Study Session

SS

Milwaukie City Council

MILWAUKIE CITY COUNCIL
STUDY SESSION

AGENDA
June 23, 2016

City Hall Conference Room
10722 SE Main Street
www.milwaukieoregon.gov

A light dinner will be served.

			Page #
1.	**6:00 p.m.**	**Maintenance Agreement with TriMet for Light Rail Project Work** Staff: Gary Parkin, Public Works Director	**1**
2.	**7:00 p.m.**	**Economic Opportunity Update – Employment Forecast with Planning Commission** Staff: Alma Flores, Community Development Director	**24**
3.	**7:45 p.m.**	**Draft Milwaukie Housing Needs Analysis** Staff: David Levitan, Senior Planner	**33**
4.	**8:30 p.m.**	**Visioning Advisory Committee Selection Process** Staff: David Levitan, Senior Planner	**71**
5.	**8:45 p.m.**	**Triangle Site Food Cart Pod – Project Update** Staff: Alma Flores, Community Development Director	**74**
6.	**9:00 p.m.**	**Adjourn**	

Meeting Information

The time listed for each item is approximate; the actual time each item is considered may change due to the length of time devoted to the previous item. The Council may vote in Work Session on non-legislative issues.

Public Notice

Executive Sessions: The Milwaukie City Council may meet in Executive Session immediately following adjournment pursuant to ORS 192.660(2). All Executive Session discussions are confidential and those present may disclose nothing; representatives of the news media may attend as provided by ORS 192.660(3) but must not disclose any information discussed. Executive Sessions may not be held for the purpose of taking final actions or making final decisions and they are closed to the public.

The Council requests that mobile devices be set on silent or turned off during the meeting.

The City of Milwaukie is committed to providing equal access to information and public meetings per the Americans with Disabilities Act. For special accommodations, please call 503-786-7502 or email ocr@milwaukieoregon.gov at least 48 hours prior to the meeting.

MILWAUKIE CITY COUNCIL
STAFF REPORT

Agenda Item: **SS 1.**
Meeting Date: June 23, 2016

To: Mayor and City Council

Through: Bill Monahan, City Manager

Subject: **Maintenance Agreement with TriMet for Light Rail Project Work**

From: Gary Parkin

Date: June 14, 2016

ACTION REQUESTED

This report is informational only. A follow-up meeting will be necessary to approve the Intergovernmental Agreement between the City and TriMet for maintenance of light rail project facilities (Agreement).

Staff plans to return the Maintenance Agreement for City Council adoption when the document is completed and reviewed.

HISTORY OF PRIOR ACTIONS AND DISCUSSIONS

February 16, 2016: Work Session with City Council showing a draft Maintenance Agreement with the Tri-County Metropolitan Transportation District (TriMet) for the Portland-Milwaukie Light Rail Project.

December 2, 2008: City Council approves Funding and Engineering Service Intergovernmental Agreements with TriMet for the Portland-Milwaukie Light Rail Project which includes provision for a Maintenance Agreement.

June 17, 2008: City Council approves a Memorandum of Understanding with TriMet that provides a framework of for working together on the light rail project.

BACKGROUND

At the recent (February 16, 2016) work session with Council, staff discussed the development of the maintenance agreement, the agreement between TriMet and the City that will govern maintenance responsibilities of the improvements constructed as part of the Orange line through Milwaukie. Included are street improvements, utilities, sidewalks, landscaping and stormwater facilities that were installed or modified by the light rail construction.

Since the February 16, 2016 meeting, the maintenance agreement has been redrafted to include City comments including the City's position on insecticide use. The exhibits have also been transformed to a finished appearance although without all of the City's comments addressed.

The portrayal of the elements that are included in the Agreement exhibits are shown on plan sheets from the construction drawing with color-coded highlighting distinguishing the maintenance responsibilities among responsible parties including TriMet, the City (Public Works

Department and Facilities), the Railroad authority, North Clackamas Parks District, other service districts and private property owners.

City staff continues to work with TriMet on the completion of the Agreement exhibits showing the delegation of maintenance responsibility. A few areas remain that need further discussion with TriMet (exhibits A and C). Staff will discuss these areas with Council and resolve them prior to returning for adoption of the Agreement.

CONCURRENCE

Community Development (Light Rail Construction Manager) and Public Works have reviewed the maintenance responsibilities specified in the Agreement and believe it to be a reasonable delegation of responsibilities.

The Agreement language has been reviewed by the City Attorney's office.

FISCAL IMPACTS

The exact maintenance cost of the City's portion of the Light Rail project maintenance as defined by the Agreement is not known. The additional work is not overwhelming but stretches a workforce that works full time already, and additional staffing is only anticipated for the Stormwater crew. A rough estimate of the maintenance cost follows:

The Street crew has additional curbing, signals, signage and pavement markings. The additional work will be done with the existing crew and managed by slightly longer deployments as work is done in the area of the new elements and stretching maintenance cycles. The cost of material needed to care for the additional elements is estimated to increase budget by 1% to 2% or about $1,000/year. Signal maintenance is contracted out to the County and the budget for their maintenance will be increased by $3,000/year.

The Street division will also pick up the maintenance/replacement cost of the new street furniture added by the light rail project including six benches, thirty-one bollards, nine bike racks, five trash receptacles, the fire gate at Adams St, fencing and guard rail. The annual maintenance/replacement for the new furniture is estimated at $5,000.

The Water crew will inherit additional meters to the system as well as irrigation service lines and backflow assemblies. The estimated budget impact is $1,000/year.

The Wastewater crew is mostly untouched. Mains under the tracks were replaced, improving the system and no additional infrastructure was added.

The Stormwater crew added treatment facilities, piping and manholes. The stormwater treatment facilities added for the light rail project double the number of those facilities currently in the system. The Stormwater Master Plan anticipated adding 1.4 Fulltime Employees (FTE) to the Stormwater crew. One FTE was added last year; the remaining 0.4 is attributable to the light rail improvements. The estimated cost to the Stormwater system is $2,000/year for materials and $40,000/year in personnel cost.

The Facilities crew will inherit additional landscaping, fencing and walls. The cost to clean and maintain the pedestrian bridge will likely be borne by this group also. Landscaping is under contract and most of the other activities such as fence repair, graffiti removal and bridge maintenance will be contracted out. The landscaping contract will add about 1% or $1,000/year to cover the additional work. An estimate for the additional maintenance of the other items is $3,000/year.

WORK LOAD IMPACTS
Noted above.

ALTERNATIVES
The maintenance agreement is required. The City can propose provisions that make the agreement more or less favorable to the City and has heavily participated in the nearly yearlong development process of the agreement.

ATTACHMENTS
1. Draft Maintenance Agreement (redline)

2. Draft Maintenance Agreement (clean copy)

3. Links to exhibits D-J of the Maintenance Agreement

- **Lighting – Exhibit "D":** **http://www.milwaukieoregon.gov/sites/default/files/fileattachments/lighting.pdf**

- **Walls, Fencing and Amenities – Exhibit "E":** **http://www.milwaukieoregon.gov/sites/default/files/fileattachments/wallsfencing.pdf**

- **Landscaping – Exhibit "F":** **http://www.milwaukieoregon.gov/sites/default/files/fileattachments/landscaping.pdf**

- **Traffic Signals – Exhibit "G":** **http://www.milwaukieoregon.gov/sites/default/files/fileattachments/trafficsignals.pdf**

- **Asphalt & Concrete - Exhibit "H":** **http://www.milwaukieoregon.gov/sites/default/files/fileattachments/asphaltconcrete.pdf**

- **Utilities – Exhibit "I":** **http://www.milwaukieoregon.gov/sites/default/files/fileattachments/utilities.pdf**

- **Signage and Pavement Markings – Exhibit "J":** **http://www.milwaukieoregon.gov/sites/default/files/fileattachments/signage.pdf**

INTERGOVERNMENTAL AGREEMENT
BETWEEN THE CITY OF MILWAUKIE AND TRIMET
FOR MAINTENANCE OF PORTLAND-MILWAUKIE
LIGHT RAIL PROJECT FACILITIES

TriMet Contract No. _______________

THIS MAINTENANCE AGREEMENT ("Agreement") is entered into by and between the Tri-County Metropolitan Transportation District of Oregon ("TriMet"), a mass transit district, and the CITY OF MILWAUKIE ("City") (each a "Party" and collectively the "Parties") on this the ___ day of __________, 2015.

RECITALS

1. Pursuant to ORS Chapter 190, the parties have the authority to enter into this Agreement.

2. TriMet and the City were partners in constructing the Portland-Milwaukie Light Rail Project ("Project") from downtown Portland, through Milwaukie, to its terminus in unincorporated Clackamas County, as shown on Exhibit A (Project Alignment) and defined in Exhibit B (Portland-Milwaukie Light Rail Project Abbreviations and Definitions), both of which are attached hereto and incorporated herein by this reference.

3. Construction of the Project began in March 2011 and was substantially complete in June of 2015. The Project became fully operational in September 2015.

4. The ~~parties~~ Parties now desire to describe and agree to their respective permanent maintenance responsibilities in public rights-of-way ("ROW") affected by the Project.

NOW, THEREFORE, the Parties hereto desire to further define the Maintenance responsibilities for the portions of the Portland-Milwaukie Light Rail Project located within the limits of the City of Milwaukie.

ARTICLE I
DIVISION OF MAINTENANCE RESPONSIBILITY

A. Definitions. Except as otherwise stated, all capitalized terms have the meaning described in Exhibit B.

B. General Maintenance and Repair Responsibilities. In general, TriMet's Maintenance responsibilities extend to all Light Rail improvements and Project features located within the ~~LRT ROW~~Transit Way. In general, ~~T~~the City's Maintenance responsibilities extend to ~~shall be responsible for~~ all Street right-of-way features outside of the ~~LRT ROW~~Transit Way, except as otherwise provided herein. Exhibit C (Portland-Milwaukie Light Rail Project Asset List), which is attached hereto and incorporated herein by this reference, represents a list of PMLR assets requiring maintenance, and the Parties agree to perform their maintenance responsibilities as further elaborated in this Agreement. Except as expressly set forth in this Agreement, the Parties have no intention to transfer any fundamental City or private party Maintenance obligation to TriMet, or any fundamental TriMet Maintenance obligation to City.

C. Parties' Maintenance Responsibilities. Each ~~party's~~ Party's specific Maintenance responsibilities are set out in the drawings attached hereto as Exhibits D - ___, which are attached hereto and incorporated by this reference herein. Each ~~party~~ Party shall perform any and all Maintenance work associated with a Project element set out in Exhibits D - ___ for which that ~~party~~ Party is responsible.

D. Insecticide Use. The City has suspended the use of neonicotinoids and other bee-toxic systemic insecticides on all ~~c~~City properties. Maintenance activities performed as part of this ~~a~~Agreement shall not use products containing neonicotinoid or neonicotinoid-like insecticides, or plants treated with neonicotinoid or neonicotinoid-like insecticides.
~~D.~~

~~TriMet's Maintenance Responsibilities in LRT ROW. Unless otherwise set out in Exhibits D - ___, TriMet's Maintenance responsibilities generally include elements in the LRT ROW, such as Structures (bridges (excluding the Kellogg Pedestrian & Bike Bridge), walls, stairs, etc.), chain link, black welded wire , bollard, and cable fences; decorative railing and handrail, trackbed and track; traction electrification and catenary system, traction electrification substation buildings, signals, communications equipment, and buildings; grade crossing panels, including, but not limited to, paving within nine (9) feet of track centers and pavement between crossing panels; crossing gates, signals, warning lights, and grade crossing lighting (shoe box); pedestrian lighting on LRT ROW as defined in Exhibit B (Portland-Milwaukie Light Rail Project Abbreviations and Definitions); Light Rail related signs, striping, and lighting; Station platforms, other platform furnishings (benches, trash cans, etc.), and passenger shelters; and pedestrian access, including sidewalk connections to and from Station platforms, and curb ramp detectable warnings.~~

~~E. TriMet's Maintenance Responsibilities in UPRR ROW. TriMet's Maintenance responsibilities include maintenance of crossing gates, signals, warning lights, and pavement between crossing panels at LRT rail crossings in Milwaukie.~~

~~F. City's Responsibilities. Unless otherwise set out in Exhibits D - ___, the City shall continue to have full Maintenance responsibility for public streets, including, but not limited to the following:~~

~~a. Any traffic separatorspedestrian crossing islands constructed as part of the Project ("Islands") in City right-of-way;~~
~~b. All non-Light Rail-specific traffic signals in City right-of-way;~~

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Comment [e1]: After further consideration, TriMet recommends going back to the concept discussed at the beginning of the jurisdictional meetings regarding maintenance – that the exhibits speak for themselves, and the language in the IGA itself is minimized. This increases clarity and reduces chances for inconsistency and confusion.

Comment [BB2]: Where does the 9' come from?

Comment [BB3]: Where are these lights?

Comment [BB4]: It would be great if this paragraph could be broken out into bullets (a, b, c, d, etc.)

Comment [BB5]: Need language about conduits that cross under the tracks that carry TriMet & City & County wiring.

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~~c. All non-Light Rail-specific Roadway lighting in City right-of-way except for the two light poles that are to be maintained by TriMet as noted on Exhibit D (Illumination Plans).~~

~~d. All Betterments constructed for the City.~~

~~e. All roadway traffic control devices for City streets, including signage, striping, and markings, (all devices regulated via the MUTCD) are the responsibility of the City regardless of the location of the device (other than those exceptions noted in Exhibit --). If the device is located within TriMet LRT ROW, the City must comply with Paragraph ML, below, for access.~~

E. Retaining Walls on Private Property. Retaining walls built on private property as part of the Project will be the responsibility of the Abutting Property Owner (APO), unless otherwise noted in the Exhibits.

~~G. Retaining walls built on private property as part of the Project will be the responsibility of the private property owner. TriMet has notified in writing, or will notify in writing prior to the effective date of this agreement, each private property owner of their responsibility. The City shall be copied on all notifications.~~

~~H.~~F. Sidewalks, Planter Strips, and Street Trees. Sidewalks, Planter Strips located between the sidewalk and curb (as well as any landscaping behind the sidewalk), and Street Trees are the responsibility of the APO~~Abutting Property Owner~~, as set out in ~~City~~ Milwaukie Municipal Code ~~Sec~~Chapter 12.04 and 12.12. In the event the Milwaukie Municipal Code does not place responsibility on the APO, responsibility shall be as set forth in the Exhibits.~~.~~

~~I.~~G. Establishment Period Maintenance of Landscaping Installed by the Project. TriMet shall maintain all Landscaping and all irrigation systems installed to irrigate Landscaping during the establishment period, which period begins upon TriMet's final acceptance of the Landscaping in accordance with the applicable contract and runs for two (2) years. Except for Environmental Mitigation areas which are to be maintained and monitored by Trimet for a period of five (5) years. Following the establishment period, ~~the Parties~~ TriMet intends to abandon such systems in place without further obligation for Maintenance responsibility.

~~J.~~H. Long-Term Maintenance of Landscaping Installed by the Project. After the execution of this Agreement, the Landscape Maintenance responsibility for all Landscape features installed for the Project will be in accordance with responsibilities shown on Exhibit F (Landscape Plans).

~~K.~~I. General Cooperation for Facilities. In the event either Party engages in any Maintenance action that impacts Light Rail, Roadway operation, or any of the other Party's operating facilities, the applicable Party shall ~~assign the highest priority to the restoration of~~promptly restore such facilities.

~~L.~~J. Other Maintenance Agreements. The City has entered into other agreements related to maintenance of the ~~PMLR~~ Project, as follows:

Comment [BB6]: We should be adding more bullets to address the utilities, walls, fence and railings, and amenities in public right-of-way.

Comment [SLR7]: Is this accurate that private persons are responsible for planter strips? Are there any instances in which a planter strip is in a traffic island or otherwise not adjacent to private property?

Comment [SLR8]: MMC Chapter 12.12 requires property owners to trim trees and maintain visibility, but this seems to go a little further than required by Code.

Comment [BB9]: TriMet would not intend on abandoning the irrigation for landscaping abutting their properties. And the City should retain the option to take over irrigation in the right-of-way if desired (for street trees or stormwater planters, etc.)

SS6

- Public Sidewalk Crossing Agreements Between the City and the Union Pacific Railroad at the following locations: Mailwell Drive, SE 21st Avenue and SE Adams Street, SE Harrison Street, SE Monroe Street, and SE Washington Street.
- Memorandum of Understanding Between the City and Clackamas County for Traffic Signal Maintenance for 21st Avenue at Adams Street and 21st Avenue at Washington Street
- ADD CROSSING ORDERS

These agreements are listed here for ease of reference, but are separate agreements that are governed by their own terms.

~~M.~~K. Access to TriMet Trackway. City personnel must not access the TriMet LRT ROW without TriMet permission, except in emergency situations. Required access to any City structures or right of way or features of shared responsibility within the LRT ROW must be coordinated with TriMet to assure the safety of personnel and coordination with passage of light rail trains. All maintenance and operation of light rail is to be accomplished from within ~~l~~Light ~~r~~Rail ~~t~~Trackway as delineated in the Continuing Control agreement to be executed by the Parties. All access to TriMet ~~l~~Light ~~r~~Rail ~~t~~Trackway by City or third parties acting for City must be coordinated through TriMet's Track Access Permit process.

~~N.~~L. Financial Reimbursement for Extraordinary Maintenance Conditions. Each Party agrees to make every reasonable effort to accommodate the other in the accomplishment of Maintenance activities contemplated by this Agreement. In the event both Parties agree that work to be performed is extraordinary, and subject to the availability and appropriation of funds, the City's ~~________________________~~Public Works Director and the TriMet Light Rail Manager of Maintenance of Way may negotiate reasonable reimbursement for such extraordinary work. This paragraph is not intended to entitle either Party to payment from the other for performing its obligations under this Agreement.

~~O.~~M. Party Representatives. The representatives of the Parties for routine correspondence and notices with regard to the obligations set forth in this Agreement will be:

If to TriMet:

Manager, Maintenance of Way
Ruby Junction Rail Operations Center
2222 N.W. Eleven-Mile Avenue
Gresham, OR 97030
(503) 962-8150

If to City:

Public Works Director

Comment [BB10]: The City is not party to this agreement nor have they even seen it.

Comment [BB11]: This Agreement must match what is stipulated in the *Traffic Signal Maintenance for 21st Ave at Adams St & 21st Ave at Washington St MOU* and Exhibit C of that MOU (Light Rail / Railroad Right of Way Access Procedures for Work after June 1, 2015.) This comment applies to the next financial reimbursement paragraph as well.

City of Milwaukie
6101 SE Johnson Creek Blvd
Milwaukie, OR 97206

Routine correspondence or notices must be made in a manner designed ~~that deemed necessary~~ to provide notice as soon as possible under the circumstances, whether verbal or written. The Party Representatives shall use good faith efforts to confirm verbal notice or communication with written communication.

Comment [BB12]: This language is confusing.

ARTICLE II
GENERAL PROVISIONS

A. Indemnification. Subject to the limitations of the Oregon Constitution and the Oregon Tort Claims Act, each party ("Indemnitor") shall indemnify and hold the other party ("Indemnitee") and Indemnitee's agents, directors, officers, and employees, harmless from any and all liability, claim, loss, cost, or expense arising out of negligent actions or inactions by the Indemnitor under this Agreement.

B. Duration of Agreement. This agreement shall be in full force and effect upon signatures of both Parties to this Agreement until this Agreement is~~n~~ terminated ~~as provided~~ by law or by mutual written agreement.

Comment [SLR13]: What does this mean? May the Parties terminate for convenience or only if a court somehow voids this agreement?

C. Laws of Oregon. This Agreement shall be governed by the laws of the State of Oregon as required by ORS Chapter 279, all relevant provisions of which shall be included in public contracts.

D. Audit and Inspection of Records. The City and TriMet shall maintain cost records relating to any reimbursable work by either Party under this Agreement. All costs entitled to reimbursement under this Agreement shall be allowable costs under the applicable Federal Transit Administration cost principles and guidelines for private parties. The City and TriMet shall maintain adequate records and shall permit authorized representatives of each Party hereto, the U.S. Department of Transportation, or the Comptroller General of the United States to inspect and audit all work, books, accounts, and other data relating to this Agreement.

E. Adherence to Law. The City and TriMet shall adhere to all applicable laws governing their respective relationships with employees, including, but not limited to, laws, rules, regulations, and policies concerning workers' compensation and minimum and prevailing wage requirements.

F. Successors and Assigns. The interests, rights, and benefits conferred by this Agreement, and the obligations assumed hereunder, shall inure to the benefit of and bind the successors and assigns of the Parties hereto.

G. Modification of Agreement. No waiver, consent, modification, change, or amendment to the terms of this Agreement shall bind either Party unless in writing and signed by both Parties. Any waiver, consent, modification, change, or amendment shall be effective for the specific purposes described and set forth in writing and signed by an authorized representative of each Party. The Parties agree that any future agreements related to maintenance of the ~~PMLR~~ Project will be documented via an amendment to this Agreement instead of the execution of a separate agreement.

H. Notice. All notices provided for hereunder shall be in writing and sufficient if deposited in U.S. mail, or if sent by facsimile with electronic confirmation to a fax number provided by the respective Parties. If sent via mail, the notice shall be addressed to the Parties as set forth below, or to such representatives and addresses as the Parties may designate by written notice to the other Party:

If to TriMet:

Legal Department
1800 SW First Avenue, Ste. 300
Portland, OR 97201
Fax No. 503-962-3095

If to the City of Milwaukie:

City Manager
City of Milwaukie
10722 SE Main Street
Milwaukie, OR 97222

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I. Severability. If any terms or provisions of this Agreement or the application thereof to any person or circumstance shall, to any extent, be determined by a court to be invalid or unenforceable, the remainder of this Agreement and the application of those terms and provisions shall not be affected thereby and shall be valid and enforceable to the fullest extent permitted by law.

J. No Partnership. Nothing in this Agreement, nor any acts of the parties hereto, shall be deemed or construed by the parties hereto, or any third person, to create the relationship of principal and agent, or of partnership, or of joint venture, or any association between any of the parties to this Agreement.

K. No Third Party Beneficiaries. The ~~parties~~ Parties have identified third parties named in this Agreement. However, such Parties, and any other party, are not intended to be third party beneficiaries.

L. Dispute Resolution. Any dispute of the parties relating to interpretation or enforcement of the provisions of this Agreement shall be resolved in accordance with the provisions of this Paragraph.

a. Authorized Representatives. If a controversy, dispute or claim should arise, the Party Representatives will meet at least once to attempt to resolve the matter. Either Party Representative may request the other to meet within 14 days, at a mutually agreed time and place.

b. Senior Executives. If the matter has not been resolved within 20 days of their first meeting, the Party Representatives shall refer the matter to senior department or bureau executives, who shall have authority to settle the dispute. The Senior Executives shall meet within 14 days of the end of the 20 day period referred to in this paragraph. If the Senior Executives agree that it will be useful, they may prepare and exchange memoranda stating the issues in dispute and their positions, summarizing the negotiations that have taken place and attaching relevant documents.

c. Mediation/Litigation. If the matter has not been resolved within 30 days of the meeting of the S~~s~~enior E~~e~~xecutives, the Parties will attempt in good faith to resolve the controversy or claim by mediation. If the ~~parties~~ Parties cannot agree on the timing or procedure of the mediation or the mediator within 30 days after the meeting of the S~~s~~enior E~~e~~xecutives, either ~~party~~ Party shall have the right to seek any legal remedies available to the aggrieved party.

This Agreement may be executed in several counterparts (facsimile or otherwise) all of which when taken together shall constitute one agreement binding on all ~~parties~~Parties, notwithstanding that all ~~parties~~ Parties are not signatories to the same counterpart. Each copy of this Agreement so executed shall constitute an original.

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IN WITNESS WHEREOF, the Parties hereto have signed this Agreement effective as of the day and year the first stated herein.

TRI-COUNTY METROPOLITAN TRANSPORTATION DISTRICT OF OREGON	**CITY OF MILWAUKIE**

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By: ______________________
Daniel W. Blocher, P.E.
Executive Director, Capital Projects

Date:______________________

Approved as to Form

For TriMet

____
Counsel for TriMet

By: ______________________
~~Name:~~William Monahan______________
~~Title: ______________________City Manager~~
City Manager

Date:______________________

Approved as to Form

For City of Milwaukie

____
City Attorney

Exhibit List

Exhibit A – Project Alignment
Exhibit B – Abbreviations and Definitions
Exhibit C – PMLR Asset List
Exhibit D – ~~Illumination~~ Lighting Responsibility Color Coded Plan Set
Exhibit E – Sound/Retaining Walls, Fence & Amenities Responsibility Color Coded Plan Set
Exhibit F – Landscape Responsibility Color Coded Plan Set
Exhibit G – Traffic Signal~~Sound/Retaining Wall~~ Responsibility Color Coded Plan Set
Exhibit H – ~~Paved Surface~~Asphalt and Concrete Responsibility ~~Slope Responsibility~~ Color Coded Plan Set
Exhibit I – Utility Responsibility Color Coded Plan Set
Exhibit J – ~~Striping & Signing~~Signage and Pavement Markings Responsibility Color Coded Plan Set

Comment [BB14]: It would be good to order these alphabetically. (ie; Exhibit D = Illumination, Exhibit E = Landscape, Exhibit F = Paved Surface, etc.)

Exhibit B

PORTLAND-MILWAUKIE LIGHT RAIL PROJECT
ABBREVIATIONS AND DEFINITIONS

I. Abbreviations – The following abbreviations or phrases shall have the meanings assigned below:

~~APO Abutting Property Owner~~

MUTCD Manual of Uniform Traffic Control Devices~~??~~

PMLR Portland-Milwaukie Light Rail

ROW Right of Way

II. Definitions – The following terms when capitalized in the Agreement will have the meanings assigned below:

Abutting Property Owner –Owner of land adjoining any street in the City

Betterment – Construction work that was not part of the Project scope, but was constructed at the same time as the Project by a Project construction contractor. Betterment work was performed by a Project contractor under contract with TriMet and paid for by an entity other than TriMet.

City Right of Way – The areas ~~operated and maintained by~~under the jurisdiction of the City in accordance with City code.

Extraordinary Maintenance Condition – means any maintenance condition whether emergency or non-emergency that results in unexpected, non-routine labor or material cost to the affected party which cannot be remedied in the normal maintenance schedule and that creates an unreasonable risk if left to the ordinary maintenance schedule.

General Maintenance and Repair – The activities required to keep and maintain the described facility in good operating condition~~s~~, including any activity associated with the division of responsibilities set forth ~~below~~ in this Agreement related to upkeep and repair of damage due to any cause other than Extraordinary Maintenance Condition.

~~**Inspection** – refers to visual examination and/or testing of materials and conditions to ensure the longevity, safe operation, and functional integrity of Project features.~~

Landscape and Landscaping – refers to all areas where plant materials were installed as part of the Project, including irrigation equipment, EXCEPT, any areas where plant materials or irrigation equipment were installed solely as permit-required wetland or other environmental mitigation, or solely as permit-required erosion control.

Comment [BB15]: The City doesn't necessarily maintain all features in the right-of-way (like sidewalks, landscaping, street trees)

Comment [BB16]: The "set forth below in this Agreement" seems out of place here.

Light Rail – refers to light rail, light rail vehicles, the rail for such vehicles and all components of the rail system for the Project, including, but not limited to, facilities, systems, features, equipment, installations, crossings and associated lighting, and landscaping in support of the Light Rail Project.

Light Rail Transit (LRT) – refers to electrified steel-wheel-on-steel-rail-based public transportation system.

~~**Light Rail Right-of-Way or LRT ROW** – means property used for operation of Light Rail within the City ROW, Oregon Department of Transportation ("ODOT") ROW, Clackamas County or TriMet-owned ROW.~~

Maintenance – refers to any activity necessary to maintain Project features in good operating condition, including any activity associated with ordinary upkeep, litter or graffiti removal, and repair of physical damage due to any cause.

Project – The Portland-Milwaukie Light Rail Project extends from Portland State University in downtown Portland to the Park Avenue Park and Ride in unincorporated Clackamas County. The Project includes 7.3 miles of light rail track, stations, overhead wiring and other necessary capital elements and amenities. The Project includes ten stations, eight in the City of Portland, one in the City of Milwaukie, and one in unincorporated Clackamas County, as further illustrated on Exhibit A.

Roadway – The portion of City ROW reserved for public vehicular travel.

Sidewalk Area – The area adjacent to a Street identified for pedestrians and generally identified by a concrete pathway.

Station – The area within the public right of way or Sidewalk Area identified as a stop for Light Rail trains where transit patrons board and deboard Light Rail Transit.

Comment [BB17]: Our station is on TriMet property; not public right-of-way.

Street – The area within the public right-of-way that is identified for vehicular traffic and controlled by traffic control signals and signs.

Structures – The overpasses, bridges and viaducts on the Project, as follows (north to south):

- Harbor Viaduct
- Tilikum Crossing Bridge
- SE 17th Ave-Powell Blvd Ramp (auto/ped/bike version)
- Powell Blvd Light Rail Overpass
- Rhine-Lafayette Pedestrian Overpass
- Tacoma-McLoughlin Ramp Viaduct
- Tacoma Park & Ride North Access Rd
- Johnson Creek Milwaukie Light Rail Bridge
- Tillamook Light Rail Viaduct
- Kellogg Light Rail Bridge

Trackway – The area designated for travel by Light Rail trains.

Transit Way – The area designated primarily for use by Transit Vehicles.

INTERGOVERNMENTAL AGREEMENT
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FOR MAINTENANCE OF PORTLAND-MILWAUKIE
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2. TriMet and the City were partners in constructing the Portland-Milwaukie Light Rail Project ("Project") from downtown Portland, through Milwaukie, to its terminus in unincorporated Clackamas County, as shown on Exhibit A (Project Alignment) and defined in Exhibit B (Portland-Milwaukie Light Rail Project Abbreviations and Definitions), both of which are attached hereto and incorporated herein by this reference.

3. Construction of the Project began in March 2011 and was substantially complete in June of 2015. The Project became fully operational in September 2015.

4. The Parties now desire to describe and agree to their respective permanent maintenance responsibilities in public rights-of-way ("ROW") affected by the Project.

NOW, THEREFORE, the Parties hereto desire to further define the Maintenance responsibilities for the portions of the Portland-Milwaukie Light Rail Project located within the limits of the City of Milwaukie.

ARTICLE I
DIVISION OF MAINTENANCE RESPONSIBILITY

A. Definitions. Except as otherwise stated, all capitalized terms have the meaning described in Exhibit B.

B. General Maintenance and Repair Responsibilities. In general, TriMet's Maintenance responsibilities extend to all Light Rail improvements and Project features located within the Transit Way. In general, the City's Maintenance responsibilities extend to all Street right-of-way features outside of the Transit Way, except as otherwise provided herein. Exhibit C (Portland-

Milwaukie Light Rail Project Asset List), which is attached hereto and incorporated herein by this reference, represents a list of PMLR assets requiring maintenance, and the Parties agree to perform their maintenance responsibilities as further elaborated in this Agreement. Except as expressly set forth in this Agreement, the Parties have no intention to transfer any fundamental City or private party Maintenance obligation to TriMet, or any fundamental TriMet Maintenance obligation to City.

C. Parties' Maintenance Responsibilities. Each Party's specific Maintenance responsibilities are set out in the drawings attached hereto as Exhibits D - J, which are attached hereto and incorporated by this reference herein. Each Party shall perform any and all Maintenance work associated with a Project element set out in Exhibits D - J for which that Party is responsible.

D. Insecticide Use. The City has suspended the use of neonicotinoids and other bee-toxic systemic insecticides on all City properties. Maintenance activities performed as part of this Agreement shall not use products containing neonicotinoid or neonicotinoid-like insecticides, or plants treated with neonicotinoid or neonicotinoid-like insecticides.

E. Retaining Walls on Private Property. Retaining walls built on private property as part of the Project will be the responsibility of the Abutting Property Owner (APO), unless otherwise noted in the Exhibits.

F. Sidewalks, Planter Strips, and Street Trees. Sidewalks, Planter Strips located between the sidewalk and curb (as well as any landscaping behind the sidewalk), and Street Trees are the responsibility of the APO, as set out in Milwaukie Municipal Code Chapter 12.04 and 12.12. In the event the Milwaukie Municipal Code does not place responsibility on the APO, responsibility shall be as set forth in the Exhibits.

G. Establishment Period Maintenance of Landscaping Installed by the Project. TriMet shall maintain all Landscaping and all irrigation systems installed to irrigate Landscaping during the establishment period, which period begins upon TriMet's final acceptance of the Landscaping in accordance with the applicable contract and runs for two (2) years. Except for Environmental Mitigation areas which are to be maintained and monitored by Trimet for a period of five (5) years. Following the establishment period, TriMet intends to abandon such systems in place without further obligation for Maintenance responsibility.

H. Long-Term Maintenance of Landscaping Installed by the Project. After the execution of this Agreement, the Landscape Maintenance responsibility for all Landscape features installed for the Project will be in accordance with responsibilities shown on Exhibit F (Landscape Plans).

I. General Cooperation for Facilities. In the event either Party engages in any Maintenance action that impacts Light Rail, Roadway operation, or any of the other Party's operating facilities, the applicable Party shall promptly restore such facilities.

J. Other Maintenance Agreements. The City has entered into other agreements related to maintenance of the Project, as follows:

- Public Sidewalk Crossing Agreements Between the City and the Union Pacific Railroad at the following locations: Mailwell Drive, SE 21st Avenue and SE Adams Street, SE Harrison Street, SE Monroe Street, and SE Washington Street.
- Memorandum of Understanding Between the City and Clackamas County for Traffic Signal Maintenance for 21st Avenue at Adams Street and 21st Avenue at Washington Street

ADD CROSSING ORDERS These agreements are listed here for ease of reference, but are separate agreements that are governed by their own terms.

K. Access to TriMet Trackway. City personnel must not access the TriMet LRT ROW without TriMet permission, except in emergency situations. Required access to any City structures or right of way or features of shared responsibility within the LRT ROW must be coordinated with TriMet to assure the safety of personnel and coordination with passage of light rail trains. All maintenance and operation of light rail is to be accomplished from within Light Rail Trackway as delineated in the Continuing Control agreement to be executed by the Parties. All access to TriMet Light Rail Trackway by City or third parties acting for City must be coordinated through TriMet's Track Access Permit process.

L. Financial Reimbursement for Extraordinary Maintenance Conditions. Each Party agrees to make every reasonable effort to accommodate the other in the accomplishment of Maintenance activities contemplated by this Agreement. In the event both Parties agree that work to be performed is extraordinary, and subject to the availability and appropriation of funds, the City's Public Works Director and the TriMet Light Rail Manager of Maintenance of Way may negotiate reasonable reimbursement for such extraordinary work. This paragraph is not intended to entitle either Party to payment from the other for performing its obligations under this Agreement.

M. Party Representatives. The representatives of the Parties for routine correspondence and notices with regard to the obligations set forth in this Agreement will be:

If to TriMet:

Manager, Maintenance of Way
Ruby Junction Rail Operations Center
2222 N.W. Eleven-Mile Avenue
Gresham, OR 97030
(503) 962-8150

If to City:
Public Works Director
City of Milwaukie
6101 SE Johnson Creek Blvd
Milwaukie, OR 97206

Routine correspondence or notices must be made in a manner designed to provide notice as soon as possible under the circumstances, whether verbal or written. The Party Representatives shall use good faith efforts to confirm verbal notice or communication with written communication.

ARTICLE II
GENERAL PROVISIONS

A. Indemnification. Subject to the limitations of the Oregon Constitution and the Oregon Tort Claims Act, each party ("Indemnitor") shall indemnify and hold the other party ("Indemnitee") and Indemnitee's agents, directors, officers, and employees, harmless from any and all liability, claim, loss, cost, or expense arising out of negligent actions or inactions by the Indemnitor under this Agreement.

B. Duration of Agreement. This agreement shall be in full force and effect upon signatures of both Parties to this Agreement until this Agreement is terminated by law or by mutual written agreement.

C. Laws of Oregon. This Agreement shall be governed by the laws of the State of Oregon as required by ORS Chapter 279, all relevant provisions of which shall be included in public contracts.

D. Audit and Inspection of Records. The City and TriMet shall maintain cost records relating to any reimbursable work by either Party under this Agreement. All costs entitled to reimbursement under this Agreement shall be allowable costs under the applicable Federal Transit Administration cost principles and guidelines for private parties. The City and TriMet shall maintain adequate records and shall permit authorized representatives of each Party hereto, the U.S. Department of Transportation, or the Comptroller General of the United States to inspect and audit all work, books, accounts, and other data relating to this Agreement.

E. Adherence to Law. The City and TriMet shall adhere to all applicable laws governing their respective relationships with employees, including, but not limited to, laws, rules, regulations, and policies concerning workers' compensation and minimum and prevailing wage requirements.

F. Successors and Assigns. The interests, rights, and benefits conferred by this Agreement, and the obligations assumed hereunder, shall inure to the benefit of and bind the successors and assigns of the Parties hereto.

G. Modification of Agreement. No waiver, consent, modification, change, or amendment to the terms of this Agreement shall bind either Party unless in writing and signed by both Parties. Any waiver, consent, modification, change, or amendment shall be effective for the specific purposes described and set forth in writing and signed by an authorized representative of each Party. The Parties agree that any future agreements related to maintenance of the Project will be documented via an amendment to this Agreement instead of the execution of a separate agreement.

H. Notice. All notices provided for hereunder shall be in writing and sufficient if deposited in U.S. mail, or if sent by facsimile with electronic confirmation to a fax number provided by the respective Parties. If sent via mail, the notice shall be addressed to the Parties as set forth below, or to such representatives and addresses as the Parties may designate by written notice to the other Party:

If to TriMet:

Legal Department
1800 SW First Avenue, Ste. 300
Portland, OR 97201
Fax No. 503-962-3095

If to the City of Milwaukie:

City Manager
City of Milwaukie
10722 SE Main Street
Milwaukie, OR 97222

I. Severability. If any terms or provisions of this Agreement or the application thereof to any person or circumstance shall, to any extent, be determined by a court to be invalid or unenforceable, the remainder of this Agreement and the application of those terms and provisions shall not be affected thereby and shall be valid and enforceable to the fullest extent permitted by law.

J. No Partnership. Nothing in this Agreement, nor any acts of the parties hereto, shall be deemed or construed by the parties hereto, or any third person, to create the relationship of principal and agent, or of partnership, or of joint venture, or any association between any of the parties to this Agreement.

K. No Third Party Beneficiaries. The Parties have identified third parties named in this Agreement. However, such Parties, and any other party, are not intended to be third party beneficiaries.

L. Dispute Resolution. Any dispute of the parties relating to interpretation or enforcement of the provisions of this Agreement shall be resolved in accordance with the provisions of this Paragraph.

   a. Authorized Representatives. If a controversy, dispute or claim should arise, the Party Representatives will meet at least once to attempt to resolve the matter. Either Party Representative may request the other to meet within 14 days, at a mutually agreed time and place.

   b. Senior Executives. If the matter has not been resolved within 20 days of their first meeting, the Party Representatives shall refer the matter to senior department or bureau executives, who shall have authority to settle the dispute. The Senior Executives shall meet within 14 days of the end of the 20 day period referred to in this paragraph. If the Senior Executives agree that it will be useful, they may prepare and exchange memoranda stating the issues in dispute and their positions, summarizing the negotiations that have taken place and attaching relevant documents.

   c. Mediation/Litigation. If the matter has not been resolved within 30 days of the meeting of the Senior Executives, the Parties will attempt in good faith to resolve the controversy or claim by mediation. If the Parties cannot agree on the timing or procedure of the mediation or the mediator within 30 days after the meeting of the Senior Executives, either Party shall have the right to seek any legal remedies available to the aggrieved party.

This Agreement may be executed in several counterparts (facsimile or otherwise) all of which when taken together shall constitute one agreement binding on all Parties, notwithstanding that all Parties are not signatories to the same counterpart. Each copy of this Agreement so executed shall constitute an original.

IN WITNESS WHEREOF, the Parties hereto have signed this Agreement effective as of the day and year the first stated herein.

TRI-COUNTY METROPOLITAN TRANSPORTATION DISTRICT OF OREGON	**CITY OF MILWAUKIE**
By: ____________________________	By: ____________________________
Daniel W. Blocher, P.E.	William Monahan
Executive Director, Capital Projects	City Manager
Date:___________________________	Date:___________________________
Approved as to Form	Approved as to Form
For TriMet	For City of Milwaukie
______________________________	______________________________
Counsel for TriMet	City Attorney

Exhibit List

Exhibit A – Project Alignment
Exhibit B – Abbreviations and Definitions
Exhibit C – PMLR Asset List
Exhibit D – Lighting Responsibility Color Coded Plan Set
Exhibit E – Sound/Retaining Walls, Fence & Amenities Responsibility Color Coded Plan Set
Exhibit F – Landscape Responsibility Color Coded Plan Set
Exhibit G – Traffic Signal Responsibility Color Coded Plan Set
Exhibit H – Asphalt and Concrete Responsibility Color Coded Plan Set
Exhibit I – Utility Responsibility Color Coded Plan Set
Exhibit J – Signage and Pavement Markings Responsibility Color Coded Plan Set

Exhibit B

PORTLAND-MILWAUKIE LIGHT RAIL PROJECT
ABBREVIATIONS AND DEFINITIONS

I. Abbreviations – The following abbreviations or phrases shall have the meanings assigned below:

MUTCD	Manual of Uniform Traffic Control Devices
PMLR	Portland-Milwaukie Light Rail
ROW	Right of Way

II. Definitions – The following terms when capitalized in the Agreement will have the meanings assigned below:

Abutting Property Owner –Owner of land adjoining any street in the City

Betterment – Construction work that was not part of the Project scope, but was constructed at the same time as the Project by a Project construction contractor. Betterment work was performed by a Project contractor under contract with TriMet and paid for by an entity other than TriMet.

City Right of Way – The areas under the jurisdiction of the City in accordance with City code.

Extraordinary Maintenance Condition – means any maintenance condition whether emergency or non-emergency that results in unexpected, non-routine labor or material cost to the affected party which cannot be remedied in the normal maintenance schedule and that creates an unreasonable risk if left to the ordinary maintenance schedule.

General Maintenance and Repair – The activities required to keep and maintain the described facility in good operating condition, including any activity associated with the division of responsibilities set forth in this Agreement related to upkeep and repair of damage due to any cause other than Extraordinary Maintenance Condition.

Landscape and Landscaping – refers to all areas where plant materials were installed as part of the Project, including irrigation equipment, EXCEPT, any areas where plant materials or irrigation equipment were installed solely as permit-required wetland or other environmental mitigation, or solely as permit-required erosion control.

Light Rail – refers to light rail, light rail vehicles, the rail for such vehicles and all components of the rail system for the Project, including, but not limited to, facilities, systems, features, equipment, installations, crossings and associated lighting, and landscaping in support of the Light Rail Project.

Light Rail Transit (LRT) – refers to electrified steel-wheel-on-steel-rail-based public transportation system.

Maintenance – refers to any activity necessary to maintain Project features in good operating condition, including any activity associated with ordinary upkeep, litter or graffiti removal, and repair of physical damage due to any cause.

Project – The Portland-Milwaukie Light Rail Project extends from Portland State University in downtown Portland to the Park Avenue Park and Ride in unincorporated Clackamas County. The Project includes 7.3 miles of light rail track, stations, overhead wiring and other necessary capital elements and amenities. The Project includes ten stations, eight in the City of Portland, one in the City of Milwaukie, and one in unincorporated Clackamas County, as further illustrated on Exhibit A.

Roadway – The portion of City ROW reserved for public vehicular travel.

Sidewalk Area – The area adjacent to a Street identified for pedestrians and generally identified by a concrete pathway.

Station – The area within the public right of way or Sidewalk Area identified as a stop for Light Rail trains where transit patrons board and deboard Light Rail Transit.

Street – The area within the public right-of-way that is identified for vehicular traffic and controlled by traffic control signals and signs.

Structures – The overpasses, bridges and viaducts on the Project, as follows (north to south):

- Harbor Viaduct
- Tilikum Crossing Bridge
- SE 17th Ave-Powell Blvd Ramp (auto/ped/bike version)
- Powell Blvd Light Rail Overpass
- Rhine-Lafayette Pedestrian Overpass
- Tacoma-McLoughlin Ramp Viaduct
- Tacoma Park & Ride North Access Rd
- Johnson Creek Milwaukie Light Rail Bridge
- Tillamook Light Rail Viaduct
- Kellogg Light Rail Bridge

Trackway – The area designated for travel by Light Rail trains.

Transit Way – The area designated primarily for use by Transit Vehicles.

MILWAUKIE CITY COUNCIL
STAFF REPORT

Agenda Item: **SS 2.**
Meeting Date: June 23, 2016

To: Mayor and City Council

Through: Bill Monahan, City Manager

Subject: **Employment Forecast—Economic Opportunities Analysis**

From: Alma Flores, Community Development Director
Jerry Johnson, Johnson Economics

Date: June 13, 2016

ACTION REQUESTED

Listen to a presentation given by Johnson Economics, the city's consultants on the development of the Economic Opportunities Analysis (EOA)—specifically the employment forecast and results of a series of focus group meetings, which will help to inform strategic policies.

HISTORY OF PRIOR ACTIONS AND DISCUSSIONS

May 3, 2016: Staff and Johnson Economics presented information to Council regarding the EOA for the city, discussing the foundation of the supply and demand analysis of employment lands, industry typologies, target industries, and economic development strategy.

BACKGROUND

As discussed in the staff report for the May 3 regular session, the Oregon Department of Land Conservation and Development (DLCD) oversees the development of the Economic Opportunities Analysis (EOA), which is a study that identifies and analyzes the supply of land for industrial and other employment uses in communities. The EOA is the first step in understanding the trends (which will speak to the demand for employment land by industry type), the land supply, and preliminary policy recommendations to address a possible shortage in employment lands. The EOA is used to serve as a background report to the development of, or update to, the Comprehensive Plan, and must follow the guidelines in Statewide Planning Goal 9 to provide a 20-year outlook of supply and demand for the economy element of the Comprehensive Plan.

The objective of the EOA is to match expected demand for industrial and other employment lands with the supply and to provide a basis for local governments to accommodate identified needs.

CONCURRENCE

Community Development Director, Planning Director, Senior Planner, and the City Manager concur.

FISCAL IMPACTS

The contract is underway so there is no further budget request or additional fiscal impact.

WORK LOAD IMPACTS
Typical contract project management work currently being done by the Community Development Director and an associate planner.

ALTERNATIVES
None.

ATTACHMENTS
1. Employment Forecast

CITY OF MILWAUKIE: ECONOMIC OPPORTUNITIES ANALYSIS

JOHNSON ECONOMICS

Employment Forecast Scenarios

Introduction

Goal 9 requires that jurisdictions plan for a 20-year supply of commercial and industrial capacity. Because employment capacity is the physical space necessary to accommodate new workers in the production of goods and services, employment need forecasts typical begin with a forecast of employment growth in the community. The previous analysis of economic trends and targeted industries set the context for these estimates. This analysis translates those influences into estimates of employment growth by broad industry. Forecasts are produced at the sector or subsector level (depending on available information), and subsequently aggregated to two-digit NAICS sectors. Estimates in this analysis are intended for long-range land planning purposes, and are not designed to predict or respond to business cycle fluctuation. OAR 660-024-0040(1) specifically acknowledges the less certain nature of long-range planning forecasts:

"The 20-year need determinations are estimates which, although based on the best available information and methodologies, should not be held to an unreasonably high level of precision."

The projections in this analysis are built on an estimate of employment in 2015, the commencement year for the planning period. Employment growth will come as the result of net-expansion of businesses in the community, new business formation, or the relocation/recruitment of new firms. Forecast scenarios consider a range of factors influencing growth, as well as consideration of third-party estimates from both public and private sources. This report projects employment for the City of Milwaukie, with a supplemental forecast for the Milwaukie Urban Growth Management Area (UGMA). This is intended to provide a context of growth influencing Milwaukie in the broader. Long-range forecast typically rely on a macroeconomic context for growth. Inflections in business cycles or the impact of a major shift in employment (i.e. a major unknown recruitment) are not considered.

EMPLOYMENT FORECAST PROCESS

Step 1: Base Year Update
The most recent data for Milwaukie's urban area is based in 2014. Because our evaluation period commences in 2015, we update our base year to 2015.

Step 2: Conversion to Total Employment
Base year QCEW data needs to be updated from "covered" employment to "total employment".

Step 3: Employment Projections
Develop projections of total employment growth over the 20-year planning period, considering factors that will influence sectorial level growth.

Employment Forecast Scenarios

Updating the Base Year

The first analytical step of the analysis is to update covered employment to the 2015 base year. Our foundational Milwaukie specific QCEW dataset provides covered employment by industry through 2014. To update these estimates, we use observed industry specific growth rates for Clackamas County between 2014 and 2015 (summary level county employment data is released on a more timely basis than place level detailed data).

Conversion to Total Employment

The second step in the analysis is to convert "covered" employment to "total" employment. Covered employment only accounts for a share of overall employment in the economy. Specifically, it does not consider sole proprietors or commissioned workers. In Clackamas County, the data from the Bureau of Economic Analysis (BEA) suggests that noncovered workers have averaged roughly 33% of the employment base over the last five years. We find this rate to be abnormally high based on our experience in other urban settings. As such, we revised the conversion rates to reflect a 25% share. The differential is obviously most common in real estate, where commissioned workers comprise an unusably large share jobs. Taken together, the assumed 2015 total employment base is 16,941 jobs in Milwaukie and 48,386 in the UGMA.

City of Milwaukie Industry	2014 Covered	Conversion Rate[1]	2014 Total Employment	'14-'15 AAGR[2]	2015 Base Year Employment
Construction	1,233	80.8%	1,525	5.9%	1,614
Manufacturing	2,967	86.6%	3,426	0.4%	3,439
Wholesale Trade	580	82.5%	703	4.2%	732
Retail Trade	899	73.1%	1,230	3.0%	1,266
T.W.U.	126	61.1%	207	3.5%	214
Information	201	76.8%	262	22.5%	321
Finance & Insurance	281	63.6%	441	1.2%	446
Real Estate	136	29.9%	456	1.6%	464
Professional & Technical Services	507	63.3%	800	3.4%	828
M.C.E.	314	86.3%	364	15.8%	421
Administration Services	820	69.0%	1,188	1.7%	1,208
Education	702	83.6%	839	11.7%	937
Health Care	2,305	73.4%	3,139	4.7%	3,285
Leisure & Hospitality	586	73.3%	800	7.0%	856
Other Services	283	68.8%	411	3.1%	424
Government	448	100.0%	448	8.6%	486
TOTAL	**12,387**	**74.4%**	**16,237**	**4.3%**	**16,941**

Milwaukie UGMA Industry	2014	Conversion Rate	2014 Total Employment	'14-'15 AAGR	2015 Base Year Employment
TOTAL	**34,350**	**71.9%**	**46,496**	**4.1%**	**48,386**

T.W.U. = Transportation, Warehousing, & Utilities
M.C.E. = Management of Companies and Enterprises

"Covered Employment"

The Department of Labor's Quarterly Census of Employment and Wages (QCEW) tracks employment data through state employment departments. Employment in the QCEW survey is limited to firms with employees that are "covered" by unemployment insurance.

1 Bureau of Economic Analysis and the Oregon Employment Department. Comparison of Total Employment to Covered Employment. Adjusted by Johnson Economics.
2 Oregon Employment Department. Quarterly Census of Employment and Wages, Clackamas County.

Employment Forecast Scenarios

Scenario 1: Safe Harbor Forecast, City of Milwaukie

The Goal 9 statute does not have a required method for employment forecasting. However, OAR 660-024-0040(9)(a) outlines several safe harbor methods. The most applicable for Milwaukie is 660-024-0040(9)(a)(A), which recommends reliance on the most recent regional forecast published by the Oregon Employment Department. This method applies industry specific growth rates for the Portland Metro Workforce Region (Clackamas County) to the 2015 Milwaukie base. This method results in an average annual growth rate of 1.6%, with total job growth of 6,131 jobs. While this report will present an alternative forecast scenario, we find growth rates in the Safe Harbor Forecast to be in line with expectation for Milwaukie. It is recommended that the City of Milwaukie adopt the Safe Harbor forecast.

City of Milwaukie	2015 Base	Safe Harbor Forecast					
		5-Year Estimates				2015-2035 Growth	
Industry	Year Employment	2020	2025	2030	2035	#	AAGR
Construction	1,614	1,841	2,099	2,394	2,730	1,116	2.7%
Manufacturing	3,439	3,628	3,827	4,038	4,260	821	1.1%
Wholesale Trade	732	773	816	862	910	177	1.1%
Retail Trade	1,266	1,353	1,445	1,544	1,649	383	1.3%
T.W.U.	214	227	242	258	274	60	1.3%
Information	321	336	352	368	386	65	0.9%
Finance & Insurance	446	481	518	559	602	156	1.5%
Real Estate	464	494	527	562	600	136	1.3%
Professional & Technical Services	828	928	1,040	1,166	1,307	479	2.3%
M.C.E.	421	451	484	519	557	136	1.4%
Administration Services	1,208	1,339	1,484	1,644	1,822	614	2.1%
Education	937	989	1,044	1,101	1,162	224	1.1%
Health Care	3,285	3,558	3,854	4,174	4,521	1,236	1.6%
Leisure & Hospitality	856	926	1,001	1,083	1,171	315	1.6%
Other Services	424	451	481	512	546	122	1.3%
Government	486	507	529	552	576	89	0.8%
TOTAL	**16,941**	**18,283**	**19,744**	**21,336**	**23,073**	**6,131**	**1.6%**

Handling of Potential Refill:

In recent years, it has been customary for employment forecasts in Economic Opportunities Analyses to consider refill rates in across the first five years of the employment forecast. Thousands of jobs were lost during the great recession. While jobs and companies declined, by-and-large, the space they occupied did not. Projections with a base year in the post recession recovery needed to consider that a share of employment growth in the near-term would locate in existing space (refill). In the current environment, real estate vacancies are below market equilibrium. Therefore, refill was not considered in all scenarios presented in this analysis.

Scenario 1: Safe Harbor Forecast, Milwaukie UGMA

The same Safe Harbor process is applied to the Milwaukie UGMA base year employment. In this broader economic geography, the forecast estimates the creation of over 16,500 jobs, with the economy growing at a 1.5% average annual rate. The largest job creation is expected in Health Services, followed by Retail Trade, Manufacturing, and Construction. The fastest growing regional industry is expected to be Construction, followed by Professional and Technical Services, and Administrative Services.

Milwaukie UGMA	2015 Base	Safe Harbor Forecast					
		5-Year Estimates				2015-2035 Growth	
Industry	Year Employment	2020	2025	2030	2035	#	AAGR
Construction	2,205	2,514	2,867	3,270	3,729	1,525	2.7%
Manufacturing	7,236	7,634	8,053	8,496	8,963	1,728	1.1%
Wholesale Trade	2,002	2,113	2,231	2,355	2,487	485	1.1%
Retail Trade	9,570	10,224	10,923	11,670	12,467	2,897	1.3%
T.W.U.	776	826	879	935	995	219	1.3%
Information	703	736	771	808	846	143	0.9%
Finance & Insurance	1,096	1,182	1,274	1,373	1,480	384	1.5%
Real Estate	2,039	2,175	2,319	2,474	2,638	599	1.3%
Professional & Technical Services	1,762	1,975	2,215	2,482	2,783	1,021	2.3%
M.C.E.	573	615	659	707	758	185	1.4%
Administration Services	2,013	2,230	2,471	2,738	3,034	1,022	2.1%
Education	2,003	2,113	2,230	2,352	2,482	479	1.1%
Health Care	9,870	10,690	11,578	12,540	13,582	3,712	1.6%
Leisure & Hospitality	4,069	4,401	4,760	5,147	5,567	1,498	1.6%
Other Services	1,983	2,113	2,251	2,398	2,555	571	1.3%
Government	486	507	529	552	576	89	0.8%
TOTAL	**48,386**	**52,049**	**56,010**	**60,299**	**64,943**	**16,556**	**1.5%**

Scenario 3: Alternative Employment Forecast

The final forecast scenario is closely influenced the by research and analysis conducted in the EOA. This scenario formulates an employment growth trajectory based on identified regional trends, the industry growth outlook for targeted industries, and input from the project technical advisory committee. Further, the alternative scenario recognizes that the city's policy direction has influence over realized growth in targeted sectors. Considering Milwaukie's unique comparative advantages, the following identified factors are expected to influence growth informed the forecast.

FACTORS INFLUENCING GROWTH

Location
Milwaukie has a strong regional location in the Portland Metropolitan Area. It's proximity to the Central Eastside and the Central City is an unparalleled asset. New multimodal transit linkages further strengthen this connectivity. With rapidly increasing space costs in the Central City across building development forms, Milwaukie is well positioned to capture spillover growth pressure. On the margin economic pressures will facilitate a transition away from distribution-oriented uses that had located along once fundamental regional corridors, towards an increased capture of service-based industries.

Household Growth
Growth in many sectors, including retail, hospitality, banking, and real estate, among others, is a direct function of population and households in a community. Milwaukie's population base has been stagnating for many years. However, increasing property values will progressively support higher density redevelopment and an overall increase in "rooftops" in the community.

Redevelopment Opportunities
Milwaukie has ample strategic redevelopment opportunities and sites suitable to accommodate future growth. These include the catalyst redevelopment sites in downtown Milwaukie[3], and the North Milwaukie Industrial area, among others.

Local Policy, Economic Development, and Infrastructure
Milwaukie has an expanding economic development "toolbox" to help facilitate economic growth and successfully attract and support new and expanding businesses. Tools include Urban Renewal, The Clackamas County Strategic Investment Program, and workforce training programs.

Statewide Policy
The outcome of statewide policy initiatives will have direct influence over the growth trajectory of some sectors in the economy. The adoption of statewide minimum wage increases will take form in the coming years. This policy is expected to place downward pressure on growth in service industries. The adoption of a proposed gross receipts tax is less certain.

3 Moving Forward Milwaukie. Opportunity Site Planning Analysis (2013-14)

Scenario 3: Alternative Employment Forecast

The Alternative Forecast for the City of Milwaukie is presented here. This growth trajectory assumes that Milwaukie's policy direction to support traded sector industries and facilitate opportunities for redevelopment and densification will translate into a higher capture of regional growth on the margin. This scenario therefore assumes that Milwaukie will capture a larger share of UGMA growth over the planning period. Specifically, we assume that Milwaukie will capture 15% of the calculated differential between the UGMA and the City forecast under the Safe Harbor estimates.

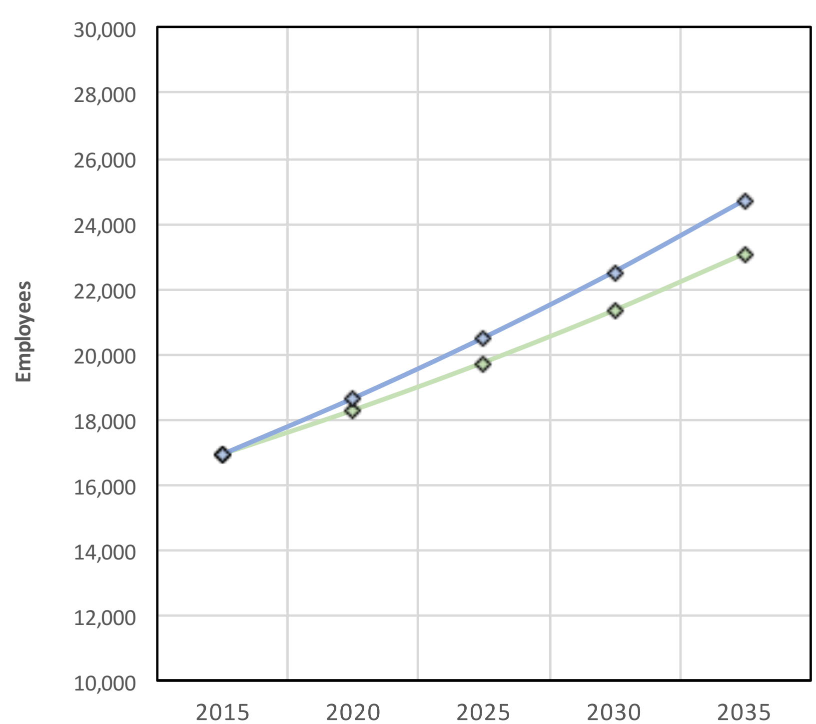
This process yields an average annual growth rate of 1.9 % and the potential increase of 7,750 jobs. The largest growth is expected in Health Care (1,607 jobs), Construction (1,116 jobs), and Manufacturing (1,048 jobs).

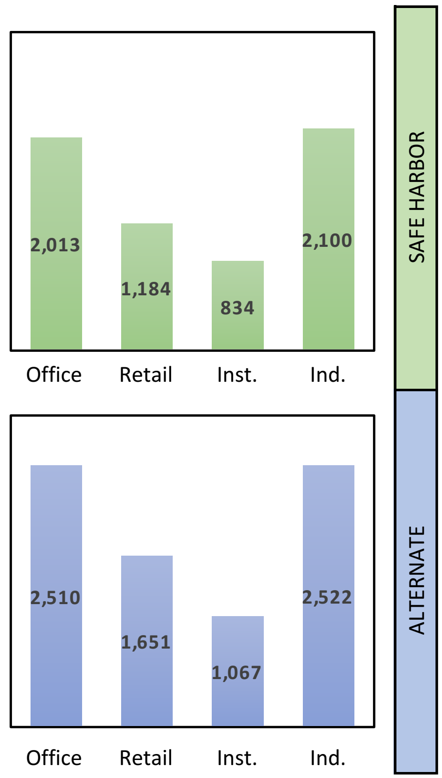
City of Milwaukie	2015 Base	Alternative Forecast					
		5-Year Estimates				2015-2035 Growth	
Industry	Year Employment	2020	2025	2030	2035	#	AAGR
Construction	1,614	1,841	2,099	2,394	2,730	1,116	2.7%
Manufacturing	3,439	3,680	3,934	4,203	4,486	1,048	1.3%
Wholesale Trade	732	791	853	918	987	254	1.5%
Retail Trade	1,266	1,410	1,563	1,726	1,901	635	2.1%
T.W.U.	214	235	257	281	306	92	1.8%
Information	321	345	370	397	425	104	1.4%
Finance & Insurance	446	488	534	583	636	190	1.8%
Real Estate	464	510	560	613	669	205	1.9%
Professional & Technical Services	828	951	1,088	1,242	1,415	588	2.7%
M.C.E.	421	454	489	526	567	146	1.5%
Administration Services	1,208	1,356	1,520	1,702	1,904	695	2.3%
Education	937	1,001	1,068	1,138	1,213	275	1.3%
Health Care	3,285	3,641	4,025	4,442	4,893	1,607	2.0%
Leisure & Hospitality	856	965	1,083	1,210	1,348	492	2.3%
Other Services	424	472	523	577	635	212	2.0%
Government	486	507	529	552	576	89	0.8%
TOTAL	**16,941**	**18,645**	**20,495**	**22,505**	**24,691**	**7,750**	**1.9%**

Summary of Employment Growth Scenarios

The two forecast scenarios in this analysis range from 1.6% average annual growth to 1.9%. Job growth estimates range from 6,131 to 7,750 jobs. The summary estimates here consider the rates at which different sectors utilize varying space/land typologies (Office, Retail, Institutional, Industrial). This aggregation was developed consistent with methods outlined in the 2014 Urban Growth Report[4].

Both the Safe Harbor and Alternative based forecasts assume growth on the margin will increasingly trend toward service and trade-oriented employment uses.





The **Safe Harbor** forecast estimates 1.5% average annual growth and the creation of **6,131 jobs**. The majority of job growth will be in service industries requiring office typologies, followed by industrial, and retail.

The **Alternative Forecast** estimates 1.9% average annual growth and the creation of **7,750 jobs**. In this scenario the majority of jobs growth is in production-oriented uses requiring industrial space typologies, followed by office, and retail.

4 Metro. 2014 Urban Growth Report. Appendix 6, page 6.

MILWAUKIE CITY COUNCIL
STAFF REPORT

Agenda Item: **SS 3.**
Meeting Date: June 23, 2016

To: Mayor and City Council

Through: Bill Monahan, City Manager

Subject: **Draft Milwaukie Housing Needs Analysis**

From: David Levitan, Senior Planner
Denny Egner, Planning Director

Date: June 10, 2016

ACTION REQUESTED

This is an informational presentation to discuss the preliminary findings of the City's Draft Housing Needs Analysis. Please note that the copy of the draft HNA provided to the Council is consultant's first draft and does not include edits recommended by City staff and the City's Housing Technical Advisory Group.

HISTORY OF PRIOR ACTIONS AND DISCUSSIONS

March 29, 2016 City Council Study Session – The Council heard a panel of speakers discuss city and region-wide housing issues.

BACKGROUND

Angelo Planning Group (APG) was hired in March 2016 to prepare a Housing Needs Analysis (HNA) for the City of Milwaukie. Statewide Planning Goal 10 details the required components of an HNA that is prepared as part of a Comprehensive Plan Update. The HNA must assess both current and future (20 year) demand for housing units across a range of price ranges, rent levels, locations, housing types, and densities. It must then compare these needs with the community's 20 year supply of buildable residential land, as calculated by its Buildable Lands Inventory (BLI). If the HNA shows that cities do not have adequate land supply to meet the full spectrum of anticipated housing needs, they are required to develop policies and actions to help meet this demand. The HNA will provide policy recommendations for consideration as part of the Comprehensive Plan's Housing Chapter, as well as potential implementation tools. Work on the HNA is scheduled to be completed by July 31.

A Housing Technical Advisory Group (TAG) has been created to help guide the HNA process and review project deliverables. The TAG includes staff from a number of county and state housing agencies, as well as local developers, housing non-profits, Mayor Gamba, Councilor Power, and Planning Commissioner Shane Abma. To date, there have been two TAG meetings, with the third and final meeting set to occur in mid-July. On June 7 the TAG reviewed a draft of the HNA, and provided valuable comments on additional topics and data sources that should be examined. The final TAG meeting will be focused on reviewing the revised HNA and implementation products.

The draft HNA determined that there is currently a mismatch between the City's housing supply and the housing needs of its residents. Like most cities throughout the region, there is a large deficit of housing units that would be considered affordable to lower income residents (affordability is calculated as spending no more than 30% of one's income on housing), which points to a need for more affordable housing options.

Projecting the future housing needs of Milwaukie presents some difficulties, as projections are typically based on past population growth trends. While the City has seen very little population or housing growth since the year 2000, we are now seeing new demand for housing as the overall housing market improved and the Orange Line opened. The HNA estimates that the City will have a need for 1,241 new housing units over the next 20 years, which represents an approximately 12% increase over the current supply of 10,496 units.

City staff worked with APG to revise Metro's BLI to make it more consistent with conditions in Milwaukie. The BLI uses a series of assumptions (density, environmental constraints, redevelopment potential) to calculate the potential supply of vacant and redevelopable land, both for the city proper and the Urban Growth Management Area (UGMA). The BLI estimates that the City has a 20 year capacity of 2,675 units: 1,090 detached single family units, 1,081 medium density attached units, and 504 multifamily units. This is more than double the City's projected housing needs of 1,241 units. Approximately 20% of this capacity is on vacant parcels, while the remaining 80% is on developed lots with infill/redevelopment potential (partitions, subdivisions, site redevelopment, etc.). The UGMA area has the capacity for an additional 2,445 units.

Staff is currently working with APG to revise the draft HNA based on comments from the TAG and the City staff's review. APG has also begun work on the HNA's implementation products, which will include a Housing Needs Toolkit and an Affordable Housing Action Plan.

CONCURRENCE
Not applicable

FISCAL IMPACTS
Not applicable

WORK LOAD IMPACTS
Not applicable

ALTERNATIVES
Not applicable

ATTACHMENTS
1. Draft Housing Needs Analysis

ATTACHMENT 1

CITY OF MILWAUKIE, OR

HOUSING AND RESIDENTIAL LAND NEEDS ASSESSMENT (OREGON STATEWIDE PLANNING GOAL 10)

20-YEAR HOUSING NEED 2016 - 2036

Prepared For:
CITY OF MILWAUKIE, OREGON

May, 2016

621 SW ALDER STREET, SUITE 605 PORTLAND, OR 97205 503/295-7832 503/295-1107 (FAX)

DRAFT

Table of Contents

INTRODUCTION

This analysis outlines a forecast of housing need within the City of Milwaukie. Housing need and resulting land need are forecast to 2036 consistent with 20-year need assessment requirements of periodic review. This report presents a housing need analysis (presented in number and types of housing units) and a residential land need analysis, based on those projections.

The primary data sources used in generating this forecast were:

- Metro 2040 Population Forecast (from 2015 RTP, reviewed by Milwaukie staff)
- Portland State University Population Research Center.
- U.S. Census
- Claritas Inc.[1]
- City of Milwaukie Buildable Lands Inventory
- Other sources are identified as appropriate.

I. CITY OF MILWAUKIE DEMOGRAPHIC PROFILE

SUMMARY

The following table (Figure 1.1) presents a profile of City of Milwaukie demographics from the 2000 and 2010 Census. It also presents projected demographics in 2016, based on assumptions detailed in the table footnotes.

- Milwaukie is a City of over 20,500 people located in the greater Portland metropolitan area.
- Milwaukie is the 27th largest city in the state by population, and the 11th largest city in the Portland Metropolitan area (excluding Washington State). The city is near the top 10% of Oregon cities in population size.
- Milwaukie is estimated to have experienced very flat growth since 2000, adding only an estimated 60 people in that time. This is less than one percent growth. In contrast, Clackamas County and the state experienced population growth of 17.5% and 17.3% respectively. (US Census and PSU Population Research Center)
- Milwaukie is home to an estimated 8,830 households in 2016. The percentage of families fell somewhat between 2000 and 2010 from 61.7% to 58.6% of all households. The city has a relatively smaller share of family households than Clackamas County (69%) and the state (63%), but a greater share than Multnomah County (54%).
- Milwaukie's average household size is 2.32 persons, declining since 2000. This is somewhat smaller than the Clackamas County average of 2.56 and the statewide average of 2.47.

[1] Claritas Inc. is a third-party company providing data on demographics and market segmentation. It is owned by the Nielson Company which conducts direct market research including surveying of households across the nation. Nielson combines proprietary data with data from the U.S. Census, Postal Service, and other federal sources, as well as local-level sources such as Equifax, Vallassis and the National Association of Realtors. Claritas promotes a "bottom-up" and "top-down" analysis using these sources to produce annual demographic and economic profiles for individual geographies. Projections of future growth are based on the continuation of long-term and emergent demographic trends identified through the above sources.

FIGURE 1.1: MILWAUKIE DEMOGRAPHIC PROFILE

POPULATION, HOUSEHOLDS, FAMILIES, AND YEAR-ROUND HOUSING UNITS	2000 (Census)	2010 (Census)	Growth 00-10	2016 (Proj.)	Growth 10-16
Population[1]	20,490	20,291	-1.0%	20,548	1.3%
Households[2]	8,561	8,667	1.2%	8,831	1.9%
Families[3]	5,283	5,075	-4%	5,135	1%
Housing Units[4]	8,988	9,138	2%	9,169	0%
Group Quarters Population[5]	389	214	-45%	217	1%
Household Size (non-group)	*2.35*	*2.32*	-1%	*2.30*	-1%
Avg. Family Size	*2.93*	*2.91*	-1%	*2.90*	0%

PER CAPITA AND AVERAGE HOUSEHOLD INCOME	2000 (Census)	2010 (Census)	Growth 00-10	2016 (Proj.)	Growth 10-16
Per Capita ($)	$21,342	$27,206	27%	$27,220	0%
Median HH ($)	$43,635	$52,852	21%	$56,719	7%

SOURCE: Census, PSU Population Research Center, and Johnson Economics

Census Tables: DP-1 (2000, 2010); DP-3 (2000); S1901 (2010 ACS 3-yr Estimates); S19301 (2010 ACS 3-yr Estimates

[1] Population is based on the certified 2015 estimate from PSU Population Research Center, projected forward one year using the 2010 - 2015 growth rate (0.21%)

[2] 2016 Households = (2016 population - Group Quarters Population)/2016 HH Size

[3] Ratio of 2016 Families to total HH is based on 2014 ACS 5-year Estimates

4 2015 housing units are the 2010 Census total plus new units permitted from '10 through January '16 (source: Census, City of Milwaukie)

[5] Ratio of 2016 Group Quarters Population to Total Population is kept constant from 2010.

A. POPULATION GROWTH

Since 2000, Milwaukie has grown by only roughly 60 people, or 0.3% in 16 years. This is very slow population growth in comparison to most other cities in the Portland Metro area. The US Census estimates that the population fell slightly between 2000 and 2010.

This remarkable stability in population is not common among Metro area communities, though neighboring Gladstone has experienced similar flat growth. Clackamas County as a whole has grown an estimated 17% since 2000, while other cities in the county such as West Linn and Oregon City grew by 15% and 31% respectively. Portland's population grew by an estimated 16% during this period (PSU Population Research Center).

B. HOUSEHOLD GROWTH & SIZE

As of 2016, the city has an estimated 8,831 households. Since 2000, Milwaukie has added an estimated 270 households, or growth of 3%. This is an average of just 17 households annually during this period. The growth since 2000 is very similar to the number of new housing units permitted in that time (270 new households to 280 permitted units) so housing production has kept pace with the modest level of growth.

Household growth has outpaced population growth because the average household size is falling. So while population growth has been slow, Milwaukie has experienced the nationwide trend of falling average household size as birth rates have fallen, more people have chosen to live alone, and the Baby Boomers have become empty nesters. As each household accommodates fewer people, the number of households increases relative to the population. Thus the growth rate for households shown above is higher than the population growth rates discussed previously, the same number of people live in a greater number of smaller households.

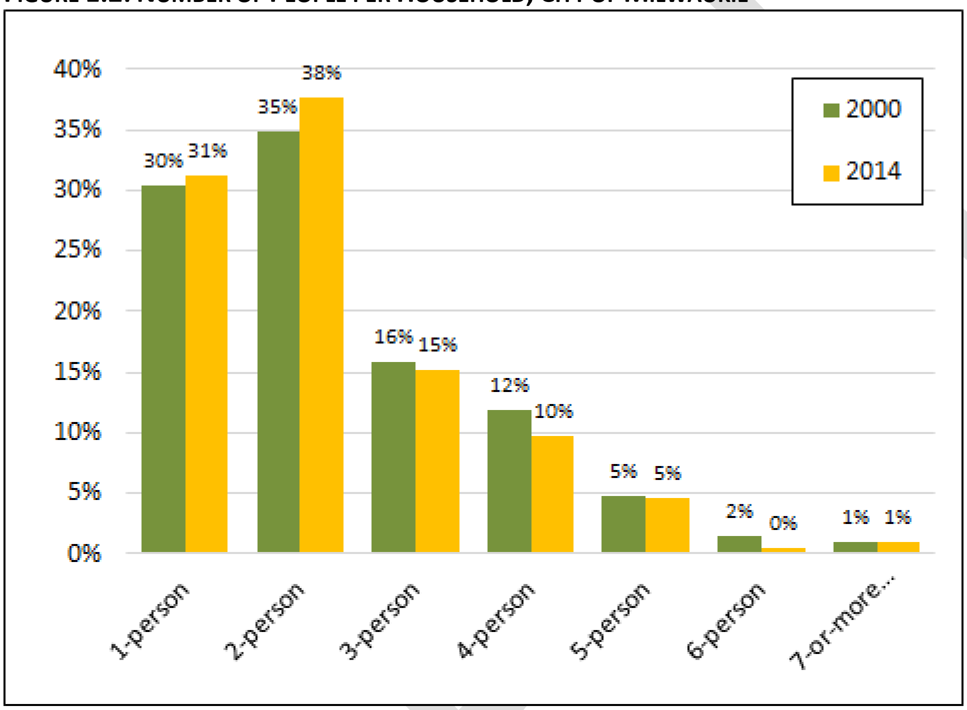
Household size has fallen from 2.35 people per household in 2000, to 2.30 people in 2016 (estimated). For comparison, the average household size in Clackamas County was 2.6 people in the 2010 Census.

While this trend of diminishing household size is expected to continue, there are limits to how far the average can fall. Nationwide, the rate of decrease is expected to slow over the coming years and eventually stabilize. There is already evidence of this trend since 2000.

Figure 1.2 shows the share of households by the number of people in 2000 and 2014, according to the Census. 31% are single-person households, up from 30% in 2000. This is higher than the percentage in Clackamas County (24%) and the state (27%). The share of two person households grew the fastest over this period from 35% to 38%.

The share of households with three people or more fell slightly.

FIGURE 1.2: NUMBER OF PEOPLE PER HOUSEHOLD, CITY OF MILWAUKIE



SOURCE: US Census, JOHNSON ECONOMICS LLC
Census Tables: H013 (2000); B11016 (2014 ACS 5-yr Estimates)

C. FAMILY HOUSEHOLDS

As of the 2010 Census, 59% of Milwaukie households were family households, down from 62% of households in 2000. The number of family households in Milwaukie is estimated to have fallen since 2000, by roughly 150 households, or 3%.

The Census defines family households as two or more persons, related by marriage, birth or adoption and living together. In 2010, family households in Milwaukie had an average size of 2.91 people.

The city has a smaller share of family households than Clackamas County (69%), but a greater share than Multnomah County (54%). Across the 4-county Metro area, 64% of households are family households, and the national figure is 66%.

D. Housing Units

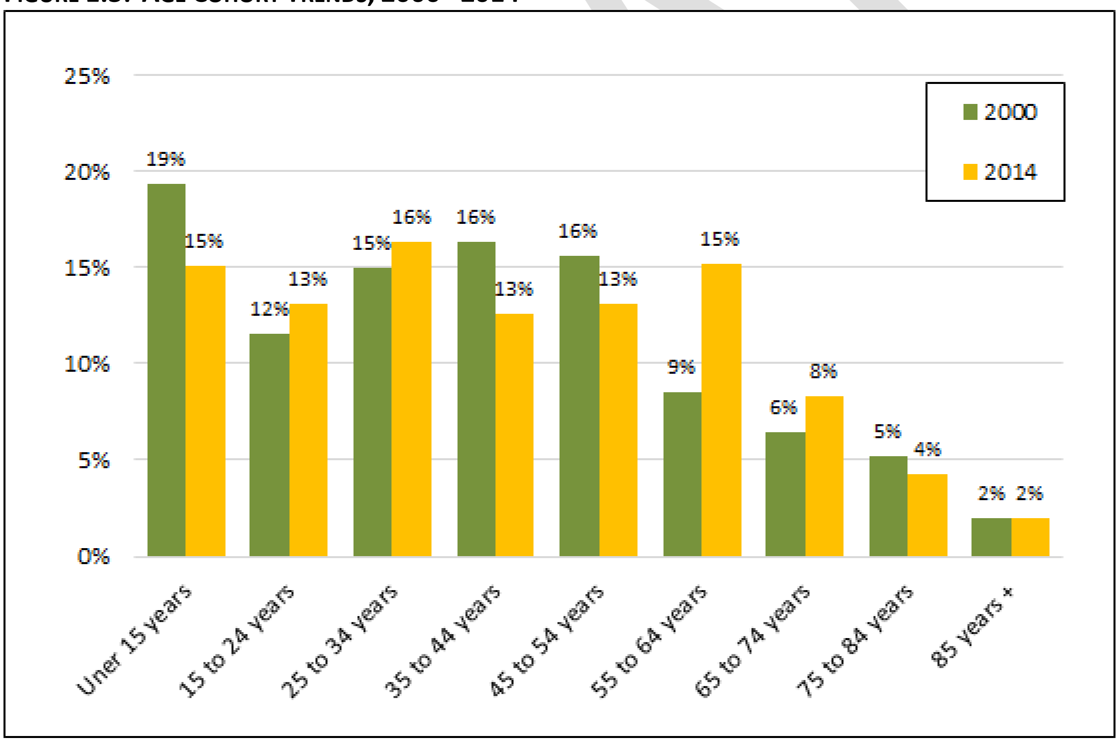
Data from the City of Milwaukie and the US Census indicate that the city has permitted an estimated 281 housing units since 2000, representing 3% growth in the housing stock. 74% of these new units were single family, while 26% were attached housing types. This number of new units is within 4% of the estimated number of new households during the same period, indicating that housing growth was well matched to new need.

As of 2016, the city has an estimated housing stock of roughly 9,269 units for its 8,831 estimated households. This translates to an estimated vacancy rate of 4.7%. This includes both vacant rental units and ownership units that may be vacant for a range of reasons, such as being on the market for sale, or owned as a second home.

E. Age Trends

The following figure shows the share of the population falling in different age cohorts between the 2000 Census and the most recent 5-year American Community Survey estimates. As the chart shows, there is a general trend for younger age cohorts to fall as share of total population, while older cohorts have grown in share. This is in keeping with the national trend caused by the aging of the Baby Boom generation.

Figure 1.3: Age Cohort Trends, 2000 - 2014



SOURCE: US Census, Johnson Economics LLC
Census Tables: DP-1 (2000); S0101 (2014 ACS 5-yr Estimates)

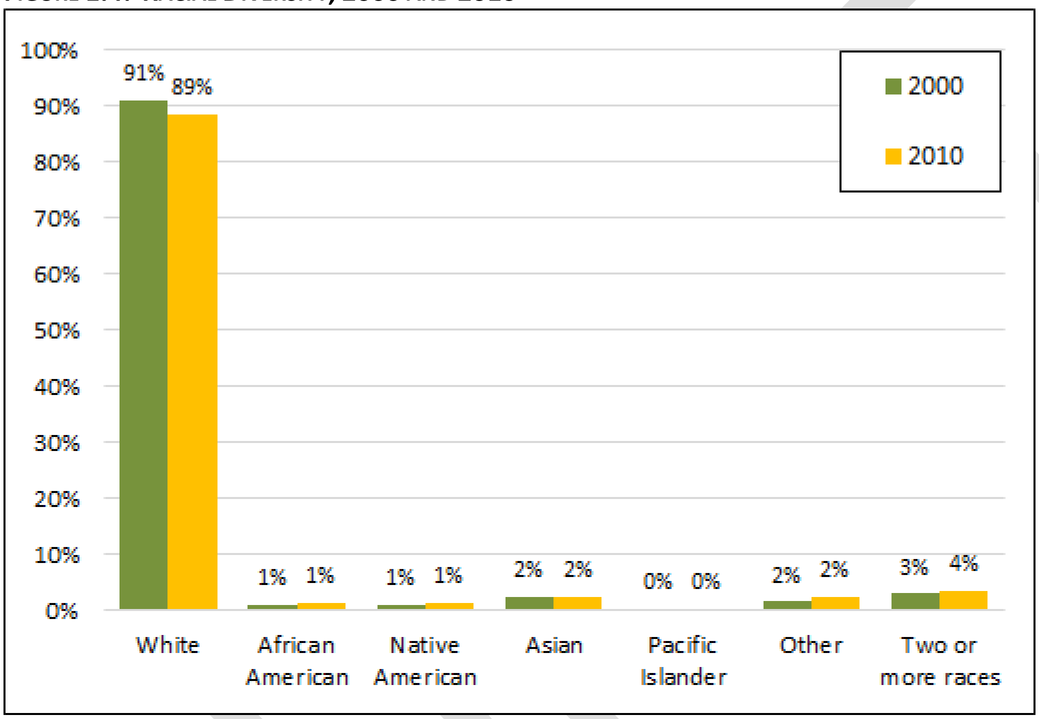
- Figure 1.3 shows the share of the population by age according to the Census. In general, the distribution of the population is shifting upwards in age as the Baby Boom generation moves into the retirement years. The cohorts which grew in share during this period were those aged 15 to 34 years and those between 55 and 74 years. An estimated 85% of the population is under 65 years of age, and 15% of the population consists of children under the age of 15.

- In the 2010 Census, the local median age was under 40 years, compared to 36.5 in the Portland Metro area, and over 38 years in Oregon.
- The greatest growth was in the 55 to 64 age range, coinciding with the center of the Baby Boom cohort. This cohort grew from 9% to 15% of the population.
- 15% of the population is now 65 years or older.

F. Diversity Trends

Milwaukie has also remained fairly stable in terms of diversity. Milwaukie is roughly 90% white with small share of other racial groups. Since 2000, the white population has fallen modestly while other racial groups have grown modestly.

Figure 1.4: Racial Diversity, 2000 and 2010



SOURCE: US Census
Census Tables: DP-1 (2000, 2010)

The Hispanic or Latino community has increased more significantly in Milwaukie. From roughly 800 individuals in the 2000 Census, or 4% of the population, the Latino population has grown by over 600 people to roughly 1,425 people, or 7% of the population.

Immigration: As of the 2014 American Community Survey, an estimated 7% of Milwaukie's population is foreign-born, roughly equal to the share in 2000. Of these, 36% were born in Asia, 34% were born in Europe, and roughly 20% were born in Latin America. Like the general population, these segments have shown little change since 2000.

In 2010, the percentage of the population speaking a language other than English at home was 6%, down from 8% in 2000.

The immigrant population is not homogeneous and includes households ranging from political refugees to highly-skilled recruits to local companies. However on average, these households do have some commonalities which are discussed further in Section III of this report.

G. Income Trends

The following figure presents data on income trends in Milwaukie.

Figure 1.5: Income Trends, 2000 – 2016

PER CAPITA AND AVERAGE HOUSEHOLD INCOME	2000 (Census)	2010 (Census)	Growth 00-10	2016 (Proj.)	Growth 10-16
Per Capita ($)	$21,342	$27,206	27%	$27,220	0%
Median HH ($)	$43,635	$52,852	21%	$56,719	7%

SOURCE: Census, PSU Population Research Center, and Johnson Economics

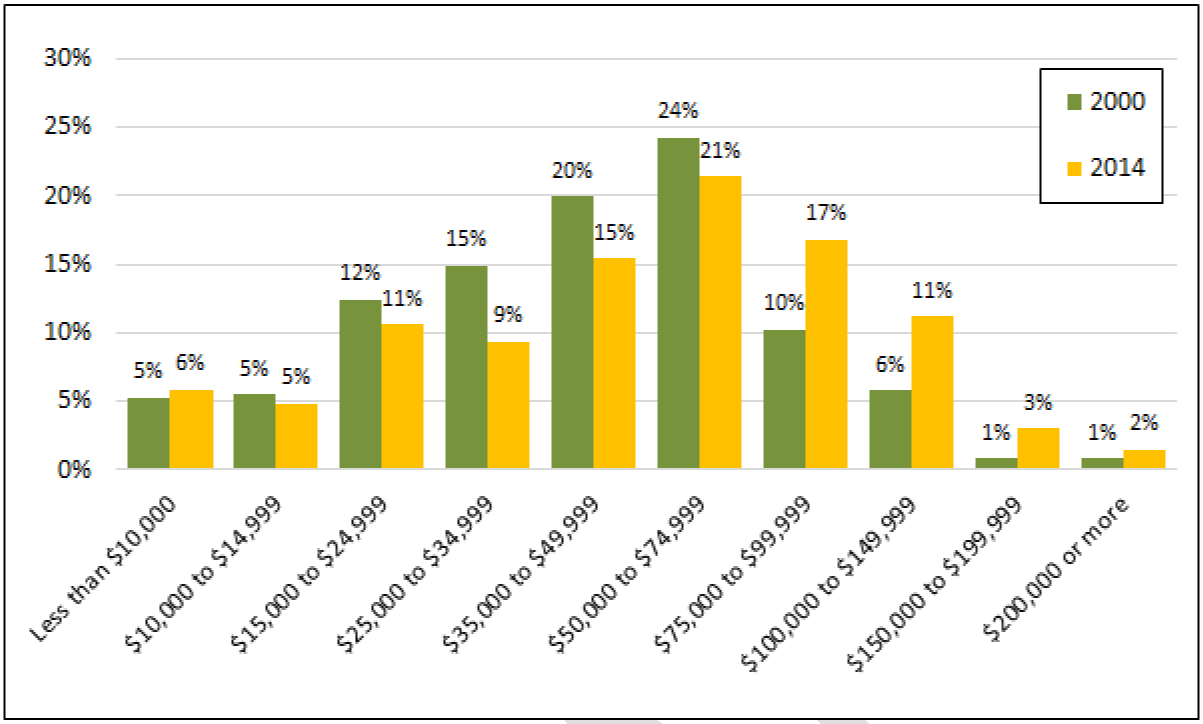
Census Tables: DP-1 (2000, 2010); DP-3 (2000); S1901 (2010 ACS 3-yr Estimates); S19301 (2010 ACS 3-yr Estimates

- Milwaukie's estimated median household income was nearly $57,000 in 2016. This is 3% lower than the Metro area median. However, the local median income is roughly 12% lower than the Clackamas County median of $64,700.
- The local per capita income is roughly 12.5% lower than the Metro-wide per capita income ($31,100).
- Median income has grown an estimated 7% between 2000 and 2016, in real dollars. Inflation was an estimated 36% over this period, so as is the case nationwide, the local median income has not kept pace with inflation.

Figure 1.6 presents the distribution of households by income in 2000 and 2014. The largest single income cohort is those households earning between $50k and $75k, at 21% of households. 46% of households earn less than this, while 33% of households earn $75k or more per year. (2014 data is from the American Community Survey 5-year estimates, so include the years of recovery from the last recession. Thus current income levels are likely somewhat higher than what is presented here.)

- As one would expect due to wage increases over time, the income distribution has shifted towards higher-income cohorts (in non-adjusted dollars), with the largest gains in those households earning above $75,000 per year.
- 22% of households earn $25k or less, very similar to 2000. Although the lowest-earning cohorts, those earning $15,000 or less per year, actually grew slightly in share.

FIGURE 1.6: HOUSEHOLD INCOME COHORTS, 2000 AND 2014



SOURCE: US Census
Census Tables: DP-3 (2000); S1901 (2014 ACS 5-yr Est.)

H. POVERTY STATISTICS

According to the US Census, the poverty rate in Milwaukie has been increasing over time from 8% of individuals in 2000, to an estimated 13% over the most recent period reported (2014 5-year estimates).[2] The poverty rate in Milwaukie tends to be 4% to 5% lower than that of the entire Metro region, which has similarly increased since 2000. In the 2010-14 period:

- The poverty rate is highest among adults aged 18 to 64 at 13.5%. The rate is 12% of those under 18 years of age living in poverty. The rate is lowest for those 65 and older at 10%.
- For those without a high school diploma the poverty rate is 20%. For those with a high school diploma only, the rate is 17.5%.
- Among those who are employed the poverty rate is still 8%, while it is 32% for those who are unemployed.
- The poverty rate is similar among racial groups, from 12% to 15%. However, the poverty rate for those identifying as Hispanic is 22%.
- Information on affordable housing and the homeless population are presented in the following section of this report.

I. EMPLOYMENT TRENDS

This section provides an overview of employment and industry trends in Milwaukie that may impact housing. *These subjects will be covered in much greater detail in the Goal 9 Economic Opportunities Analysis that is being completed concurrently to this Housing Market Analysis project.*

[2] Census Tables: QT-P34 (2000); S1701 (2014 ACS 5-yr Estimates)

Commuting Patterns: The following figure shows the inflow and outflow of commuters to Milwaukie according to the Census Employment Dynamics Database. As of 2014, the most recent year available, the Census estimates 12,390 jobs located in Milwaukie. Only 678 of these, or 5.5%, are held by local residents, while over 11,700 employees commute into the city from elsewhere.

FIGURE 1.7: COMMUTING PATTERNS, MILWAUKIE

SOURCE: US Census Longitudinal Employer-Household Dynamics

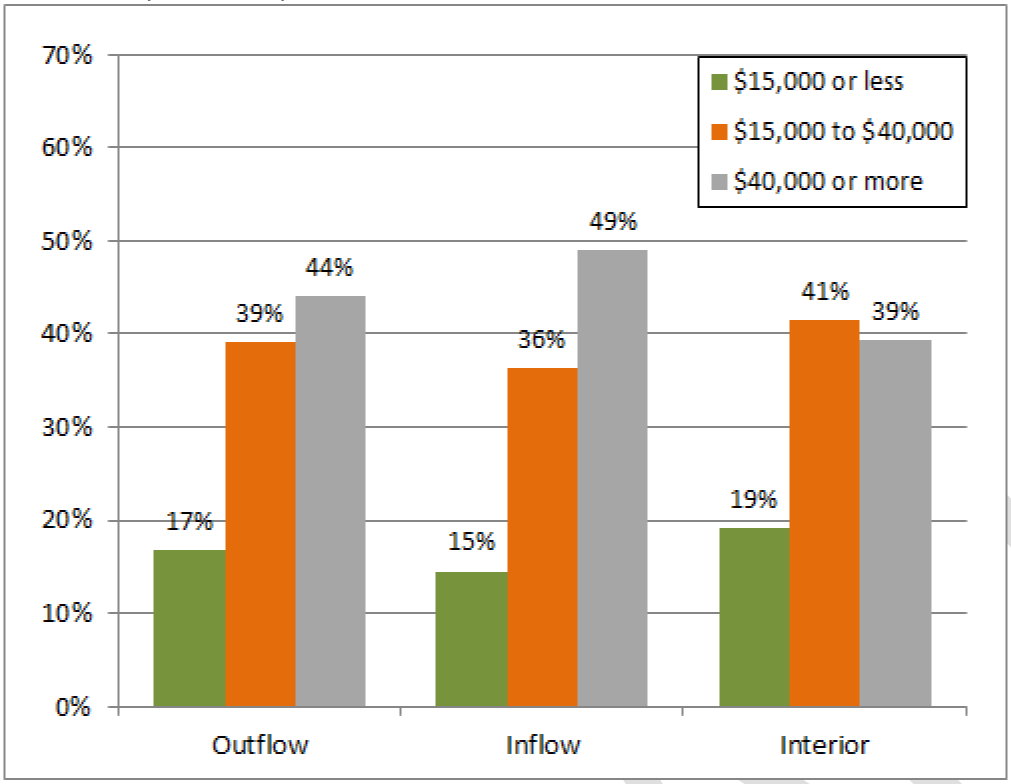
Of the estimated 9,086 employed Milwaukie residents, 93% of them commute elsewhere to employment. An estimated 45% of them commute to Portland for their primary job.

While these numbers may seem stark, this pattern is actually fairly consistent across communities, and particularly in an interconnected metropolitan area where many people live and work in different communities and spouses and other family members often do not work in the same community.

The following numbers show broad income levels for each of the commuting groups (outflowing, inflowing, and interior). The income categories shown here are due to how the Census reports this data.

Comparing the highest-earning category of workers, we see that 44% of those residents leaving the city to work (outflow) are in this category, while 39% of residents who stay in the city for work (interior) are in this category. Meanwhile, of those non-residents commuting into the community for work (inflow), 49% are in the highest income category.

Figure 1.8: Income Levels by Commuting Cohort (Primary Jobs)
Outflowing, Inflowing, and Interior Employees



SOURCE: US Census Longitudinal Employer-Household Dynamics

Jobs/Household Ratio: Milwaukie features a healthy jobs-to-households ratio. There are an estimated 12,400 jobs in the city of Milwaukie, and an estimated 9,100 Milwaukie residents in the labor force. This represents 1.4 jobs per household and more than one job per working adult. Considering the proximity of other major employers in the south Metro area, there seems to be ample employment for Milwaukie's population.

II. Current Housing Conditions

The following figure presents a profile of the current housing stock and market indicators in Milwaukie. This profile forms the foundation to which current and future housing needs will be compared.

A. Housing Tenure

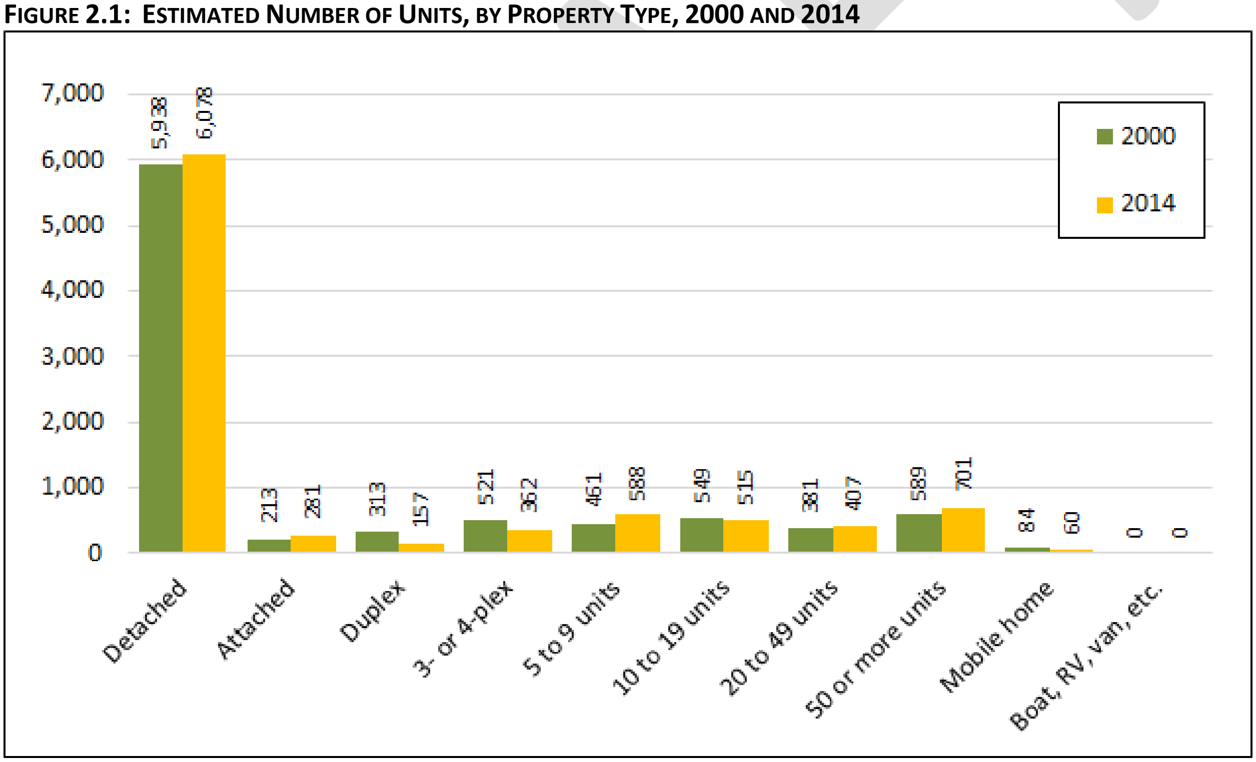
Milwaukie has a greater share of homeowner households than renter households. In the 2010 Census 58.5% of occupied units were owner occupied, and 41.5% renter occupied, essentially a 3/2 split (Census table DP-1). (The 2010 Census features a lower margin of error than more recent ACS data.) The ownership rate is estimated at a higher 69% in Clackamas County and 62% in the Metro region.

The ownership rate in Milwaukie has fallen slightly since 2000 from 60%.

B. Housing Stock

As shown in Figure 1.1, Milwaukie are an estimated 9,270 housing units in 2016, with a vacancy rate of 4.7% (includes ownership and rental units). The housing stock has increased by roughly 281 units since 2000, or growth of 3%.

Figure 2.1: Estimated Number of Units, by Property Type, 2000 and 2014



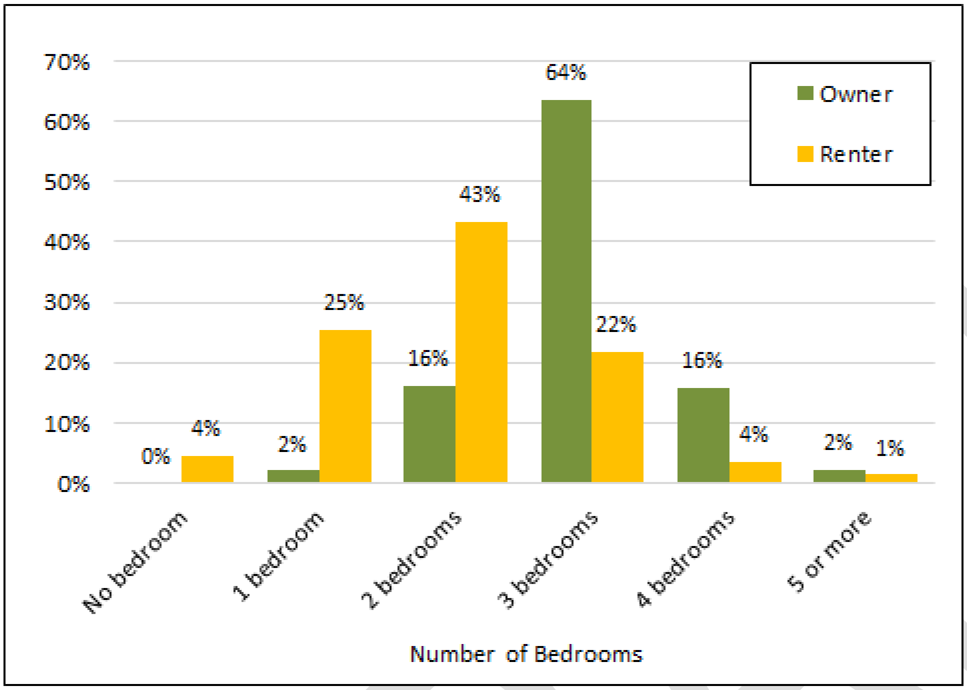
SOURCE: US Census
Census Tables: H030 (2000); B25024 (2014 ACS 5-year Estimates)

Figure 2.1 shows the estimated number of units by type between the 2000 Census and the 2014 American Community Survey. Given the relatively slow population and household growth, there has been little change in the breakdown of unit types in the community. Detached single-family homes represent an estimated 66% of housing units. Units in larger apartment complexes of 50 or more units represent 8% of units, and other types of attached homes represent 25% of units. (Attached single family generally includes townhomes, some condos, and plexes which are separately metered.)

C. Number of Bedrooms

Figure 2.2 shows the share of units for owners and renters by the number of bedrooms they have. In general, owner-occupied units are much more likely to have three or more bedrooms, while renter occupied units are much more likely to have two or fewer bedrooms.

Figure 2.2: Number of Bedrooms for Owner and Renter Units



SOURCE: US Census
Census Tables: B25042 (2014 ACS 5-year Estimates)

D. Units Types by Tenure

As Figure 2.3 and 2.4 show, a large share of owner-occupied units (94%) are detached homes, which is related to why owner-occupied units tend to have offer more bedrooms. Renter-occupied units are much more distributed among a range of structure types. 32% of rented units are estimated to be detached homes, while the remainder are some form of attached unit.

Figure 2.3: Current Inventory by Unit Type, for Ownership and Rental Housing

Ownership Housing

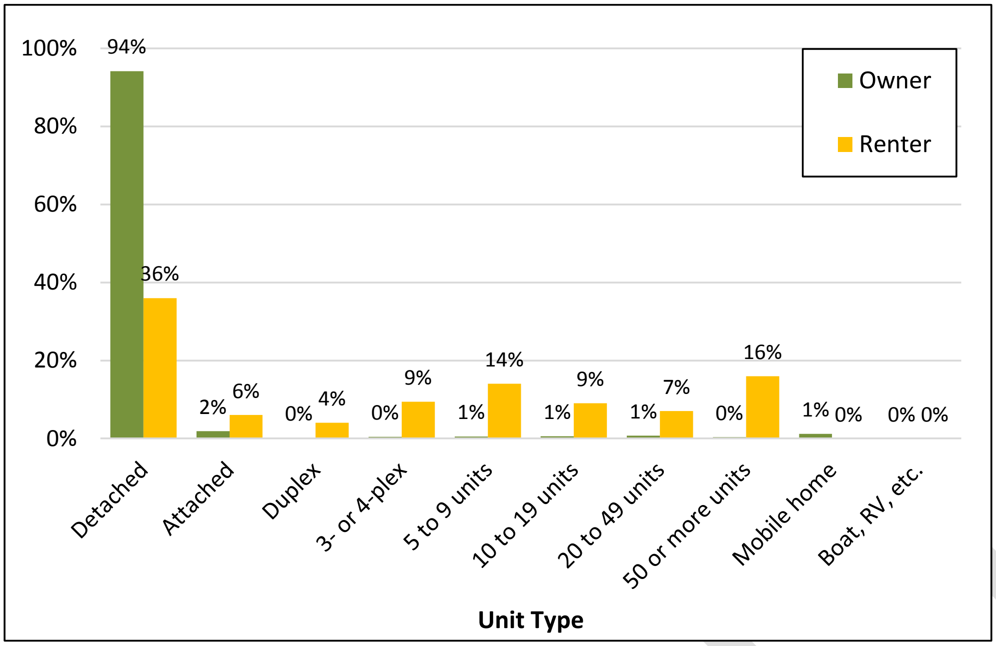
Price Range	Single Family Detached	Single Family Attached	Duplex	3- or 4-plex	5+ Units MFR	Mobile home	Boat, RV, other temp	Total Units
Totals:	5,138	87	17	0	116	60	0	**5,418**
Percentage:	94.8%	1.6%	0.3%	0.0%	2.1%	1.1%	0.0%	100.0%

Rental Housing

Price Range	Single Family Detached	Single Family Attached	Duplex	3- or 4-plex	5+ Units MFR	Mobile home	Boat, RV, other temp	Total Units
Totals:	1,391	227	141	353	1,739	0	0	**3,851**
Percentage:	36.1%	5.9%	3.7%	9.2%	45.2%	0.0%	0.0%	100.0%

Sources: US Census, Johnson Economics
Census Tables: B25004, B25032, B25063, B25075 (2014 ACS 4-yr Estimates)

FIGURE 2.4: CURRENT INVENTORY BY UNIT TYPE, BY SHARE

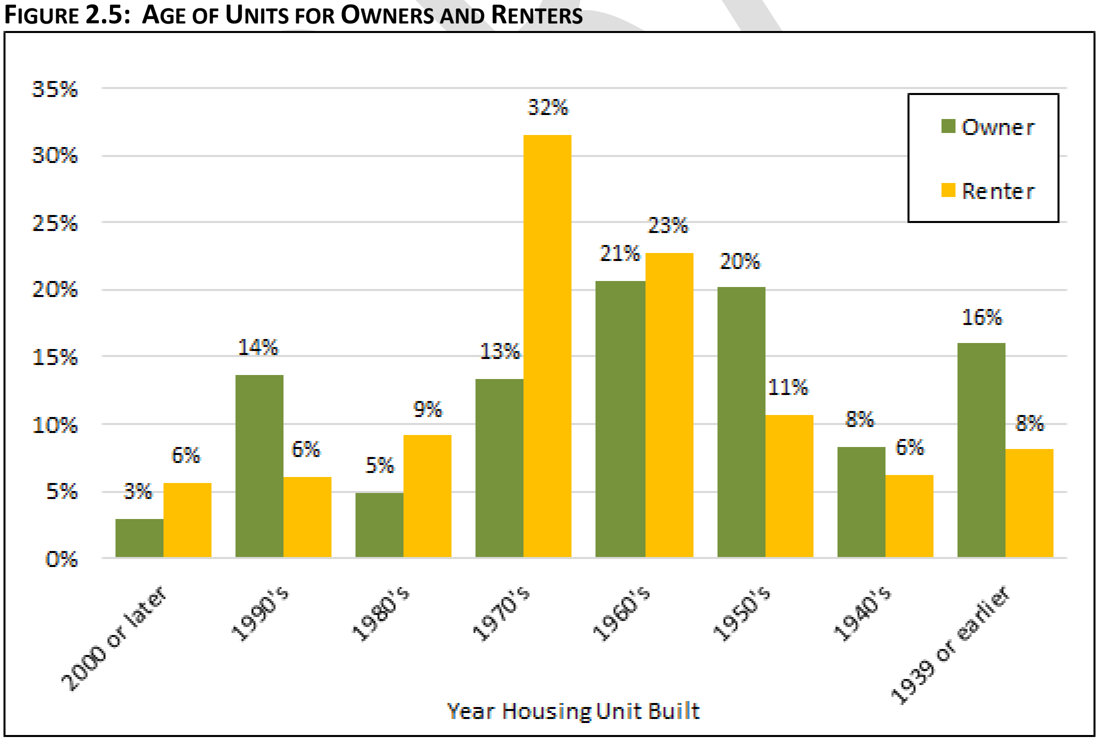


Sources: US Census, JOHNSON ECONOMICS
Census Tables: B25004, B25032, B25063, B25075 (2014 ACS 4-yr Estimates)

E. AGE OF HOUSING STOCK

Milwaukie's housing stock reflects the pattern of settlement in the area, with the earliest standing homes dating to the mid-1800's. Nearly 80% of the housing stock is pre-1980's with the remainder being post 1980. The 1960's and 1970's saw the highest amount of development activity with roughly over 1,800 units dating from each of those decades. There are an estimated 1,262 units dating from post 1990. The following figure shows that a higher share of renters tend to live in housing stock from the 1960's and 1970's. A greater share of owners tend to live in homes from the 1950's and 1960's, and in the oldest and newest homes.

FIGURE 2.5: AGE OF UNITS FOR OWNERS AND RENTERS



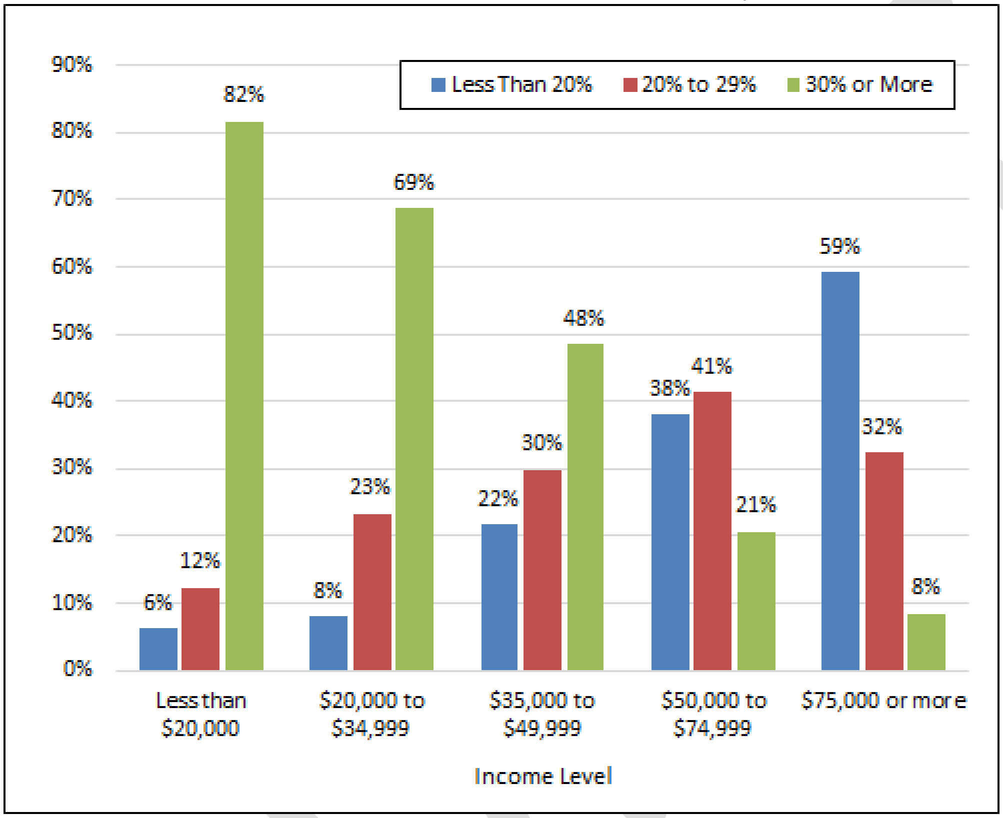
SOURCE: US Census
Census Tables: B25036 (2014 ACS 5-year Estimates)

F. Housing Costs vs. Local Incomes

Figure 2.6 shows the percentage of income that local households are spending on housing based on their income group. As one might expect, lower income households spend a larger percentage of their income on housing costs than higher income households. Of those earning less than $20,000, 82% of households spend more than 30% of income on housing costs. (Spending 30% or less on housing costs is a common measure of "affordability" used by HUD and others, and in the analysis presented in this report.)

Even half of those households earning $35,000 to $49,000 pay more than 30% of income towards housing costs. Only those earning more than $50,000 have a relatively small percentage paying more than 30%.

Figure 2.6: Housing Costs as Percentage of Household Income, by Income Group

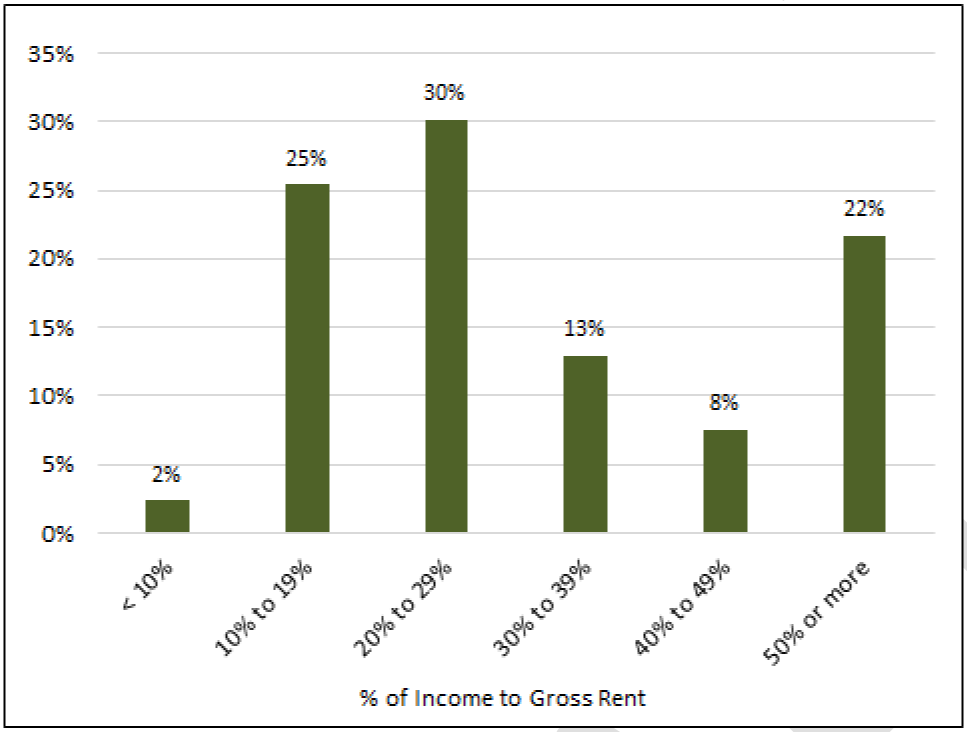


Sources: US Census, Johnson Economics
Census Table: B25106 (2014 ACS 5-yr Estimates)

The following figures shows the percentage of household income spent towards gross rent for local renter households only. This more fine grained data shows that not only are nearly 45% of renters spending more than 30% of their income on rent, but an estimated 22% are spending 50% or more of their income.

Renters are disproportionately lower income relative to homeowners. The burden of housing costs are felt more broadly for these households, and as the analysis presented in later section shows there is a need for more affordable rental units in Milwaukie, as in most of the Metro area.

FIGURE 2.7: PERCENTAGE OF HOUSEHOLD INCOME SPENT ON GROSS RENT, MILWAUKIE RENTER HOUSEHOLDS



Sources: US Census, JOHNSON ECONOMICS
Census Table: B25070 (2013 ACS 3-yr Estimates)

G. PUBLICLY-ASSISTED HOUSING

Milwaukie has an estimated 762 subsidized affordable housing units, ranging from single-family homes to large apartment complexes. 200 of the units are owned by the Housing Authority of Clackamas County (HACC), in Hillside Park and Hillside Manor communities. HACC also administers "scattered site" units in the community, which are dispersed individual housing units. The remainder of the affordable units are operated by non-profit housing agencies in 10 properties.

A Point-in-Time count of homeless individuals in Clackamas County conducted in January of 2015 found 2,196 homeless individuals on the streets, in shelters, or other temporary and/or precarious housing. *These figures are for the entire county.*[3] This included:

- 208 people in emergency shelter, warming shelter, or transitional housing programs;
- 1,504 people living in doubled-up or unstable housing;
- 484 people unsheltered;
- 205 chronically homeless.

- An estimated 53% of those counted were male, and 47% female.
- Children under the age of 18 made up 47% of those counted, at 1,026 individual children.
- The North Clackamas School District counts 127 K-12 students in the 2015/16 year.

An analysis of the ability of current and projected housing supply to meet the needs of low-income people, and the potential shortfall is included in the following sections of this report.

[3] Figures via Clackamas County Health, Housing, and Human Services, and North Clackamas School District

III. Current Housing Needs (City of Milwaukie)

The profile of current housing conditions in the study area is based on Census 2010, and estimates from the Portland State University Population Research Center (PRC), forecasted forward to 2016. (The growth rate between the 2010 Census and the 2015 certified estimates from the PRC was extended forward one year to 2016.) Estimates of current population and households were cross referenced with estimates from Claritas, and the U.S. Census.

Figure 3.1: Current Housing Profile (2016)

CURRENT HOUSING CONDITIONS (2016)			SOURCE
Total 2015 Population:	20,548		US Census, PSU Pop. Research Center
- Estimated group housing population:	217	(1.1% of Total)	US Census
Estimated Non-Group 2016 Population:	**20,331**	(Total - Group)	
Avg. HH Size:	2.30		US Census
Estimated Non-Group 2016 Households:	**8,831**	(Pop/HH Size)	
Total Housing Units:	**9,269**	(Occupied + Vacant)	Census 2010 + permits
Occupied Housing Units:	8,831	(= # of HH)	
Vacant Housing Units:	438	(Total HH - Occupied)	
Current Vacancy Rate:	4.7%	(Vacant units/ Total units)	

Sources: Johnson Economics, City of MILWAUKIE, PSU Population Research Center, U.S. Census

*This table reflects population, household and housing unit projections shown in Figure 1.1

We estimate a current population of roughly 20,550, living in 8,830 households (excluding group living situations). Average household size is 2.3 persons.

There are an estimated 9,269 housing units in the city, with 440 units vacant. The estimated 2016 vacancy rate of housing units is 4.7%. This includes units vacant for any reason, not just those which are currently for sale or rent.

Estimate of Current Housing Demand

Following the establishment of the current housing profile, the current housing demand was determined based upon the age and income characteristics of current households.

The analysis considered the propensity of households in specific age and income levels to either rent or own their home (tenure), in order to derive the current demand for ownership and rental housing units and the appropriate housing cost level of each. This is done by synthesizing data on tenure by age and tenure by income from the Census American Community Survey (tables: B25007 and B25118, 2014 ACS 5-yr Estimates).

The analysis takes into account the average amount that owners and renters tend to spend on housing costs. For instance, lower income households tend to spend more of their total income on housing, while upper income households spend less on a percentage basis. In this case, it was assumed that households in lower income bands would *prefer* housing costs at no more than 30% of gross income (a common measure of affordability). Higher income households pay a decreasing share down to 20% for the highest income households.

While the Census estimates that nearly half of low-income households pay more than 30% of their income for housing, this is an estimate of current preferred demand. It assumes that low-income households prefer (or demand) units affordable to them at no more than 30% of income, rather than more expensive units.

Figure 3.2 presents a snapshot of current housing demand (i.e. preferences) equal to the number of households in the study area (8,831).

The breakdown of tenure (owners vs. renters) reflects data from the 2014 ACS. The 59% ownership rate in Milwaukie is lower than the statewide rate of 62%. The homeownership rate in Milwaukie has declined slightly from 60% in 2000. During this period the statewide rate fell from 64% to 62%. Nationally, the homeownership rate has nearly reached the historical average of 65%, after the rate climbed from the late 1990's to 2004 (69%).

FIGURE 3.2: ESTIMATE OF CURRENT HOUSING DEMAND (2016)

Ownership				
Price Range	**# of Households**	**Income Range**	**% of Total**	**Cumulative**
$0k - $90k	233	Less than $15,000	4.5%	4.5%
$90k - $130k	452	$15,000 - $24,999	8.7%	13.1%
$130k - $190k	339	$25,000 - $34,999	6.5%	19.6%
$190k - $240k	838	$35,000 - $49,999	16.1%	35.7%
$240k - $300k	1,029	$50,000 - $74,999	19.7%	55.4%
$300k - $380k	1,016	$75,000 - $99,999	19.5%	74.9%
$380k - $490k	606	$100,000 - $124,999	11.6%	86.5%
$490k - $580k	260	$125,000 - $149,999	5.0%	91.5%
$580k - $770k	323	$150,000 - $199,999	6.2%	97.6%
$770k +	123	$200,000+	2.4%	100.0%
Totals:	**5,217**		**% of All:**	**59.1%**

Rental					
Rent Level	**# of Households**	**Income Range**	**% of Total**	**Cumulative**	
$0 - $400	672	Less than $15,000	18.6%	18.6%	
$400 - $600	447	$15,000 - $24,999	12.4%	31.0%	
$600 - $900	432	$25,000 - $34,999	11.9%	42.9%	
$900 - $1100	531	$35,000 - $49,999	14.7%	57.6%	
$1100 - $1400	846	$50,000 - $74,999	23.4%	81.0%	
$1400 - $1800	436	$75,000 - $99,999	12.1%	93.1%	
$1800 - $2300	130	$100,000 - $124,999	3.6%	96.6%	
$2300 - $2700	59	$125,000 - $149,999	1.6%	98.3%	
$2700 - $3600	25	$150,000 - $199,999	0.7%	99.0%	
$3600 +	37	$200,000+	1.0%	100.0%	**All Households**
Totals:	**3,614**		**% of All:**	**40.9%**	**8,831**

Sources: PSU Population Research Center, Claritas Inc., Census, JOHNSON ECONOMICS
Census Tables: B25007, B25106, B25118 (2014 ACS 5-yr Estimates)
Claritas: Estimates of income by age of householder

The estimated home price and rent ranges are irregular because they are mapped to the affordability levels of the Census income level categories. For instance, an affordable home for those in the lowest income category (less than $15,000) would have to cost $90,000 or less. Affordable rent for someone in this category would be $400 or less.

The affordable price level for ownership housing assumes 30-year amortization, at an interest rate of 6% (significantly more than the current rate, but in line with historic norms), with 15% down payment. These assumptions are designed to represent prudent lending and borrowing levels for ownership households. The 30-year mortgage commonly serves as the standard. In the last decade, down payment requirements fell significantly, but standards have tightened somewhat since the 2008/9 credit crisis. While 20% is often cited as the standard for most buyers, it is common for homebuyers, particularly first-time buyers, to pay significantly less than this using available programs.

Interest rates are subject to disruption from national and global economic forces, and therefore impossible to forecast beyond the short term. The 6% used here is roughly the average 30-year rate over the last 20 years. The general trend has been falling interest rates since the early 1980's, but coming out of the recent recession, many economists believe that rates cannot fall farther and must begin to climb as the Federal Reserve raises its rate over the coming years.

CURRENT HOUSING INVENTORY

The profile of current housing demand (Figure 3.2) represents the preference and affordability levels of households. In reality, the current housing supply (Figure 3.3 below) differs from this profile, meaning that some households may find themselves in housing units which are not optimal, either not meeting the household's own/rent preference, or being unaffordable (requiring more than 30% of gross income).

A profile of current housing supply in Milwaukie was determined using Census data from the most recently available 2014 ACS, which provides a profile of housing values, rent levels, and housing types (single family, attached, mobile home, etc.). The 5-year estimates from the ACS were used because 3-year and 1-year estimates are not yet available for the Milwaukie geography.

- An estimated 58.5% of housing units are ownership units, while an estimated 41.5% of housing units are rental units. This very closely matches the estimated demand profile shown in Figure 3.2. (The inventory includes vacant units, so the breakdown of ownership vs. rental does not exactly match the tenure split of actual households.)

- 95% of ownership units are detached homes, while 45% of rental units are in structures of 5 units or more.

- Of total housing units, an estimated 70% are detached homes, while 29% are some sort of attached type. Less than 1% are mobile home units.

FIGURE 3.3: PROFILE OF CURRENT HOUSING SUPPLY (2016)

OWNERSHIP HOUSING										
Price Range	Single Family Detached	Single Family Attached	Duplex	3- or 4-plex	5+ Units MFR	Mobile home	Boat, RV, other temp	Total Units	% of Units	Cummulative %
$0k - $90k	100	35	4	0	0	55	0	194	3.6%	3.6%
$90k - $130k	36	5	6	0	0	5	0	52	1.0%	4.5%
$130k - $190k	182	0	7	0	6	0	0	194	3.6%	8.1%
$190k - $240k	327	0	0	0	14	0	0	341	6.3%	14.4%
$240k - $300k	1,131	27	0	0	42	0	0	1,200	22.1%	36.6%
$300k - $380k	1,881	19	0	0	39	0	0	1,939	35.8%	72.4%
$380k - $490k	903	0	0	0	16	0	0	918	17.0%	89.3%
$490k - $580k	373	0	0	0	0	0	0	373	6.9%	96.2%
$580k - $770k	111	0	0	0	0	0	0	111	2.0%	98.3%
$770k +	95	0	0	0	0	0	0	95	1.7%	100.0%
Totals:	5,138	87	17	0	116	60	0	**5,418**	**% of All Units:**	58.5%
Percentage:	94.8%	1.6%	0.3%	0.0%	2.1%	1.1%	0.0%	100.0%		

RENTAL HOUSING										
Price Range	Single Family Detached	Single Family Attached	Duplex	3- or 4-plex	5+ Units MFR	Mobile home	Boat, RV, other temp	Total Units	% of Units	Cummulative %
$0 - $400	0	0	0	0	174	0	0	174	4.5%	4.5%
$400 - $600	0	0	0	0	136	0	0	136	3.5%	8.1%
$600 - $900	0	0	16	32	273	0	0	321	8.3%	16.4%
$900 - $1100	123	72	29	94	406	0	0	724	18.8%	35.2%
$1100 - $1400	426	155	96	219	523	0	0	1,419	36.8%	72.0%
$1400 - $1800	257	0	0	8	149	0	0	415	10.8%	82.8%
$1800 - $2300	310	0	0	0	77	0	0	387	10.1%	92.9%
$2300 - $2700	251	0	0	0	0	0	0	251	6.5%	99.4%
$2700 - $3600	24	0	0	0	0	0	0	24	0.6%	100.0%
$3600 +	0	0	0	0	0	0	0	0	0.0%	100.0%
Totals:	1,391	227	141	353	1,739	0	0	**3,851**	**% of All Units:**	41.5%
Percentage:	36.1%	5.9%	3.7%	9.2%	45.2%	0.0%	0.0%	100.0%		

TOTAL HOUSING UNITS									
	Single Family Detached	Single Family Attached	Duplex	3- or 4-plex	5+ Units MFR	Mobile home	Boat, RV, other temp	Total Units	% of Units
Totals:	6,529	314	158	353	1,854	60	0	**9,269**	**100%**
Percentage:	70.4%	3.4%	1.7%	3.8%	20.0%	0.7%	0.0%	100.0%	

Sources: US Census, PSU Population Research Center, JOHNSON ECONOMICS
Census Tables: B25004, B25032, B25063, B25075 (2014 ACS 5-yr Estimates)

COMPARISON OF CURRENT HOUSING DEMAND WITH CURRENT SUPPLY

A comparison of estimated current housing *demand* with the existing *supply* identifies the existing discrepancies between needs and the housing which is currently available.

In general, this identifies a current need for additional ownership units at a range of price points, counterbalanced by a surplus of units in the $240,000 to $580,000 range. This is simply an indicator that most housing in the Milwaukie market is found in this range. Based on analysis of household incomes and ability to pay, there should be support for some ownership housing at higher and lower price points.

The analysis identifies a general need for rental units at the lowest price level. There are levels of estimated surplus for apartments ($900 to $1400 per month). Again, this represents the current average rent prices in Milwaukie, where most units can be expected to congregate. Rentals at more expensive levels generally represent single family homes for rent.

FIGURE 3.4: COMPARISON OF CURRENT NEED TO CURRENT SUPPLY (2016)

Ownership				Rental			
Price Range	Estimated Current Need	Estimated Current Supply	Unmet (Need) or Surplus	Rent	Estimated Current Need	Estimated Current Supply	Unmet (Need) or Surplus
$0k - $90k	233	194	(39)	$0 - $400	672	174	(497)
$90k - $130k	452	52	(399)	$400 - $600	447	136	(311)
$130k - $190k	339	194	(145)	$600 - $900	432	321	(111)
$190k - $240k	838	341	(497)	$900 - $1100	531	724	193
$240k - $300k	1,029	1,200	172	$1100 - $1400	846	1,419	573
$300k - $380k	1,016	1,939	923	$1400 - $1800	436	415	(21)
$380k - $490k	606	918	313	$1800 - $2300	130	387	258
$490k - $580k	260	373	114	$2300 - $2700	59	251	192
$580k - $770k	323	111	(212)	$2700 - $3600	25	24	(1)
$770k +	123	95	(28)	$3600 +	37	0	(37)
Totals:	**5,217**	**5,418**	**201**	**Totals:**	**3,614**	**3,851**	**237**

Occupied Units:	**8,831**
All Housing Units:	**9,269**
Total Unit Surplus:	**438**

Sources: PSU Population Research Center, Claritas Inc., Census, JOHNSON ECONOMICS
This table is a synthesis of data presented in Figures 3.2 and 3.3.

There are an estimated 438 units more than the current number of households, which reflects the city's current vacancy rate of 4.7%.

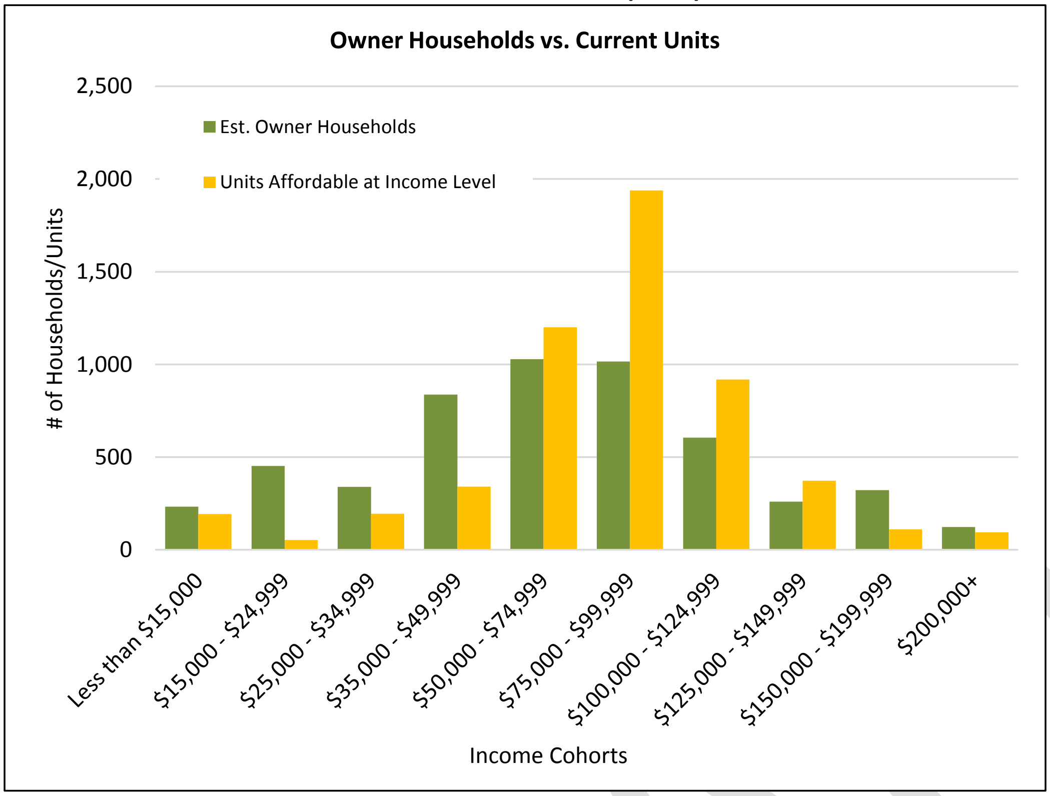
Figure 3.4 is illustrating where current market-level pricing is in Milwaukie. Housing prices and rent levels will tend to congregate around those price levels. These levels will be too costly for some (i.e. require more than 30% in gross income) or "too affordable" for others (i.e. they have income levels that indicate they could afford more expensive housing if it were available). In general, these findings demonstrate that there are fewer housing opportunities at lower price points than might be considered "affordable" to many local households, particularly for renter households.

The following figures (Figure 3.5 and 3.6) present this information in chart form, comparing the estimated number of households in given income ranges, and the supply of units currently affordable within those income ranges. The data is presented for owner and renter households.

* * *

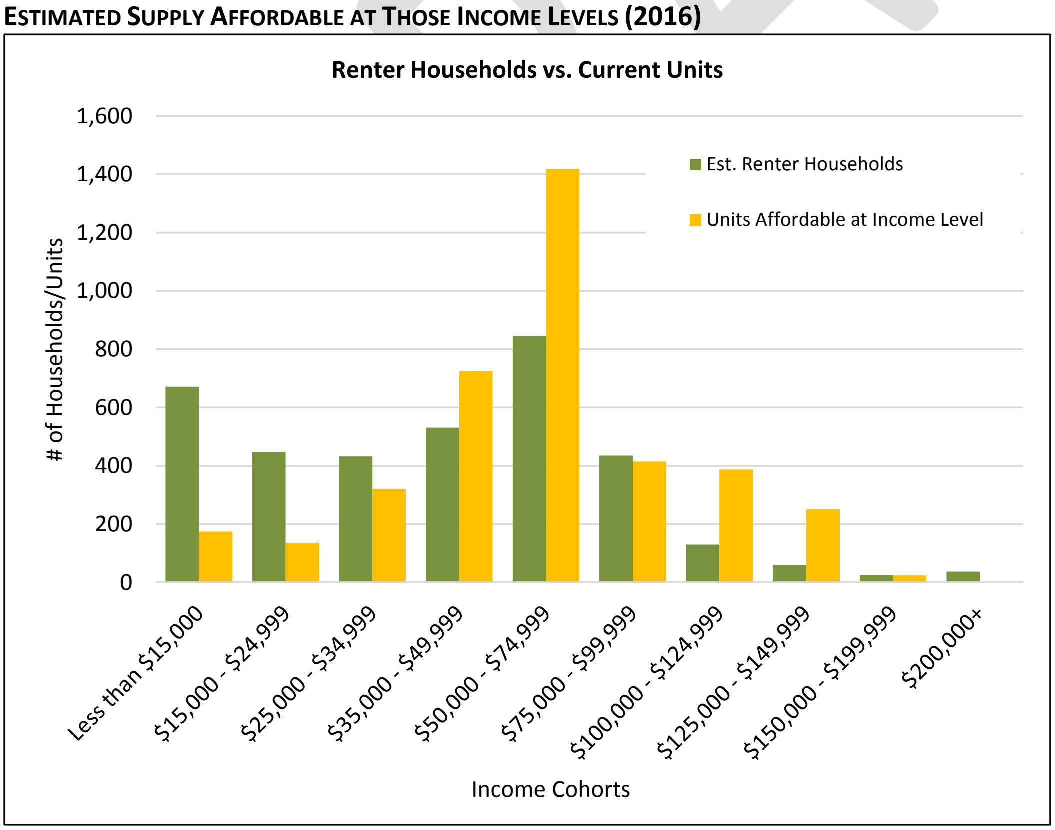
The findings of current need form the foundation for projected future housing need, presented in a following section.

FIGURE 3.5: COMPARISON OF OWNER HOUSEHOLD INCOME GROUPS TO ESTIMATED SUPPLY AFFORDABLE AT THOSE INCOME LEVELS (2016)



Sources: PSU Population Research Center, Claritas Inc., Census, JOHNSON ECONOMICS

FIGURE 3.6: COMPARISON OF RENTER HOUSEHOLD INCOME GROUPS TO ESTIMATED SUPPLY AFFORDABLE AT THOSE INCOME LEVELS (2016)



Sources: PSU Population Research Center, Claritas Inc., Census, JOHNSON ECONOMICS

IV. ANTICIPATED HOUSING TRENDS

This section discusses current and anticipated demographic and market trends which are expected to impact the nature of housing demand and development in the future. These are macro-level trends which generally apply on a regional or nationwide scale, but the potential impact for Milwaukie is discussed in each case. The impacts of these trends are factored into the projection of housing need and residential land need detailed in following sections of this report.

The major demographic trends discussed here are:

- Housing preferences
- Migration to urban environments
- Diminishing household sizes
- Baby Boom generation transitions
- Millennial generation preferences
- Immigration
- Workforce housing

A. Housing Preferences vs. Needs

The issue of preferred housing types has been an on-going topic of discussion in the Metro area since the adoption of the current planning framework. With a single UGB encompassing over 30 jurisdictions, the policy of Metro encourages increased density of uses within the boundary using strategic transportation investment to ease the movement of people and goods around the region. As part of this effort, the Metropolitan Housing Rule, among other policies are generally meant to encourage more development of dense housing, such as small-lot single family homes and a greater share of attached forms than in the past.

This policy can create a general tension between the stated housing preferences of residents in the region, and the affordability and housing types represented in the current supply. A 2014 Residential Preference Survey prepared for Metro demonstrates this tension well, with 80% of respondents expressing preference for a detached single family home.[4] Meanwhile, the Metropolitan Housing Rule (OAR 660-007-0030) requires that Metro-area cities provide the opportunity for at least 50% of future units to be attached unit types.

According to the survey, 65% of respondents currently live in a detached home. So in order to properly meet *stated* housing preferences, the production of detached homes would actually need to increase significantly as a share of all units.

However, it is important to note that stated preferences do not reflect the reality of what the full spectrum of households can afford or choose at any given time. While many renters might prefer a detached home, their current need, due to any number of circumstances is actually for a rental unit. In other words, there is a difference between stated housing *preference*, and actual housing *need*. In a community such as Milwaukie, where roughly 42% of households rent, there is significant demand for attached unit types even if preferences might be different in an ideal world.

Implications for Milwaukie: As stated, the Goal 10 process and Metropolitan Housing Rule put requirements on the future distribution of housing types. The continuing constraints of the UGB, along with the region's planning framework and policies, create an atmosphere in which individual jurisdictions must plan for an increasing share of attached housing types (from townhomes to large complexes) in order to accommodate projected population growth. These assumptions are reflected in the housing projections included in the following section of this report.

However, since 2000, detached units have constituted an estimated 74% of permitted units, meaning that Milwaukie continues to see mostly single-family home construction. The make-up of future development types will be impacted by the remaining buildable lands and zoning in the city.

[4] DHM Research. "Metro Residential Preference Survey." 5/14

B. Migration to Urban Environments

The United States, and indeed most of the world, has been undergoing a long-term shift of population from rural areas to larger metropolitan areas. For the first time in history, as of 2008, more people globally live in an urban environment than in rural areas. This shift is caused by the decline of small-scale farming as agriculture is mechanized, and the increasing dominance of cities in the global economy. In the developing world, cities are the location of jobs in factories and the export sectors.

In the United States, metropolitan areas are the heart of the high-tech, creative and services-based sectors which are growing as manufacturing declines. Ironically, as communication technology increasingly enables dispersed work environments and the ability to connect from anywhere, the urban environment seems to have only grown in popularity. Sociologists and other experts now acknowledge the enduring importance of physical proximity for networking, doing business and forming clusters of competitors within an industry to spur innovation and share a talent pool of employees.

These trends have been accompanied by the revitalization of city centers and a return of population growth in the core. For many metro areas, including the Portland Metro, this is a reversal of the out-migration trends of the 1970's and 1980's when the perception of urban crime and dysfunction led many to move to the suburbs to find a better family environment plus more space, cheaper housing and better schools. Since the late 1990's, the return of urban prosperity, continuously falling crime rates, and a reaction against long commutes, many cities have seen increasing demand to live in the downtown area, or the surrounding neighborhoods.

For some time, there has been speculation that the rise of urban cores would be to the detriment of the suburban cities which surround it, and especially the farther-flung "exurban" cities. Instead, in the Portland Metro area there is evidence that growth and rising housing costs in central Portland is causing spillover effects across the region. Adjacent cities such as Milwaukie now provide an attractive lower-cost alternative for younger households.

Some experts interpret the resurgence of core cities as impetus for suburbs to encourage some aspects of urban lifestyle in the suburbs, most notably by revitalizing traditional downtowns, zoning for mixed uses, and/or creating new town center environments which offer the benefits of a larger central city on a smaller scale.[5] This trend is already apparent in many suburban cities, including Milwaukie, where City redevelopment efforts and the opening of the MAX Orange Line are accelerating this effect.

In fact, a 2015 survey from the National Association of Realtors of community preferences found that the largest share of homeowners live in the suburbs (either residential-only areas, or neighborhoods with a mix of uses).[6] When asked where they would prefer to live, the suburbs and central city rated equally as attractive, but with a greater preference for mixed-use suburban environments, over residential-only neighborhoods.[7] For renter households, the city market was the most popular, but roughly 34% still expressed a preference for the suburban market.

Implications for Milwaukie: The city of Milwaukie will continue to benefit from the general trend of migration to urban areas. The metro area as a whole can expect continued growth, with different suburbs filling different niches in terms of housing affordability, lifestyle amenities, and employment opportunities.

The growing popularity of the urban core, regional and town centers should not be interpreted as a zero-sum game in terms of attracting households. Milwaukie is an attractive established community, with good transportation connections to other parts of the Metro area. The city can continue to prioritize bringing some of the benefits of a more urban environment to the city, through the long-term development of mixed use areas such as the downtown, and station areas.

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[5] McIlwain, John. "Housing in America: The Next Decade." ULI, 2010.
[6] National Association of Realtors, American Strategies. "NAR 2015 Community and Transportation Preferences Survey." 7/15
[7] Logan, Gregg. "RCLCO Forecast: Does the Housing Market Still Want the Suburbs?" RCLCO, "The Advisory," 4/30/12.

C. Diminishing Household Sizes

There is a clear long-term trend in the United States of falling household (and family) sizes. In 1900, the average household size in the US was 4.6 persons. By 1950, it was 3.4 persons, and in 2010 it was 2.58 persons (US Census). This is a rate of decline of -0.5% per year since 1900.

However, in recent decades the trend has slowed considerably. Since 1980, the rate of decline has been -0.2%. Between 2000 and 2010, the average household size was essentially unchanged. In Milwaukie, the average household size fell from 2.35 in 2000 to 2.32 in 2010, a rate of decline of -0.1% per year.

Nationally, a continued slow decline of household size is expected over coming decades. Younger baby boomers will transition to empty nest status as kids leave the households. Older boomers will transition to single-person households as spouses pass away, if not in the coming decade than the following decade. (As discussed in more detail below, the size of the baby boom generation causes them to have an outsized effect on demographic trends.)

At the same time, the trend for younger generations to delay having children and having fewer children than previous generations will continue. However, the rate of decline will continue to slow and the average household size is likely to reach a stable level eventually, as it cannot realistically approach a size of 1.0 person per household.

Implications for Milwaukie: In keeping with the national trend, the city of Milwaukie has experienced a falling household size for many decades. This is expected to continue into the future. The following section of this report uses estimates for 2040 population and households from the Metro 2015 RTP project. These estimates were reviewed by Milwaukie staff. Those estimates imply a 2035 household size of 2.28, which would mean a continued rate of decline of -0.1% per year. (See following section for specifics.)

D. Baby Boom Generation Transitions

Due to its sheer size, the baby boom generation has dominated US demographic trends since its appearance between 1946 and 1965. (Exact definitions of generational periods vary, but this is the generally accepted definition of the baby boom generation.) There are an estimated 78 million boomers, making them approximately 26% of the US population. In 2016, this generation is roughly 51 to 71 years old.

Demographers often split the baby boom generation into an older and younger cohort when discussing their needs and preferences.[8] The prospects of these two cohorts are likely to be very different given the different economic circumstances in which they came of age, and severity of the last recession.

The older cohort, aged 60 to 70, is closer to retirement or retired, with less time to repair household finances if it is needed. Many in this generation lost retirement resources and significant home equity in the economic downturn of 2007-09. While, the recovery has repaired some of this damage, this situation may limit some opportunities in retirement.

Nevertheless, many in this older cohort were already near to retirement when the recession hit, and had built sufficient nest eggs and pension benefits to retire as planned. This cohort was able to take advantage of generally rising income growth and national prosperity over their careers. As incomes have stagnated over the last decade, they were still in their peak earning years. Many have access to pension and health benefits in retirement that are no longer offered to most workers.

The younger cohort (aged 50-60) is larger, representing about 2/3 of the generation. Much of this cohort is still in the prime of its earning years, many with children still at home or in college. Though they may have suffered a setback to saving and job prospects during the recession, there is still the opportunity to retrench for retirement.

[8] Most of this discussion draws from the following reports:
McIlwain, John. "Housing in America: The Next Decade." ULI, 2010.
"State of the Nation's Housing 2011." Joint Center for Housing Studies of Harvard University, 2011.

Economically, this younger boomer cohort has more in common with younger generations, in that it has experienced wage stagnation over the last decade. They did not necessarily share in the constant income growth and generous retirement benefits sometimes associated with older boomers.

In terms of housing, the baby boom generation is more likely to own their homes, having decades to enter the ownership market and build equity. They are more likely to have greater equity in their homes, providing some cushion from the recent downturn. The improving housing market has now alleviated most of those with underwater mortgages and other forms of housing distress, allowing them to move for jobs and retirement and see greater equity from their homes.

What are the anticipated housing preferences of empty nesters and retirees? Two studies by real estate advisors Robert Charles Lesser & Co. (RCLCO) present somewhat different conclusions on this matter. A 2009 survey found that 75% of retiring boomers said they want to live in mixed-age, mixed-use communities, which implies a more urban or town center environment.

A 2010 survey asked a sample of affluent households of a variety of ages what housing choices they anticipated making upon coming empty-nesters and/or retirees. 65% of respondents stated that they prefer to age in place. An additional 14% anticipated moving to a different single-family home in the same market. 7% stated the preference to move to a condominium either in the central city or suburb.[9]

These findings suggest caution with the oft-stated belief that older households will increasingly want to live in multi-family housing in dense environments. While some segment of the population will make this choice, this trend can be overstated.

Since baby boomers are likely to remain healthier and more active for longer than the previous generation, they are likely to delay downsizing and seeking out senior-focused facilities for some time. However, some of this cohort are already facing these decisions as they reach their 70's. Creating more senior housing options for this outsized generation will become an increasing focus among developers and policymakers alike over the next 20 years.

Implications for Milwaukie: The baby boom generation's share of Milwaukie's population (28%) is slightly lower than that of the state (27%), and the nation (26.5%). Milwaukie should expect to see the impacts of this generation's lifestyle transitions to a similar degree.

Over the coming 20 years, the baby boom generation will remain healthier and more independent for longer than their parents, meaning that the transition to retirement communities may be postponed or never undertaken for some of these households. The youngest in this generation won't reach the traditional retirement age for another 15 years.

Their housing legacy may be in leaving behind a large stock of suburban homes to younger generations over the next 20 years.

A subset of the baby boom generation will be interested in opportunities to live in well-planned and safe mixed-use communities in the future. The demand from older households for multi-family housing opportunities in town centers should be significant enough to be addressed by the market, but should not be overstated. Most retirees specify a preference to age in place as long as possible. Also, older seniors may prefer or require single-level housing.

E. Millennial Generation Preferences

As the baby boom generation moves through mid-life and into retirement, the millennial generation is emerging as the dominant demographic group of the future. This generation, sometimes called the Echo Boomers or Generation Y, is actually larger than the baby boom generation at 83 million people. Definitions vary, but members of this generation were born roughly between 1980 and 2000 and are now in their mid-teens to mid-

[9] Ducker, Adam and Bob Gardner. "Anticipating the Upscale Empty-Nester Condo Market Recovery" RCLCO, "The Advisory," 8/11.

30’s. As with the baby boomers, the difference between the older and younger members of this large cohort is significant.

Aside from being large, this generation is in the prime years of defining popular culture as its greatest consumers. In broad strokes, the millennial generation is more technologically savvy, networked, environmentally and socially responsible than previous generations. They value diversity and activity, and therefore gravitate to urban environments more-so than older generations.

This generation grew up in a time of generally rising economic prosperity in the 1980’s and 1990’s, but many find themselves at a disadvantage in the current economy. Quality entry-level jobs have been scarce since the recession, while average student debt has risen sharply. Incomes for people younger than 35 have fallen over the last decade, meaning that this generation is starting from behind. Many experts expect that over their lifetimes, millennials will make less money and have a more modest quality of life than their parents.

The reported desire of this generation to live in an urban setting seems to be very real:

> A 2008 survey by RCLCO found that 77 percent of generation Y reports wanting to live in an urban core, not in the suburbs where they grew up. They want to be close to each other, to services, to places to meet, and to work, and they would rather walk than drive. They say they are willing to live in a smaller space in order to be able to afford this lifestyle.[10]

A 2015 National Association of Realtors (NAR) survey of preferences found that those under 40 (which includes some of Generation X) place a higher priority on convenient alternatives to driving, revitalizing cities and suburbs, a mix of ages and ethnicities, and the availability of affordable housing.

Given their age and current finances, this currently means that millennial households are much more likely to rent units than own. Just as many older millennials reach life stages such as marriage and having children, housing prices have again begun climbing steeply in the Portland Metro area.

Due to the recession, other members of this generation are currently living with their parents, or with multiple roommates, as evidenced by the falling rate of household formation. After 2008, the rate fell by more than half. With an improving economy, this trend is now reversing, with household formation once again growing. The Millennial generation is likely to make up for lost time in forming new households and generating new demand for housing.

Looking forward at the future housing needs of this large generation raises some questions. While some currently demand rental housing in the urban core, they will be less well-positioned to afford central city housing as they change life-stages and seek ownership opportunities and room for families. In the urban core, where many prefer to live, single-family homes will be scarce and expensive, owned mostly by Boomer and Generation X households.

Childless millennials will continue to accept smaller multi-family units in order to remain in their preferred neighborhoods, either continuing to rent, or buying condos. But millennials with children will find many urban options either too constrained or too expensive. Like previous generations, they will seek a house with a yard at a price they can afford.

This may create opportunities for close-in suburbs. The millennial generation may eventually provide a stock of demand for the suburban single family homes vacated by the older generation. Similarly, they will value well-planned town centers in suburban locations. Suburbs that are able to revitalize their traditional mixed-use town centers or create new ones may be more attractive to young refugees from the urban core.

Younger millennials are expected to continue the trend of putting off child rearing until they are older, and therefore this trend may be slow to develop. If they move to the suburbs, this generation may be more accepting of living in denser types of housing, such as attached single-family, even with children.

[10] McIlwain, John. “Housing in America: The Next Decade.” ULI, 2010.

Implications for Milwaukie: It is generally believed that when millennials claim to prefer the urban core, they truly mean the center of a larger city (for instance, central Portland). However, the eventual impacts of declining affordability and life-stage decisions are likely to cause some significant share of this generation to either never move into the urban core, or move back out at some point.

As of the 2010 Census, the generation born between 1980 and 2000 represented 27% of Milwaukie's population, the same share as that found in Portland. Milwaukie, like many suburban cities, can plan ahead for this generation by continuing to create mixed-use town centers which will provide some livability amenities. Transit options and opportunities to walk and bike will also be attractive. The newly opened MAX service will be a strong attractor for this cohort. For all of their differences, good schools and a safe environment will appeal to millennial households just as much as preceding generations.

The younger and lower income members of this generation will need a sufficient stock of multi-family rentals. Townhomes will likely represent larger share of for-sale starter homes.

F. Immigration

Immigration is expected to be one of the key drivers of population growth, and therefore housing need over the coming decades. Immigrants and their U.S.-born children and grandchildren constitute one of the fastest growing population segments.

While native households are expected to trend towards smaller households, fewer children, and more childless households, the number of families and children among immigrant communities is expected to grow. Demographers credit the growth in immigrant households with slowing the decline in household size.[11]

The result of this rapid growth among immigrants and their children is that minorities are expected to account for most of the population growth between now and 2050. Latinos and Asians are the key drivers of this trend.

Immigrant households and their children have some key characteristics which impact their housing needs. These households tend to be poorer and larger than average. This means that many immigrants are reliant on rental housing, and often in lower-priced areas. They may stay in rental housing for more of their lifetime than other populations.

In rental and ownership housing, immigrants will need more space to house a larger average family size. For this reason, suburbs will continue to be increasingly attractive to immigrant households. The old pattern of immigrants moving directly to a central city, and moving outwards in later generations has been reversed, and now many immigrant households move directly to suburban communities.

Going forward, if home prices remain high in the central city, the stock of older large suburban homes will be attractive to immigrant households. Suburban apartments also tend to be larger and offer more two and three bedroom units than central apartment properties. Suburbs can expect the trends towards greater diversity to continue.

Implications for Milwaukie: As of the 2014 American Community survey, an estimated 7% of Milwaukie's population is foreign-born, roughly equal to 2000. This is a smaller share than the 10% found statewide.

As of the 2014 American Community Survey, an estimated 7% of Milwaukie's population is foreign-born, roughly equal to the share in 2000. Of these, 36% were born in Asia, 34% were born in Europe, and roughly 20% were born in Latin America. Like the general population, these segments have shown little change since 2000.

In 2010, the percentage of the population speaking a language other than English at home was 6%, down from 8% in 2000.

[11] "State of the Nation's Housing 2011." Joint Center for Housing Studies of Harvard University, 2011.

The immigrant population is not homogeneous and includes households ranging from political refugees, to relatives joining resident family members, to highly-skilled recruits to local companies.

The main impact of these groups in Milwaukie and other suburbs will be continuing demand for low-to-moderate cost housing options, and the type of larger housing units already found in most suburbs. As long as the policies and land inventory allow for the production of multi-family units, it will be possible to meet the rental need for immigrants and other populations. Demand for for-sale housing will largely be met by older existing housing units, rather than new housing.

G. <u>Workforce Housing</u>

Many communities seek to better align housing opportunities with employment opportunities. There are many benefits to housing the local workforce closer to the community in which the jobs are located, as well as bringing new employment closer to local households. This arrangement helps keep economic activity within the community. It also reduces local commuting, which helps reduce traffic congestion. Residents have more transportation choices and shorter commute periods. Many communities aspire to provide greater workforce housing opportunities in order to provide greater location equity among different classes of worker.

In terms of housing, workforce housing generally means offering a full spectrum of housing in proximity to employment at different levels of affordability. Depending on the community, there may be a lack of housing for lower-income workers who might have to commute from other communities. Or there may be a lack of higher-end or executive housing, meaning that higher-paid employees leave the community after work, bringing their financial and other resources with them. While there is no standard definition, workforce housing often is used to describe housing for workers who are low to middle income but may not qualify for subsidized housing programs.

FIGURE 4.1: COMMUTING PATTERNS, MILWAUKIE

SOURCE: US Census Longitudinal Employer-Household Dynamics

Implications for Milwaukie: Figure 4.1 shows the inflow and outflow of commuters to Milwaukie according to the Census Employment Dynamics Database. As of 2014, the most recent year available, the Census estimates 12,390 jobs located in Milwaukie. Only 678 of these, or 5.5%, are held by local residents, while over 11,700 employees commute into the city from elsewhere.

Of the estimated 9,086 employed Milwaukie residents, 93% of them commute elsewhere to employment. An estimated 45% of them commute to Portland for their primary job.

While these numbers seem stark, this pattern is actually fairly consistent across communities, and particularly in an interconnected metropolitan area where many people live and work in different communities and spouses and other family members often do not work in the same community.

Jobs/Household Ratio: Milwaukie features a healthy jobs-to-households ratio. There are an estimated 12,400 jobs in the city of Milwaukie, and an estimated 9,100 Milwaukie residents in the labor force. This represents 1.4 jobs per household and more than one job per working adult. Considering the proximity of other major employers in the south Metro area, there seems to be ample employment for Milwaukie's population.

Conclusions on Anticipated Housing Trends

These are the major demographic trends impacting future housing demand in Milwaukie, the region and nation. These trends were considered in building assumptions for the household growth projections presented in the following section.

The general trends that Milwaukie can expect to see over the next 20 years include:

- All jurisdictions within the Metro area will need to plan for more attached forms of housing and greater density. There may be a potential tension between these forms and resident preferences/affordability levels. Since 2000, detached units have constituted an estimated 74% of permitted units in Milwaukie, meaning that some planning for denser housing may be necessarily in some areas.

- Baby boomer households will have a preference towards aging in place as long as possible, particularly for homeowners, and will on average be healthier longer than previous generations. When they do transition to other housing, their stock of older existing single family homes will be attractive starter and move-up homes to younger family households.

- Milwaukie is likely to be attractive to 20-something residents seeking relatively affordable living near transportation options and employment centers. The city can continue to attract this cohort by encouraging mixed use areas and urban-style amenities such as multi-modal environments, shopping and entertainment, and open space. Some in this generation is already starting young families and will be well into middle age during the 20-year planning period. More of these households may move from areas like central Portland to communities like Milwaukie for affordable housing, more space, and schools.

- Milwaukie has a modest foreign-born population at 7%, less than the statewide percentage. As with the rest of the state and nation, immigrants will continue to make up an increasing share of households in coming decades. While not homogeneous, these household on average tend to be larger, have lower incomes and are more likely to rent their homes than the average household.

- Milwaukie, like many Metro-area communities, currently has an estimated shortage of housing available to the lowest-income households, particularly rental units.

- The following section presents the projected future housing needs and provides more detail on methodology, assumptions and findings.

V. Future Housing Needs - 2036 (City of Milwaukie)

The projected future (20-year) housing profile (Figure 5.1) in the study area is based on the current housing profile, multiplied by an assumed projected future household growth rate. The projected future growth is based on population and household estimates for 2040 generated by Metro, and reviewed by the City of Milwaukie, during the 2015 Regional Transportation Plan (RTP) update process.

Figure 5.1: Future Housing Profile (2036)

PROJECTED FUTURE HOUSING CONDITIONS (2016 - 2036)			SOURCE
2016 Population (Minus Group Pop.)	20,331		2010 Census, PSU
Projected Annual Growth Rate	0.52%	Based on Metro 2014 RTP	Metro
2036 Population (Minus Group Pop.)	22,562		
Estimated group housing population:	240	Share of total pop (1.1%) held constant from 2010 Census	US Census
Total Estimated 2036 Population:	**22,802**	Metro 2035 forcast for 2014 RTP, reviewed by City	Metro
Estimated Non-Group 2036 Households:	**9,972**	Metro 2035 forcast for 2014 RTP, reviewed by City	Metro
New Households 2016 to 2036	1,141		
Avg. Household Size:	2.26	2036 Non-Group Pop./ Non-Group Households	
Total Housing Units:	**10,496**	Based on estimated 5% vacancy rate	
Occupied Housing Units:	9,972	(= Number of Non-Group Households)	
Vacant Housing Units:	524	(Total Units - Occupied Units)	
Projected Vacancy Rate:	5.0%	(Vacant Units/ Total Units)	

Sources: Metro Regional Transportation Plan (2015), PSU Population Research Center, Census, Johnson Economics LLC
*Projections are applied to estimates of 2014 population, household and housing units shown in Figure 1.1

The model projects growth in the number of non-group households over 20 years of roughly 1,150 households, with accompanying population growth of 2,250 new residents. (The number of households differs from the number of housing units, because the total number of housing units includes a percentage of vacancy. Projected housing unit needs are discussed below.)

Projection of Future Housing Unit Demand (2036)

The profile of future housing demand was derived using the same methodology used to produce the estimate of current housing need. This estimate includes current and future households, *but does not include a vacancy assumption*. *The vacancy assumption is added in the subsequent step.* Therefore the need identified below is the total need for actual households in occupied units (9,972).

The analysis considered the propensity of households at specific age and income levels to either rent or own their home, in order to derive the future need for ownership and rental housing units, and the affordable cost level of each. The projected need is for *all* 2036 households and therefore includes the needs of current households.

The price levels presented here use the same assumptions regarding the amount of gross income applied to housing costs, from 30% for low income households down to 20% for the highest income households.

The affordable price level for ownership housing assumes 30-year amortization, at an interest rate of 6%, with 15% down payment. Because of the impossibility of predicting variables such as interest rates 20 years into the future, these assumptions were kept constant from the estimation of current housing demand. Income levels and price levels are presented in 2016 dollars.

Figure 5.2 presents the projected occupied future housing demand (current and new households, without vacancy) in 2036.

FIGURE 5.2: PROJECTED OCCUPIED FUTURE HOUSING DEMAND (2036)

Ownership			
Price Range	**# Units**	**% of Units**	**Cumulative**
$0k - $90k	233	3.8%	3.8%
$90k - $130k	473	7.7%	11.5%
$130k - $190k	369	6.0%	17.5%
$190k - $240k	837	13.7%	31.2%
$240k - $300k	1,159	18.9%	50.1%
$300k - $380k	1,148	18.7%	68.8%
$380k - $490k	828	13.5%	82.3%
$490k - $580k	423	6.9%	89.3%
$580k - $770k	417	6.8%	96.1%
$770k +	242	3.9%	100.0%
Totals:	**6,128**	**% of All:**	**61.5%**

Rental			
Rent	**# Units**	**% of Units**	**Cumulative**
$0 - $400	663	17.2%	17.2%
$400 - $600	453	11.8%	29.0%
$600 - $900	453	11.8%	40.8%
$900 - $1100	512	13.3%	54.1%
$1100 - $1400	917	23.9%	78.0%
$1400 - $1800	473	12.3%	90.3%
$1800 - $2300	179	4.6%	94.9%
$2300 - $2700	97	2.5%	97.5%
$2700 - $3600	34	0.9%	98.3%
$3600 +	64	1.7%	100.0%
Totals:	**3,844**	**% of All:**	**38.5%**

All Units
9,972

Sources: Claritas, Census, JOHNSON ECONOMICS

It is projected that the homeownership rate in Milwaukie will increase somewhat over the next 20 years to 61.5%, approaching the current statewide average (62%). This is because the income and age cohorts that are projected to grow the most are expected to exhibit a stronger propensity to own than rent on average.

COMPARISON OF FUTURE HOUSING DEMAND TO CURRENT HOUSING INVENTORY

The profile of occupied future housing demand presented above (Figure 5.2) was compared to the current housing inventory presented in the previous section to determine the total future need for *new* housing units by type and price range (Figure 5.3).

This estimate includes a vacancy assumption. As reflected by the most recent Census data, and as is common in most communities, the vacancy rate for rental units is higher than that for ownership units (7% vs. 3% in 2010). This analysis maintains this discrepancy going forward, so that the vacancy rate for rentals is assumed to be higher than the overall average, while the vacancy rate for ownership units is assumed to be less.

- The results show a need for 1,240 new housing units by 2036.

- Of the new units needed, roughly 75% are projected to be ownership units, while 25% are projected to be rental units. This is because the homeownership rate in Milwaukie is expected to rise modestly over the 20-year period. Therefore the *net new* units represented in this table are more greatly weighted towards ownership units.
- Negative numbers in this table represent unit types or affordability levels which are better represented in the current inventory. To balance future need with inventory, there is a need for fewer of these units, and more of other types of units.

FIGURE 5.3: PROJECTED FUTURE NEED FOR NEW HOUSING UNITS (2035)
CITY OF MILWAUKIE

OWNERSHIP HOUSING										
			Multi-Family							
Price Range	Single Family Detached	Single Family Attached	2-unit	3- or 4-plex	5+ Units MFR	Mobile home	Boat, RV, other temp	Total Units	% of Units	Cummulative %
$0k - $90k	13	-35	-4	0	60	16	0	50	5.3%	5.3%
$90k - $130k	5	25	30	20	133	-5	0	208	22.1%	27.4%
$130k - $190k	23	191	-7	0	-6	0	0	201	21.5%	48.9%
$190k - $240k	42	21	0	0	-14	0	0	49	5.3%	54.2%
$240k - $300k	144	-27	0	0	-42	0	0	75	8.0%	62.2%
$300k - $380k	240	-19	0	0	-39	0	0	182	19.4%	81.5%
$380k - $490k	115	0	0	0	-16	0	0	100	10.6%	92.1%
$490k - $580k	48	0	0	0	0	0	0	48	5.1%	97.2%
$580k - $770k	14	0	0	0	0	0	0	14	1.5%	98.7%
$770k +	12	0	0	0	0	0	0	12	1.3%	100.0%
Totals:	655	156	20	20	77	10	0	**938**	**% All Units:**	75.6%
Percentage:	69.8%	16.7%	2.1%	2.1%	8.2%	1.1%	0.0%	100.0%		

RENTAL HOUSING										
			Multi-Family							
Price Range	Single Family Detached	Single Family Attached	2-unit	3- or 4-plex	5+ Units MFR	Mobile home	Boat, RV, other temp	Total Units	% of Units	Cummulative %
$0 - $400	158	0	0	0	384	0	0	542	179.2%	179.2%
$400 - $600	147	0	98	0	109	0	0	353	116.8%	296.1%
$600 - $900	44	0	38	66	21	0	0	169	55.8%	351.9%
$900 - $1100	-96	-72	-29	16	9	0	0	-172	-56.7%	295.1%
$1100 - $1400	-79	43	-96	-70	-226	0	0	-428	-141.4%	153.7%
$1400 - $1800	42	51	0	25	-21	0	0	97	32.1%	185.8%
$1800 - $2300	-139	0	0	0	-56	0	0	-195	-64.3%	121.5%
$2300 - $2700	-147	0	0	0	0	0	0	-147	-48.6%	72.9%
$2700 - $3600	13	0	0	0	0	0	0	13	4.3%	77.3%
$3600 +	69	0	0	0	0	0	0	69	22.7%	100.0%
Totals:	13	21	11	37	220	0	0	**302**	**% All Units:**	24.4%
Percentage:	4.2%	7.1%	3.6%	12.4%	72.7%	0.0%	0.0%	100.0%		

TOTAL HOUSING UNITS									
			Multi-Family						
	Single Family Detached	Single Family Attached*	2-unit	3- or 4-plex	5+ Units MFR	Mobile home	Boat, RV, other temp	Total Units	% of Units
Totals:	668	178	31	57	297	10	0	**1,241**	**100%**
Percentage:	53.8%	14.3%	2.5%	4.6%	24.0%	0.8%	0.0%	100.0%	

Sources: PSU Population Research Center, Claritas Inc., Census, Johnson Economics

* Uses Census definition, including townhomes/rowhouses and duplexes attached side-by-side, seperately metered.

Sources: Metro 2035 forecast, Claritas, Census, JOHNSON ECONOMICS LLC

Needed Unit Types

- 54% of the new units are projected to be single family detached homes, while the remainder of units (46%) is projected to be some form of attached housing, and under 1% are projected to be mobile homes.
- The projected preferences for future unit types are based upon current conditions, housing trends discussed above, and history development patterns. It is projected that in coming decades a greater share of housing will be attached types, including attached single family.
- Single family attached units (townhomes on individual lots) are projected to meet over 14% of future need.
- Duplex through four-plex units are projected to represent an additional 7% of the total need.
- 24% of all needed units are projected to be multi-family in structures of 5+ attached units.
- 0.8% of new needed units are projected to be mobile home units, which meet the needs of some low-income households for both ownership and rental.

Needed Affordability Levels

- The needed affordability levels presented here are based on current 2016 dollars. Over time, incomes and housing costs will both inflate, so the general relationship projected here is expected to remain unchanged.
- The future needed affordability types (2036) reflect the same relationship shown in the comparison of current (2016) need and supply (shown in Figure 3.4). Generally, based on income levels there is a shortage of units in the lowest pricing levels, particularly for renter households.
- In order for projected renter households in 2035 to paying 30% or less of their income towards housing, a total of 1,064 additional rental units affordable at $900 or less would be required.
- There is a surplus, or lack of projected new need, in the middle rental spectrum ($900 to $1,400 and $1,800 to $2,700). As was discussed in the comparison of current need and supply, this reflects where the majority of market-rate rent levels are at the current time. As with the 2016 comparison, a future need is projected for both low-rent, but also higher rent units including single-family homes for rent. This analysis shows that some renter households have the ability pay for a larger, newer and/or higher quality unit than may be currently available.
- Projected needed ownership units show the same basic relationship, with a need for fewer units valued at $190,000 to $300,000. (This reflects the estimated *value* of the total housing stock, and not necessarily the average pricing for housing currently for sale.) Meanwhile, there is an estimated need for less expensive ownership housing opportunities (460 units).

VI. RECONCILIATION OF FORECASTED NEED AND BUILDABLE CAPACITY

This section presents the results of the Buildable Lands Inventory (BLI) as recently revised and confirmed by the City of Milwaukie, based on the preliminary Buildable Lands Inventory prepared by Metro.

The following tables present the estimated new unit capacity of the buildable lands identified in the City of Milwaukie. There is a total remaining capacity for nearly 2,675 units of different types within the study area.

FIGURE 6.1: ESTIMATED BUILDABLE LANDS CAPACITY BY RESIDENTIAL UNIT (2016)

	Unit Type			
CITY OF MILWAUKIE CAPACITY	**Single Family Detached**	**Medium-Density Attached***	**Multi-Family**	**TOTAL**
SFR Zones				
R-5	244			244
R-7	680			680
R-7PD	0			0
R10	139			139
R-10PD	21			21
OS	6			6
MDR Zones				
R-2		608		608
R-2.5		0		0
R-3		473		473
R-3		0		0
MFR & MUR Zones				
R-1			0	0
R-1-B			52	52
DMU			252	252
GMU			158	158
NMU			42	42
Totals:	***1,090***	***1,081***	***504***	***2,675***

* Medium Density Residential (MDR) units include single-famliy attached (townhomes) to four-plexes.
Multi-family Units (MFR) are defined as units in attached structures of 5 units or more.
Source: City of Milwaukie, Angelo Planning Group, Metro

The following tables summarize the forecasted future unit need for the City of Milwaukie. These are the summarized results from Section V of this report.

FIGURE 6.2: SUMMARY OF FORECASTED FUTURE UNIT NEED (2036)

TOTAL HOUSING UNITS									
			Multi-Family						
	Single Family Detached	Single Family Attached*	2-unit	3- or 4-plex	5+ Units MFR	Mobile home	Boat, RV, other temp	Total Units	% of Units
Totals:	668	178	31	57	297	10	0	**1,241**	**100%**
Percentage:	53.8%	14.3%	2.5%	4.6%	24.0%	0.8%	0.0%	100.0%	

Sources: Metro RTP, PSU Population Research Center, Claritas Inc., Census, Johnson Economics

Comparison of Housing Need and Capacity

There is a total forecasted need for 1,241 units over the next 20 years. This is well below the estimated capacity of 2,675 units. As Figure 6.3 below demonstrates, there is sufficient capacity to accommodate all projected new unit types. After this need is accommodated, there is an estimated remaining capacity of over 1,400 additional units.

FIGURE 6.3: COMPARISON OF FORECASTED FUTURE UNIT NEED (2036) WITH AVAILABLE CAPACITY

	Unit Type			
CITY OF MILWAUKIE CAPACITY	**Single Family Detached**	**Medium-Density Attached***	**Multi-Family**	**TOTAL**
Totals:	***1,090***	***1,081***	***504***	***2,675***

PROJECTED NEW FUTURE NEED	**Single Family Detached**	**Medium-Density Attached***	**Multi-Family**	**TOTAL**
New Need by 2036:	678	265	297	1,241

PROJECTED SURPLUS CAPACITY (CITY CAPACITY - NEEDED UNITS)	**Single Family Detached**	**Medium-Density Attached***	**Multi-Family**	**TOTAL**
Estimated Unit Capacity:	412	816	207	1,434

Sources: City of Milwaukie BLI, Johnson Economics

FINDING: There is currently sufficient buildable capacity within Milwaukie to accommodate projected need.

MILWAUKIE CITY COUNCIL
STAFF REPORT

Agenda Item: **SS 4.**
Meeting Date: June 23, 2016

To: Mayor and City Council

Through: Bill Monahan, City Manager

Subject: **Visioning Advisory Committee Selection Process**

From: David Levitan, Senior Planner
Denny Egner, Planning Director

Date: June 13, 2016

ACTION REQUESTED

This is an informational presentation to discuss the selection process for the Visioning Advisory Committee. In addition, the Council is being asked to determine which councilors should serve with staff on the steering committee for the project.

HISTORY OF PRIOR ACTIONS AND DISCUSSIONS

May 20, 2016: Recruitment efforts were deployed. Online and print applications were made available to the public with a closing date of June 17.

May 3, 2016: The Council heard an update on the status of the Community Vision and Action Plan, including staff's proposal for a Visioning Advisory Committee.

January 19, 2016: Council asked staff to explore a visioning process that would include an action plan component to address issues that may not fit into the comprehensive plan and to include a more robust outreach element.

December 15, 2015: In a work session, Council directed staff to initiate a 2 ½ to 3-year effort to update the City's Comprehensive Plan, including a 6-month long community visioning process.

BACKGROUND

At the May 3 City Council meeting, staff provided Council with an update on the Community Vision and Action Plan. The primary topic of discussion at the meeting was the Visioning Advisory Committee (VAC), which was previously referred to as the Project Action Group. The VAC will be comprised of residents, business owners, employees, youth, and other stakeholders that are interested in helping to shape the future of Milwaukie, and will fulfill the Statewide Planning Goal 1 requirement for a Citizen Involvement Committee for the project. The Council emphasized the importance of attracting a committee that is broadly representative of the entire Milwaukie community without being entirely prescriptive in regards to representation from existing boards/commissions or individual neighborhoods. Council felt that the VAC should be made up of approximately 12 to 15 members and should have a Council liaison. Mayor Gamba has expressed his interest in serving in that role, and staff believes it would be appropriate for another councilor to be involved, if interested.

Since the Council was last updated on May 3, staff has also selected a consultant to help the City develop the Community Vision and Action Plan. Staff received five proposals from consultants, and has selected Cogan Owens Greene (COG), a Portland firm that specializes in community engagement for visioning and planning projects, the development of community visions and action plans, and Comprehensive Plan updates. In the coming weeks, staff will be working with COG to refine the project scope and begin the outreach process.

DISCUSSION

In response to input from Council at the May 3 meeting, staff from Community Development and the City Manager's Office developed an application which aims to attract a diverse group of individuals that represent a variety of different neighborhoods, interests and perspectives in the Milwaukie community. The application includes the following questions and evaluation criteria for prospective members:

- if and how long they have lived and/or worked in Milwaukie;
- boards, commissions, groups and organizations that they are currently involved in;
- why they are interested in helping to develop a community vision and action plan; and
- how they would contribute to creating a committee that is representative of the entire Milwaukie community, with a mix of stakeholders that cover a broad range of age groups, incomes, and cultural and educational backgrounds.

The application was advertised via the City's website, social media accounts, the June edition of The Pilot, the May 22 Farmer's Market booth, City Hall community kiosk, and emails to the NDA and Boards and Commissions email lists. The closing date for VAC applications is June 17, and as of June 15, 35 people have submitted applications.

The Council is scheduled to appoint VAC members at its July 5 regular session. Following the June 17 application closing date, staff will be reviewing applications based on the evaluation criteria listed above, and will be meeting during the week of June 27 to develop recommendations for VAC members to the Council. Staff believes that it would be beneficial for the two councilors that are interested in serving on the Vision's Steering Committee to be involved in the process to develop the list of recommended VAC members. Mayor Gamba and Councilor Parks have previously expressed an interest, and staff is suggesting that the Council appoint their two members to the Steering Committee during the June 23 study session.

Based on the level of interest in the committee, staff is proposing that the Council appoint 15 community members to the VAC. The Council will be provided with the application forms from all applicants as part of their July 5 packet, and will have the opportunity to recommend additional members. Staff has also spoken with its consultants on ways to encourage involvement from those applicants that are not selected to serve on the VAC.

Questions from Staff

- Is the Council comfortable with the proposed selection process for the VAC?
- Which councilors are interested in serving on the Steering Committee?

CONCURRENCE
Not applicable

FISCAL IMPACTS
Not applicable

WORK LOAD IMPACTS
Not applicable

ALTERNATIVES
Not applicable

ATTACHMENTS
None

MILWAUKIE CITY COUNCIL
STAFF REPORT

Agenda Item: **SS 5.**
Meeting Date: June 23, 2016

To: Mayor and City Council

Through: Bill Monahan, City Manager

Subject: **Triangle Site Food Cart Pod – project update**

From: Alma Flores, Community Development Director

Date: June 13, 2016

ACTION REQUESTED

Listen to a presentation given by staff to update the Council on the status of the Triangle site food cart pod and meet Richard Johnson of the Johnson Group, the entity selected to develop and manage the food cart pod.

HISTORY OF PRIOR ACTIONS AND DISCUSSIONS

September 22, 2015: In addition to an online survey, a public forum was held to discuss food carts on publicly-owned land and whether or not the city should introduce a food cart pod to the publicly owned "Triangle site" as an interim use (prior to any development that may occur on the site).

BACKGROUND

During the past seven years, City staff has received a number of inquiries about locating food carts in Milwaukie, specifically downtown.

Based on the positive results from the September public outreach effort, staff issued a Request for Qualifications seeking letters of interest from qualified parties to develop and manage a food cart pod on the Triangle site. Two responses were received. The Johnson Group, from Portland, who recently developed and manages the *Piknik Park* food cart pod in Sellwood was selected to develop and manage the Triangle site food cart pod.

Since that time, staff has been working through logistics and infrastructure issues regarding development of food cart pod on the site and through the transaction of the site acquisition with Trimet. Concurrently, staff submitted a 2016 Metro District Transformation Grant seeking funds to purchase aesthetic elements for the food cart pod, such as seating, decorative planters, and trash and recycling receptacles. Staff was notified on May 23 that the city would receive $10,000 for implementation of the project.

CONCURRENCE

Community Development Director, Public Works Director, and the City Manager concur.

FISCAL IMPACTS

No fiscal impacts to the city have been identified.

WORK LOAD IMPACTS

Contract project management work to be done by Community Development staff.

ALTERNATIVES
None.

ATTACHMENTS
None.