants.* Research on foreign-born populations shows that immigrants, more than native-born populations, prefer to live in multigenerational housing. Still, immigration and increased homeownership among minorities could also play a key role in accelerating household growth over the next 10 years. Current Population Survey estimates indicate that the number of foreign-born households rose by nearly 400,000 annually between 2001 and 2007, and they accounted for nearly 30% of overall household growth. Beginning in 2008, the influx of immigrants was staunch by the effects of the Great Recession. After a period of declines, the foreign-born population again began contributing to household growth, despite decline in immigration rates in 2019. The Census Bureau’s estimates of net immigration in 2021 indicate that just 247,000 immigrants moved to the United States from abroad, down from a previous high of 1,049,000 between 2015-2016.⁵⁸ As noted in *The State of the Nation’s Housing* 2020 report, “because the majority of immigrants do not immediately form their own households upon arrival in the country, the drag on household growth from lower immigration only becomes apparent over time.”
- *Diversity.* The growing diversity of American households will have a large impact on the domestic housing markets. Over the coming decade, minorities will make up a larger share of young households and constitute an important source of demand for both rental housing and small homes. The growing gap in homeownership rates between White and Black/African American households, as well as the larger share of minority households that are cost burdened, warrants consideration. White households had a 74.4% homeownership rate in 2021 compared to a 43.1% rate for Black households⁵⁹. This 30-percentage point gap is the largest disparity since 1983. Although homeownership rates are increasing for some minorities, Black and Hispanic households are more likely to have suffered disproportionate impacts of the pandemic and forced sales could negatively impact homeownership rates. This, combined with systemic discrimination in the housing and mortgage markets and lower incomes relative to white households, leads to higher rates of cost burden for some groups of people. For example, of renters in arrears, Black renters account for 29% and Hispanic renters for 21%, compared to white renters at 11%. Additionally, for low-income renters earning less than \$25,000, Hispanic and Black renters faced higher cost burden rates (86 and 8 %respectively) than white renters at 80%. For low-income homeowners, 72% of Hispanics, 74% of Blacks and 84% of Asians faced cost burdens, compared to 68% of white households. As noted in *The State of the Nation’s Housing* (2020) report, “the impacts of the pandemic have shed light on the growing racial and income disparities in the nation between the nation’s haves and have-nots are the legacy of decades of discriminatory practices in the housing market and in the broader economy.”

⁵⁸ Jason Schachter, Pete Borsella, and Anthony Knapp (US Census, December 21, 2021), <https://www.census.gov/library/stories/2021/12/net-international-migration-at-lowest-levels-in-decades.html>.

⁵⁹ “Federal Reserve Economic Data: Fred: St. Louis Fed,” Federal Reserve Economic Data (Federal Reserve Bank of St. Louis), accessed April 18, 2022, <https://fred.stlouisfed.org/>.

- **Changes in housing characteristics.** The US Census Bureau's Characteristics of New Housing Report (2020) presents data that show trends in the characteristics of new housing for the nation, state, and local areas. Several long-term trends in the characteristics of housing are evident from the New Housing Report:⁶⁰
 - *Larger single-dwelling units on smaller lots.* Between 2000 and 2020, the median size of new single-dwelling dwellings increased by nearly 10% nationally, from 2,057 sq. ft. to 2,261 sq. ft., and 14% in the western region from 2,014 sq. ft. in 1999 to 2,242 2,279 sq. ft. in 2020. Moreover, the percentage of new units smaller than 1,400 sq. ft. nationally decreased by a half, from 14% in 2000 to 7% in 2020. The percentage of units greater than 3,000 sq. ft. increased from 18% in 2000 to 23% of new single-dwelling homes completed in 2020. In addition to larger homes, a move toward smaller lot sizes was seen nationally. Between 2010 and 2020, the percentage of lots less than 7,000 sq. ft. increased from 25.5% to 34.8% of lots.

Based on national study about home buying preferences that differ by race/ethnicity, African American home buyers wanted a median unit size of 2,664 sq. ft. compared to 2,347 sq. ft. for Hispanic buyers, 2,280 sq. ft. for Asian buyers, and 2,197 sq. ft. for white buyers.⁶¹ This same study found that minorities were less likely to want large lots.

- *Larger multi-dwelling units.* Between 2000 and 2020, the median size of new multi-dwelling dwelling units increased by 4.6% nationally. In the western region, the median size increased by 3.6%. Nationally, the percentage of new multi-dwelling units with more than 1,200 sq. ft. increased from 29.5% in 2000 to 32.8% in 2020 and increased from 23.3% to 25.2% in the western region.
- *Household amenities.* Across the United States since 2013, an increasing number of new units had air-conditioning (fluctuating year by year at over 90% for both new single-dwelling and multi-dwelling units). In 2000, 93% of new single-dwelling houses had two or more bathrooms, compared to 96.8% in 2020. The share of new multi-dwelling units with two or more bathrooms decreased from 55% of new multi-dwelling units to 42.6%. As of 2020, 92% of new single-dwelling houses in the United States had garages for one or more vehicles (from 88% in 2000). Additionally, if work-from-home dynamics remain a more permanent option, then there may be rising demand for different housing amenities such as more space for home offices or larger yards for recreation.
- *Shared amenities.* Housing with shared amenities grew in popularity, as it may improve space efficiencies and reduce per-unit costs/maintenance costs. Single-room

⁶⁰ US Census Bureau, Highlights of Annual 2020 Characteristics of New Housing. Retrieved from: <https://www.census.gov/construction/chars/highlights.html>

⁶¹ Quint, Rose. (April 2014). *What Home Buyers Really Want: Ethnic Preferences*. National Association of Home Builders.

occupancies (SROs),⁶²cottage clusters, cohousing developments, and multi-dwelling products are common housing types that take advantage of this trend. Shared amenities may take many forms and include shared bathrooms, kitchens, other home appliances (e.g., laundry facilities, outdoor grills), security systems, outdoor areas (e.g., green spaces, pathways, gardens, rooftop lounges), fitness rooms, swimming pools, tennis courts, and free parking.⁶³

State Trends

In August 2019, the State of Oregon passed statewide legislation—Oregon House Bill 2001 and 2003. **House Bill 2001 (HB2001)** required many Oregon communities to accommodate middle housing within single-family neighborhoods. “Medium cities”—those with 10,000 to 25,000 residents outside the Portland metro area—are required to allow duplexes on each lot or parcel where a single-family home is allowed. “Large cities”—those with over 25,000 residents and nearly all jurisdictions in the Portland metro urban growth boundary (UGB)—must meet the same duplex requirement, in addition to allowing single-family homes and triplexes, fourplexes, town homes, and cottage clusters in all areas that are zoned for residential use. Note that the middle housing types (other than duplexes) do not have to be allowed on *every* lot or parcel that allows single-family homes, which means that larger cities maintain some discretion.

Middle housing is generally built at a similar scale as single-family homes but at higher residential densities. It provides a range of housing choices at different price points within a community.

House Bill 2003 (HB2003) envisions reforming Oregon’s housing planning system from a singular focus (on ensuring adequate available land) to a more comprehensive approach that also achieves these critical goals: (1) support and enable the construction of sufficient units to accommodate current populations and projected household growth and (2) reduce geographic disparities in access to housing (especially affordable and publicly supported housing). In that, HB 2003 required the development of a methodology for projecting *regional* housing need and required allocating that need to local jurisdictions. It also expanded local government responsibilities for planning to meet housing need by requiring cities to develop and adopt housing production strategies.

Oregon developed its *2021-2025 Consolidated Plan*, which includes a detailed housing needs analysis as well as strategies for addressing housing needs statewide. The plan concluded that

⁶² Single-room occupancies are residential properties with multiple single-room dwelling units occupied by a single individual. From: US Department of Housing and Urban Development. (2001). *Understanding SRO*. Retrieved from: <https://www.hudexchange.info/resources/documents/Understanding-SRO.pdf>

⁶³ Urbsworks. (n.d.). Housing Choices Guidebook: A Visual Guide to Compact Housing Types in Northwest Oregon. Retrieved from: https://www.oregon.gov/lcd/Publications/Housing-Choices-Booklet_DIGITAL.pdf

Saiz, Albert and Salazar, Arianna. (n.d.). Real Trends: The Future of Real Estate in the United States. Center for Real Estate, Urban Economics Lab.

the “state’s performance in accomplishing past goals has been very strong, and project areas of focus remain consistent with the current needs identified in this new five-year plan. Tenant based rental assistance, in particular, has demonstrated strong demand, as has the ongoing need for rental units (including those newly developed) which meet fair market rent standards, and community facilities. The unusual events during 2020—the COVID-19 pandemic and historical wildfire activity—tilt current needs and priorities toward housing stability efforts, as well as community health care projects and access to telehealth services.” It identified the following top needs in its Needs Assessment:⁶⁴

- The most common housing problem in Oregon is cost burden. Nearly 390,000 households pay more than 30% of their incomes in housing costs, up by 7% since the last five-year Consolidated Plan. Renters are more likely to be cost burdened. About 27% of Oregon renters households were found to be severely cost burdened. This proportion increased significantly from 2000 (19%) and disproportionate falls on persons of color in the state: more than 50% of households with persons of color are cost burdened compared to 34% of white households.
- Cost burden largely affects those with lower incomes—especially extremely low and very low-income renters, who have cost burden rates of 70 and 76%, respectively.
- According to Oregon’s Statewide Housing Plan for 2019-2023, more than 85,000 units affordable to extremely low-income households (making less than 30% AMI) are needed to meet demand and more than 26,000 units affordable to moderate income households, making 50% to 80% AMI are needed to meet demand. This is down from the previous gap of 102,500 units in the 2016-2021 Plan.

By income range and special need, the estimated needs of Oregon households include the following:

- Extremely low-income families—those earning incomes below the poverty level—total nearly 182,000 households in Oregon. Those with unmet housing needs will grow by 10,000 over the next five years.
- Low-income families—those earning incomes between the poverty level and the median income—total 261,000 in Oregon. Their needs will grow by much less (8,300 additional households) over the next five years.
- Elderly households (62+) total nearly 905,381 and live in 526,675 households. Of these households, 23% have unmet housing needs. Those with unmet housing needs are expected to grow by 7,000 households by 2025. Many of these needs will take the form of home accessibility modifications, home repairs, and home health care, as seniors make up a large share of residents who live alone and who have disabilities. Frail elderly

⁶⁴ These conclusions are copied directly from the report, Oregon’s 2021–2025 Consolidated Plan. Retrieved from: <https://www.oregon.gov/ohcs/development/Documents/conplan/2021-2025%20Action%20Plan/State-of-Oregon-2021-2025-Consolidated-Plan-Final-with-appendices.pdf>.

(defined as an elderly person who requires assistance with three or more activities of daily living) total 61,518 residents.

- Oregon residents with disabilities total 581,000 and occupy 428,000 households. By 2025, these households with needs will grow by nearly 12,000.
- More than 300,000 persons in Oregon struggled with substance abuse challenges before the COVID-19 pandemic occurred, and these needs have grown during the pandemic. Oregonians who have ever had mental health challenges total 757,000 with 172,000 having serious mental health challenges.
- Approximately 178,000 residents 18 and older in Oregon have experienced some type of domestic violence, dating violence, sexual assault and/or stalking by an intimate partner in the previous year. In the most severe cases, these victims must leave their homes—an estimated 4,200 residents who are victims of domestic violence in Oregon require housing services each year.
- Nearly 16,000 people were identified as experiencing houselessness in Oregon in 2019, an increase of 13% since 2017. Two in three are unsheltered.
- Nearly 17,000 households live in substandard housing, based on Census surveys of housing units lacking complete plumbing or kitchen facilities. The number of households in substandard housing decreased by 4% compared to the 2021-2025 plan.
- Approximately 29,000 households live in units that are either overcrowded or severely overcrowded. The number of households in overcrowded conditions increased by 19% since the last plan. For housing to be considered affordable, a household should pay up to one-third of their income toward rent, leaving money left over for food, utilities, transportation, medicine, and other basic necessities.

As part of the Consolidated Plan's Stakeholder perspective, activities to address urgent housing needs selected by the greatest number of respondents were:

- Housing activities that result in more rental units for households with income below 60% of AMI and households with incomes between 60% and 80% of AMI; emergency shelters for people who are houseless; and transitional housing for people moving out of houselessness;
- Repurposing vacant buildings for affordable housing; and
- Affordable and accessible housing for people with disabilities.
- In 2022, minimum wage in Oregon⁶⁵ was \$12.75, compared to \$14.00 in the Portland metro and \$12.00 for nonurban counties.

⁶⁵ The 2016 Oregon Legislature, Senate Bill 1532, established a series of annual minimum wage rate increases beginning July 1, 2016, through July 1, 2022. Retrieved from: <https://www.oregon.gov/boli/whd/omw/pages/minimum-wage-rate-summary.aspx>

Oregon developed its *Statewide Housing Plan 2019-2023* in 2019.⁶⁶ The Plan identified six housing priorities to address in communities across the state over the 2019 to 2023 period (summarized below). In January 2022, Oregon Housing and Community Services (OHCS) released a summary of their progress.⁶⁷ The following section includes summaries and excerpts from their status report:

- **Equity and Racial Justice.** *Advance equity and racial justice by identifying and addressing institutional and systemic barriers that have created and perpetuated patterns of disparity in housing and economic prosperity.*

OHCS continued its built relationships, tools, and connections to further its equity and racial justice focus. OHCS continued to gather and update Culturally Specific Organization (CSO) list, tracking funding received by CSOs. OHCS developed customized tools for equity and racial analysis and got ready to start equity and inclusion training for OHCS staff and committee chairs

- **Houselessness.** *Build a coordinated and concerted statewide effort to prevent and end houselessness, with a focus on ending unsheltered houselessness of Oregon's children and veterans.*

The Homeless Services Section (HSS) made progress in demonstrating increased Housing Stability with 26,940 households paid out via the Oregon Emergency Rental Assistance Program. Additional staffing and funding (\$100 million) were secured in order to build a program of eviction prevention. OHCS developed a dashboard to provide transparency into processing, equity, and capacity issues related to houselessness. OHCS executed grant agreements with HSS providers to deliver strategic housing stability services for those that have not been able to access supports. Work is ongoing to enter more partnerships with new investments in eviction prevention.

- **Permanent Supportive Housing.** *Invest in permanent supportive housing (PSH), a proven strategy to reduce chronic houselessness and reduce barriers to housing stability.*

OHCS funded and/or created 915 of their 1,000 PSH-unit targets. In addition, 416 of the 916 supportive home units were funded with PSH resource. Other accomplishments were developing a compliance and monitoring plan for PSH, distribution of service funds, outreach to partners to ensure PSH resource information is reaching tribal and rural partners, and a hiring staff to support the PSH program.

- **Affordable Rental Housing.** *Work to close the affordable rental housing gap and reduce housing cost burden for low-income Oregonians.*

⁶⁶ This section uses many direct excerpts from the OHCS Statewide Housing Plan 2019-2023. Oregon Statewide Housing Plan. <https://www.oregon.gov/ohcs/Documents/swhp/SWHP-Report-Y1-Summary.pdf>

⁶⁷ This section uses many direct excerpts from the OHCS Statewide Housing Plan, Year 3 Quarter 1 Update September 2021 Report to HSC. Oregon Statewide Housing Plan, Status Reports. <https://www.oregon.gov/ohcs/Documents/swhp/01-07-2022-JAN-SWHP-Quarterly-Summary.pdf>

OHCS funded and/or created 18,329 affordable rental homes of their 25,000-home target. OHCS developed internal tools such as a reporting matrix for analysis of sub-contracts and an incorporated Compliance Policy and conducted community outreach with a tribal housing workgroup rules committee. OHCS also conducted a survey to get initial feedback on key program topics and projected changes, along with additional outreach on related issues.

- **Homeownership.** *Provide more low and moderate-income Oregonians with the tools to successfully achieve and maintain homeownership, particularly in communities of color.*

OHCS assisted 1,187 households in becoming successful homeowners, part of its target to assist a total of 6,500 homes. OHCS made strides in double the number of homeowners of colors in its homeownership programs. OHCS launched new programs to support homeownership, including lending programs. In order to align programs with the needs of communities of color, OHCS developed relationships with underrepresented organizations, maintained addressing the needs of Communities of Color as a focus in its programmatic frameworks, and regularly shared and encouraged training opportunities with its team.

- **Rural Communities.** *Change the way OHCS does business in small towns and rural communities to be responsive to the unique housing and service needs and unlock the opportunities for housing development.*

OHCS focused on developing a better understanding of rural community needs and increasing rural capacity to build more affordable housing. OHCS hired a program manager for rural communities and delivered funding for multiple direct awards, increased funding for CSOs, and updated its Land Acquisition Program to include new funding amounts and set asides. OHCS funded and/or created 2,158 units in rural communities out of a total of 2,543 units in the 5-year goal, or 85% of its target.

Impacts of Racism on Housing Opportunities in Clackamas County

Within Oregon and Clackamas County, historical policies affected and continue to affect availability of housing for BIPOC. These include (but are not limited) to the following governmental policies.

- **Racial exclusion and discrimination** in Oregon predate the ratification of the 14th amendment, the Chinese Exclusion Act, the Civil Rights Movement, and its statehood. Oregon's historical discriminatory practices are not isolated to one particular racial or ethnic group; rather, they embodied European exceptionalism, ensured Anglo-American dominance, and provided white settlers and residents with advantages over non-white settlers. While some of these practices took place hundreds of years ago, others were carried well into the twentieth century, creating lasting impacts on the communities they targeted. These practices have shaped what Oregon's communities look like today.
- **Neighborhood Segregation and Housing Biases** exhibited in Redlining, or the denial of services—including financial—based on race or ethnicity, was carried out in Oregon

until the 1990s, long after the Fair Housing Act of 1968 was passed. In Clackamas County, private sellers, lending institutions, and real estate developers utilized racial covenants and exclusionary zoning to establish and maintain segregated neighborhoods in the early twentieth century. Some of these exclusionary communities would go on to become the county's most affluent areas.⁶⁸

- **Exclusionary zoning** was used by Clackamas County to ensure its image of affluence. With the passage of Oregon Senate Bill 212 (1919), cities were allowed to create and enforce land use ordinances and form planning commissions. Twenty years later, Clackamas County became deeply involved in the planning process, regulating industrial zones and establishing limitations for housing density and restrictions against multi-dwelling development.⁶⁹
- **Economic inequalities**, following the Great Recession, among non-White communities became further pronounced. Black people experienced unemployment rates double that of White people following the downturn while Native Americans had an unemployment rate 70 percent higher.⁷⁰ Milwaukie and Clackamas County have a considerable amount of work to do to address the historical inequalities, through development of new policies that support integrating equity into their decision-making systems.

⁶⁸ Portland State University. 2019. *Invisible Walls: Housing Discrimination in Clackamas County*, HST 4/595, Public History Seminar: Understanding Residential Segregation in Oregon

⁶⁹ Portland State University. 2019. *Invisible Walls: Housing Discrimination in Clackamas County*, HST 4/595, Public History Seminar: Understanding Residential Segregation in Oregon

⁷⁰ Bates, L.K., A., Curry-Stevens, and Coalition of Communities of Color. 2014. *The African American Community in Multnomah County: An Unsettling Profile*. Portland, OR: Portland State University; Curry-Stevens, A., A. Cross-Hemmer, and Coalition of Communities of Color. 2011. *The Native American Community in Multnomah County: An Unsettling Profile*. Portland, OR: Portland State University.

Milwaukie

Housing Production Strategy

May 2023

Prepared for: City of Milwaukie

Draft Report

ECONorthwest

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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	13
EVALUATION CRITERIA FOR ACTIONS IN THE HPS	15
IMPLEMENTATION CONSIDERATIONS.....	17
FUNDING THE ACTIONS	19
POTENTIAL PARTNERS	21
MONITORING OUTCOMES OF THE HPS	22
IMPLEMENTATION TIMELINE	24
RECOMMENDATIONS FOR FUTURE ACTIONS	26
APPENDIX A: REQUIREMENTS OF A HOUSING PRODUCTION STRATEGY	28
REPORT REQUIREMENTS.....	28
MONITORING OUTCOMES OF THE HPS	29
APPENDIX B: EXISTING POLICIES AND BARRIERS TO DEVELOPMENT	30
EXISTING AND EXPECTED BARRIERS TO DEVELOPMENT OF NEEDED HOUSING.....	31
APPENDIX C: STAKEHOLDER INVOLVEMENT	33
SUMMARY OF HOUSING OUTREACH PRIOR TO THE HPS	33
SUMMARY OF OUTREACH IN THE HPS	34
APPENDIX D: DETAILS OF EACH ACTION	39
ACTIONS UNDER CONSIDERATION FOR INCLUSION IN THE HPS.....	39
FUNDING SOURCES	57
APPENDIX E: EVALUATION: ACHIEVING FAIR AND EQUITABLE HOUSING OUTCOMES	62
EVALUATION OF THE POLICIES AND STRATEGIC ACTIONS	62
APPENDIX F: SUMMARY OF RECENT CITY HOUSING POLICIES AND ACTIONS.....	69
APPENDIX G: PRE-HPS SURVEY	76

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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 average rents 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).** BIPOC are more likely to rent their homes and to live in multifamily housing (except Asian) 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 are intended to provide the City with additional options to support affordable housing development and preservation. Individually, they 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 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 grey 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 requires 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 densities 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 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 grey 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, mid-term 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.

A 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, 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 in 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.

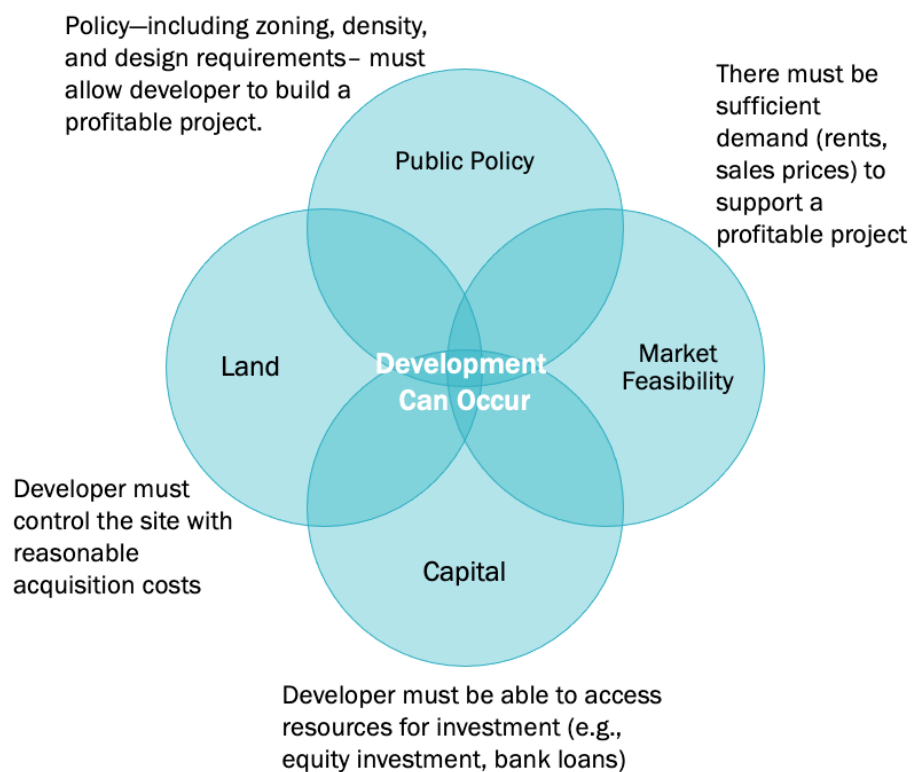
The HPS focuses on strategies that increase the possibility developers can produce housing for low- and middle-income households. Housing at this part of the income spectrum, and housing that meets the special needs of specific groups, usually requires public intervention.

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
Identify unmet housing needs, such as lower-income cost-burdened households. Identify vulnerable people within the community who are at risk or who could benefit from access to more affordable housing.	Engage community members to learn about their priorities, needs, and challenges to affordable housing. Build community awareness and support through the engagement process. Continue engagement in implementation of the actions within the HPS.	Ensure that the actions in the HPS address Milwaukie's unmet housing needs. 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.	Develop measurements to understand the impact and progress toward increasing equity of the actions.

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 to 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 in the 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 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 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 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

More than 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.

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.

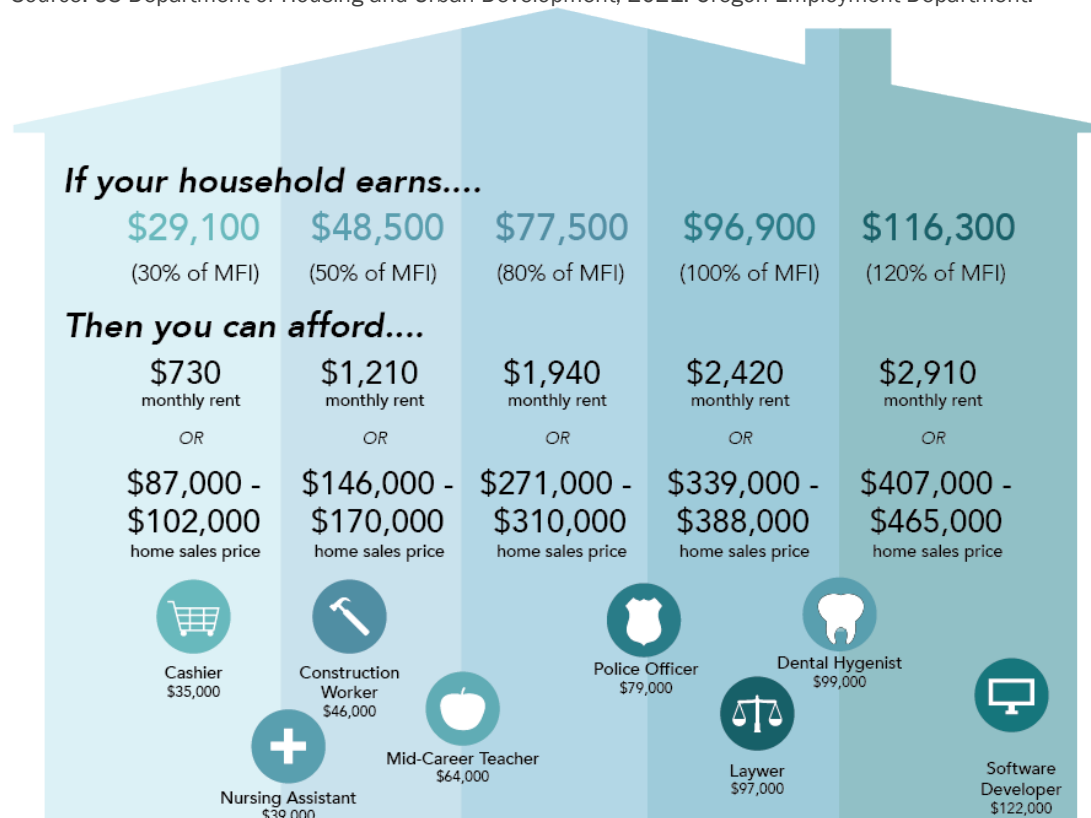
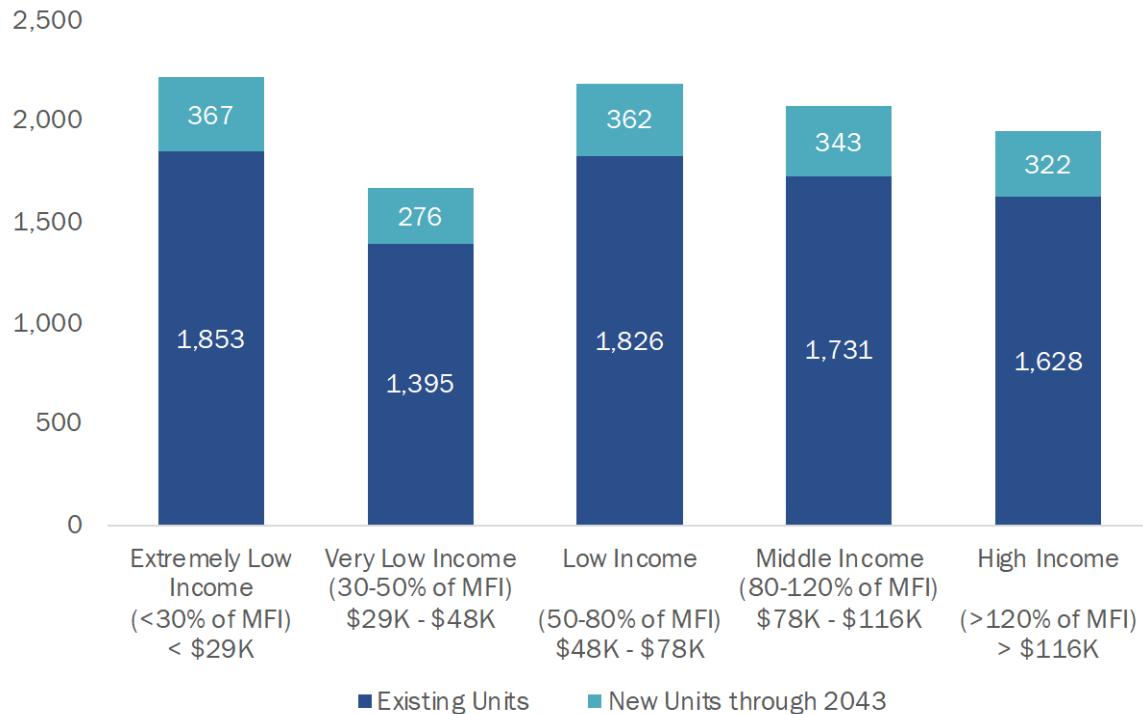


Exhibit 6 shows that 39% of Milwaukie's households had incomes less than 50% of Median Family Income (MFI) (\$48,450) and cannot afford a two-bedroom apartment at the region's HUD Fair Market Rent (FMR) of \$1,735 in 2021.

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 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 more \$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 \$54,126.9 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) of between \$1,210 to \$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 developing 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) of between \$1,940 to \$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 Natives, Native Hawaiian or Pacific Islanders, 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 Natives Alone and Native Hawaiian/Pacific Islander had the lowest rates of home ownership (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 as well 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 Recommendation for Future Actions in Milwaukie, beyond those included in the table below.

Exhibit 8. Summary of Actions in the HPS

Note: Cells with grey 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 requires 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 densities 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 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 grey 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 each action for potential limitations, risks, or funding and revenue implications associated with implementing each action. Any one of the potential limitations, risks for 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 on-going 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 grey 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 On-going implementation of MUPTE 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 dollars 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 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.

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	New 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 home ownership 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, or chose 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	On-going						
H. Revolving Loan Fund for Homeownership Assistance				Evaluate	Council Decision	Implement	
I. Urban Renewal / Tax Increment Finance (TIF)	On-going, as funding is available						
J. Construction Excise Tax	On-going, 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 towards 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 review by staff with the Department of Land Conservation and Development (DLCD).

The HPS is required to include the following information. It is noted what chapter this information is included in, in this report:

- **Contextualized Housing Need and Engagement** (Chapter 2 and Appendix C in this report) should provide information about the socio-economic 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 non-profit 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 townhouses, 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 non-profit 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 density than the 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 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 near jobs (or with easy access to jobs). Land in these locations is often higher-cost and may not currently be zoned to allow multi-unit 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 to 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 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 community-wide 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 to 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 accessibly 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 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 of 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 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 houselessness 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 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 nonprofits' 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 pricing. Land trusts are most commonly used as a method for supporting affordable home ownership 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 such as conveying City-owned land or contribute funds to an existing non-profit 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 multi-family 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 non-profit 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 housing affordable development.

Long-Term Affordability Considerations

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

Implementation Steps

Land Banking

- Re-assess 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. SDC's 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 will 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 enables 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 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 have the ability to 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 that for low-income housing, 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 tax is 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 an MUPTE ordinance.
- Establish annual reporting and administration procedures.

Funding or Revenue Implications

Developing and on-going 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 density than the 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 an 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 provide opportunities for people to socialize, shop, and recreate together.

Partners and their Role

Lead Partner. Community Development Department

Partners. Market-rate developers, non-profit 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 multi-unit more 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 densities 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 incentives 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 home ownership 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 non-profit 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.

Partners and their Role

Lead Partner. Community Development Department

Partners. Market-rate developers, non-profit 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, non-profit 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 existing 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 non-profit 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-\$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-\$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-\$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-\$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 this 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 District. 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 dollars 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.

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 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 the 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 one hundred twenty percent (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% AMI.

- \$300,000 for a middle housing courtyard by Shortstack Housing in partnership with Proud Ground's Land Trust, to provide home ownership 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 solicitate 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 ownership housing. 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 in 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	- 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.	Unlikely to increase burdens for these communities.
B. Reduced SDCs or Planning Fees	- 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.	Unlikely to increase burdens for these communities.
C. Multiple-Unit Limited Tax Exemption Program	Will benefit low- to middle-income households.	Unlikely to increase burdens for these communities.
D. Increase Capacity in the HDR Zone	Depending on the structure, could benefit households at all income levels.	Unlikely to increase burdens on POC, people with disabilities, and seniors.
E. Evaluate Incentives for Affordable Housing Development such as Density Bonuses	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	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	• Could benefit households at all income levels.	• Unlikely to increase burdens for these communities.
G. Develop Housing Options And Services To Address And Prevent Houselessness	• 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.	• 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 from for participation in the program.
H. Revolving Loan Fund for Homeownership Assistance	• 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.	• 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 from for participation in the resulting development.
I. Urban Renewal / Tax Increment Finance (TIF)	• 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.	• 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	• 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.	• 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 support 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 multi-family 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 non-profit 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 – Non-Profit Tax Exemption
MHAS	1.3.1	Explore a partnership with the Clackamas County Housing and Homelessness Task Force	In Progress – On-going 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 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 home ownership 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 non-profit 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 non-profit 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; and b) foster development of accessible community gathering places, commercial uses, and other amenities 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
MHAS	1.1.2	Develop a workplan for the programming and establish criteria for distribution (keep in mind regional initiatives and leverage opportunities)	Completed

Plan	Policy Number	Strategy	Status for MHAS Policies (complete, in progress, not started, or not in MHAS)
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 while 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, 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. 11	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 ADU's, 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 ADU's, 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 tradition 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 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 On-going – 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 rental units. Milwaukie can connect housing providers to existing networks and services and provide support for these groups to enhance their efforts.	Incomplete
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: Milwaukee

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:				



Milwaukie: Housing Production Strategy

May 16th, 2023



Process for Developing the HPS

Oct 2022-Jan 2023

Narrow down the list of potential actions:

Provide long list of potential actions to the HCTC to identify actions with the most promise for the City of Milwaukie.



Jan-Feb 2023

Additional action evaluation

Provide additional detail on remaining actions. Vet narrower list of strategies with relevant stakeholders and the HCTC



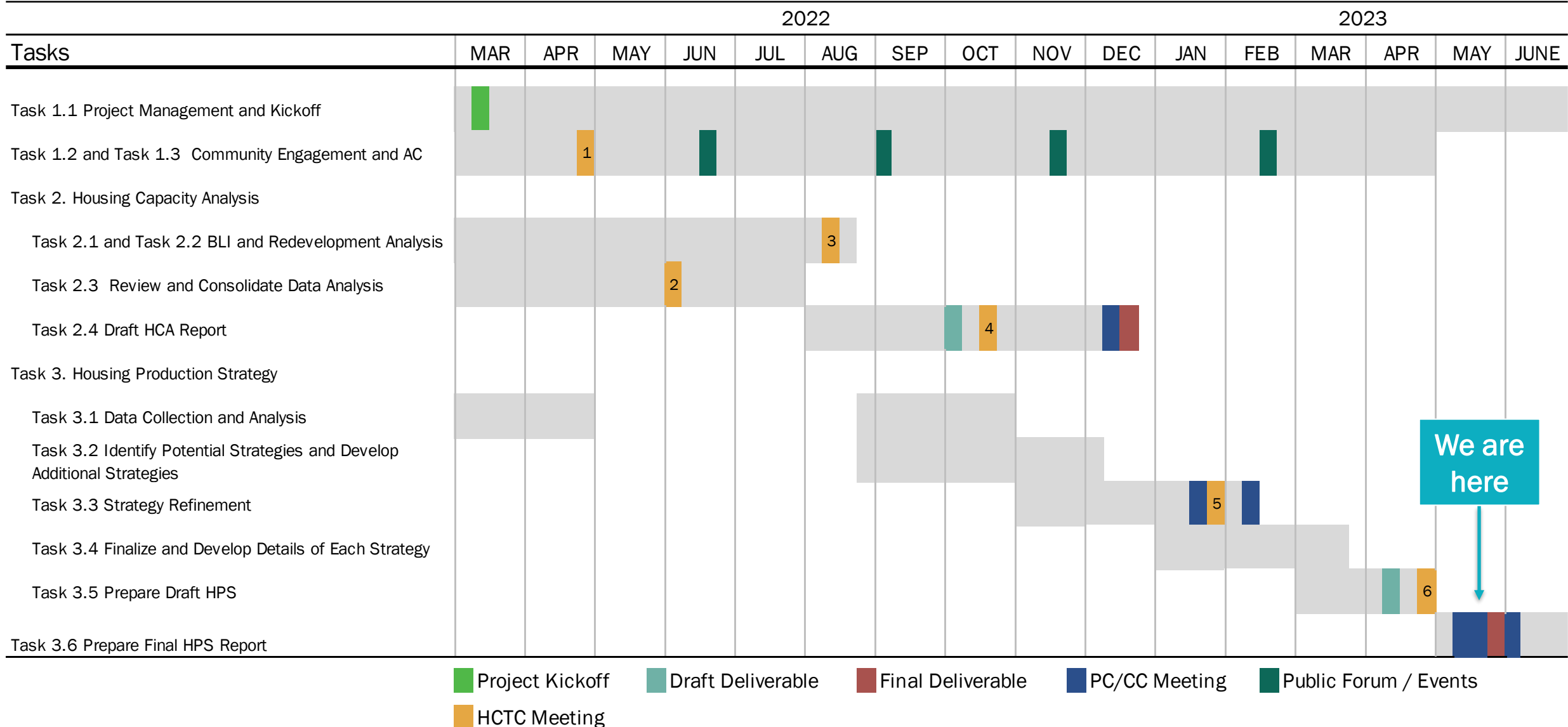
Mar-May 2023

Draft and Final HPS

Refine actions for City Council to consider, working in conjunction with local partners.

Adopt the HPS and begin to implement the actions.

Project Schedule



Outreach to date

- **Engage Milwaukie**
 - Activity & survey on housing needs (Oct)
 - Shared information about housing strategies (March)
- Meeting with the **Equity Steering Committee (ESC)**
- Six meetings with the **Housing Capacity Technical Committee (HCTC)**
- One meeting with the **Planning Commission** and two with the **City Council**
- Interviews with **service providers & housing developers** (focus on affordable and middle housing) – Feb / March

Remaining outreach

- One meeting with Planning Commission (5/23)
- Final meeting with City Council (6/6)

Tonight's Discussion

- Revisions to the HPS since the last meeting with City Council (Feb 2023)
- Potential funding and partnerships
- State requirements for implementation
- Implementation schedule



Changes to the HPS since Feb 2023 City Council Meeting

- Completed draft HPS including:
 - Additional implementation considerations related to long-term affordability, staffing requirements, and funding implications
 - Funding and Staffing Implications
 - Potential Partners
 - Implementation schedule
 - Details on the status of MHAS actions (Appendix F)
- Updated Actions
 - New Action: Develop Pre-Approved Plan Sets For ADUs And Middle Housing Typologies (was previously a recommendation)
 - Future Consideration: Inclusionary Zoning (changed to a recommendation for future evaluation)

Actions in the HPS Build on Previous Plans

Actions in the HPS build from policies in the MHAS and the updated Comprehensive Plan

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 multi-family 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 non-profit 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.

Funding Sources Evaluated

Recommendation for Inclusion in the HPS as an Action?	Revenue Source	Rationale for Inclusion/Exclusion?
Yes	New 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

Implementation Considerations

- **Long-term affordability** considerations about long-term affordability
- **Risk about** trade-offs about impact residents, development patterns, transportation, or revenue for other city departments.
- **City staffing implications** about staff time, with some actions requiring more staff capacity than others.
- **Funding implications** about actions that will require large or on-going 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.

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 MUPTE
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
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

Requirements of Strategies in the HPS

- For strategies identified in the final HPS, the City of Milwaukie will:
 - Commit to implementation
 - Be required to update DLCD on implementation progress, and be required to comment on its effectiveness in the future
- Strategies not identified in the HPS may still be implemented by the City, but the City will not be held to specific action by the State.

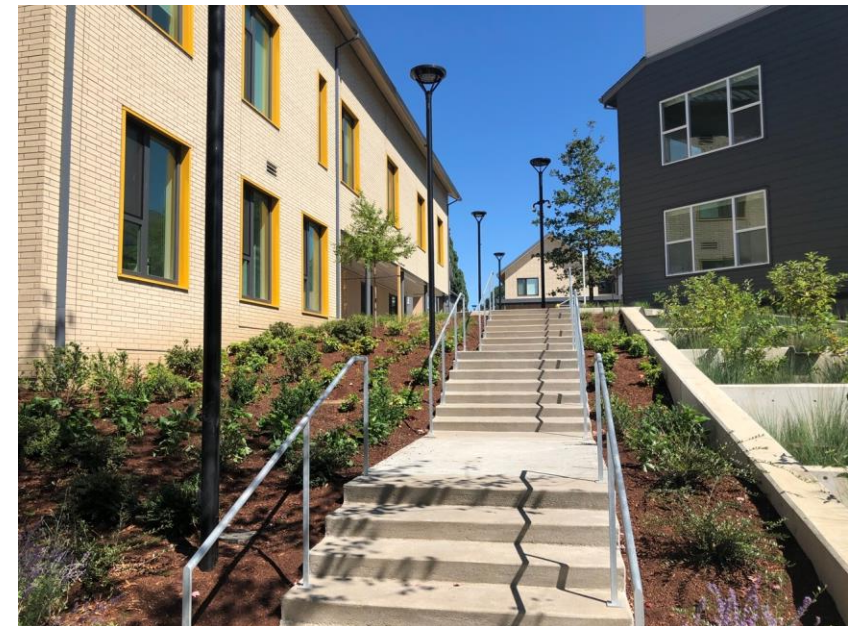


Implementation Schedule

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	On-going						
H. Revolving Loan Fund for Homeownership Assistance				Evaluate	Council Decision	Implement	
I. Urban Renewal / Tax Increment Finance (TIF)	On-going, as funding is available						
J. Construction Excise Tax	On-going, as funding is available						

Next Steps

- May 23rd - Planning Commission meeting to review draft HPS
- June 6th - City Council hearing to adopt HCA (ordinance) and HPS (resolution)



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Los Angeles



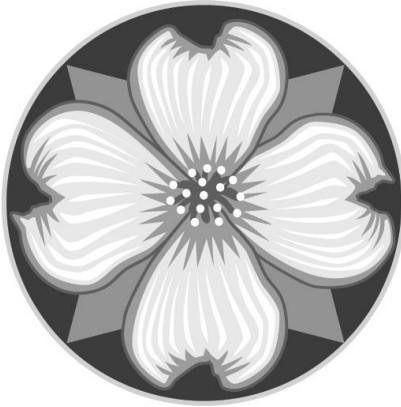
Portland



Seattle



Boise



RS Agenda Item

9

Council Reports

A stylized, abstract illustration of a flower or shell-like structure in shades of white, grey, and brown, set against a green and brown background, all contained within a circular frame on the left side of the slide.

RS 9. A. 5/16/23
Presentation

Legislative & Regional Issues

May 16, 2023

Key Dates

- ~~1/17 – Session Begins~~
- ~~1/25 – City Day at the Capitol~~
- ~~2/21 – Measure Introduction Deadline~~
- ~~2/22 – Revenue Forecast (1st)~~
- ~~4/4 – 1st Chamber Work Session Deadline~~
- 5/19- 2nd Chamber Work Session Deadline
- 5/17 – Revenue Forecast (2nd)
- 6/25 – Constitutional Sine Die



Legislation

May 16 (today)

- **HB3167A – allows for digital legal notices – Hearing**
- **SB275B – aligns educational departments – Third Reading**
- **SB510 – creates independent public records advocate – Third Reading**
- **HB2004 – creates statewide ranked choice voting – Work Session**



Legislation

May 17 (tomorrow)

- **HB2806 – allows exec. sessions for cyber/security – Third Reading**
- **HB2889 – housing needs analysis – Third Reading**
- **HB2984B – SDCs and AMI – Third Reading**
- **SB611 – increased amount owed to tenant in leased terminated by the landlord – Third Reading**



Letters

- None?



Resources

- OLIS: [Oregon Legislative Information System](#)
- LOC: [CM3 – LOC Bill Summary](#)
(Username/password: [loc@orcities.org](#))
- Thorn Run Partners
(Metro Mayors Consortium)



Questions?

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stauffers@milwaukieoregon.gov

