



AGENDA

MILWAUKIE PLANNING COMMISSION Tuesday, November 12, 2013, 6:30 PM

MILWAUKIE CITY HALL
10722 SE MAIN STREET

- 1.0 **Call to Order - Procedural Matters**
- 2.0 **Planning Commission Minutes** – Motion Needed
 - 2.1 September 24, 2013
- 3.0 **Information Items**
- 4.0 **Audience Participation** – This is an opportunity for the public to comment on any item not on the agenda
- 5.0 **Public Hearings** – Public hearings will follow the procedure listed on reverse
 - 5.1 Summary: Design Review for Veterinarian Clinic
Applicant/Owner: Alyssa Leeveraphan/Kim Freeman
Address: 10400 SE Main St
File: DR-13-05, NC-13-02
Staff: Li Alligood
- 6.0 **Worksession Items**
 - 6.1 Summary: Moving Forward Milwaukie project briefing
Staff: Li Alligood
- 7.0 **Planning Department Other Business/Updates**
- 8.0 **Planning Commission Discussion Items** – This is an opportunity for comment or discussion for items not on the agenda.
- 9.0 **Forecast for Future Meetings:**
 - November 26, 2013 1. TBD
 - December 10, 2013 1. TBD

Milwaukie Planning Commission Statement

The Planning Commission serves as an advisory body to, and a resource for, the City Council in land use matters. In this capacity, the mission of the Planning Commission is to articulate the Community's values and commitment to socially and environmentally responsible uses of its resources as reflected in the Comprehensive Plan

1. **PROCEDURAL MATTERS.** If you wish to speak at this meeting, please fill out a yellow card and give to planning staff. Please turn off all personal communication devices during meeting. For background information on agenda items, call the Planning Department at 503-786-7600 or email planning@ci.milwaukie.or.us. Thank You.
2. **PLANNING COMMISSION MINUTES.** Approved PC Minutes can be found on the City website at www.cityofmilwaukie.org
3. **CITY COUNCIL MINUTES** City Council Minutes can be found on the City website at www.cityofmilwaukie.org
4. **FORECAST FOR FUTURE MEETING.** These items are tentatively scheduled, but may be rescheduled prior to the meeting date. Please contact staff with any questions you may have.
5. **TIME LIMIT POLICY.** The Commission intends to end each meeting by 10:00pm. The Planning Commission will pause discussion of agenda items at 9:45pm to discuss whether to continue the agenda item to a future date or finish the agenda item.

Public Hearing Procedure

Those who wish to testify should come to the front podium, state his or her name and address for the record, and remain at the podium until the Chairperson has asked if there are any questions from the Commissioners.

1. **STAFF REPORT.** Each hearing starts with a brief review of the staff report by staff. The report lists the criteria for the land use action being considered, as well as a recommended decision with reasons for that recommendation.
2. **CORRESPONDENCE.** Staff will report any verbal or written correspondence that has been received since the Commission was presented with its meeting packet.
3. **APPLICANT'S PRESENTATION.**
4. **PUBLIC TESTIMONY IN SUPPORT.** Testimony from those in favor of the application.
5. **NEUTRAL PUBLIC TESTIMONY.** Comments or questions from interested persons who are neither in favor of nor opposed to the application.
6. **PUBLIC TESTIMONY IN OPPOSITION.** Testimony from those in opposition to the application.
7. **QUESTIONS FROM COMMISSIONERS.** The commission will have the opportunity to ask for clarification from staff, the applicant, or those who have already testified.
8. **REBUTTAL TESTIMONY FROM APPLICANT.** After all public testimony, the commission will take rebuttal testimony from the applicant.
9. **CLOSING OF PUBLIC HEARING.** The Chairperson will close the public portion of the hearing. The Commission will then enter into deliberation. From this point in the hearing the Commission will not receive any additional testimony from the audience, but may ask questions of anyone who has testified.
10. **COMMISSION DISCUSSION AND ACTION.** It is the Commission's intention to make a decision this evening on each issue on the agenda. Planning Commission decisions may be appealed to the City Council. If you wish to appeal a decision, please contact the Planning Department for information on the procedures and fees involved.
11. **MEETING CONTINUANCE.** Prior to the close of the first public hearing, *any person* may request an opportunity to present additional information at another time. If there is such a request, the Planning Commission will either continue the public hearing to a date certain, or leave the record open for at least seven days for additional written evidence, argument, or testimony. The Planning Commission may ask the applicant to consider granting an extension of the 120-day time period for making a decision if a delay in making a decision could impact the ability of the City to take final action on the application, including resolution of all local appeals.

The City of Milwaukie will make reasonable accommodation for people with disabilities. Please notify us no less than five (5) business days prior to the meeting.

Milwaukie Planning Commission:

Lisa Batey, Chair
Clare Fuchs, Vice Chair
Scott Barbur
Sine Bone
Shaun Lowcock
Wilda Parks
Gabe Storm

Planning Department Staff:

Steve Butler, Interim Planning Director
Ryan Marquardt, Senior Planner
Li Alligood, Associate Planner
Brett Kelter, Associate Planner
Alicia Martin, Administrative Specialist II

CITY OF MILWAUKIE
PLANNING COMMISSION
MINUTES
Milwaukie City Hall
10722 SE Main Street
TUESDAY, September 24, 2013
6:30 PM

COMMISSIONERS PRESENT

Lisa Batey, Chair
 Clare Fuchs, Vice Chair
 Scott Barbur
 Sine Bone
 Shaun Lowcock
 Wilda Parks

STAFF PRESENT

Stephen C. Butler, Planning Director
 Brett Kelper, Associate Planner
 Peter Watts, City Attorney

COMMISSIONERS ABSENT

Gabe Storm

1.0 Call to Order – Procedural Matters*

Chair Batey called the meeting to order at 6:30 p.m. and read the conduct of meeting format into the record.

Note: The information presented constitutes summarized minutes only. The meeting video is available by clicking the Video link at <http://www.ci.milwaukie.or.us/meetings>.

2.0 Planning Commission Minutes – None

3.0 Information Items

Steve Butler, Interim Planning Director, noted a Transportation Growth Management (TGM) Grant was awarded to the City for work on the Monroe Street Neighborhood Greenway system concept. Also, the first meeting of the Moving Forward Milwaukie's project advisory committee was held last night. The first public event was scheduled for October 3, 2013.

4.0 Audience Participation – This is an opportunity for the public to comment on any item not on the agenda. There was none.

5.0 Public Hearings

- 5.1 Summary: Transportation System Plan (TSP) Update *continued from 9/10/13*
 Applicant: City of Milwaukie
 File: CPA-13-03
 Staff: Brett Kelper

Chair Batey called the hearing to order and read the conduct of continued legislative hearing format into the record. She noted public testimony was closed and the Commission was in deliberation.

49 **Brett Kelter, Associate Planner**, noted the materials provided to the Planning Commission,
50 and explained the addendum and some other changes to the proposed Transportation System
51 Plan update. He passed out a supplement page to the addendum of small corrections.
52 Specifically, he noted the adjustments to Chapter 6 to revise the language from 'bike boulevard'
53 to 'neighborhood greenway' as the overall purpose of a neighborhood greenway was traffic
54 calming. With regard to Chapter 8, there was suggested language for the refinement plan of
55 state facilities, Highway 99 and Highway 224, and included other ways to improve traffic flow
56 without expanding facilities. Proposed changes to Chapter 13 included better clarification for the
57 distribution of transportation revenues and costs for maintenance, operational overhead, capital
58 projects, etc.

59
60 **Chair Batey** noted that although budgetary information was not in the Commission's bailiwick,
61 understanding the breakdown of maintenance and personnel was helpful. She asked if there
62 were proportionate contributions from other resources to cover operational overhead and the
63 like.

64
65 **Mr. Butler** confirmed that other utilities contribute but he did not know if it was proportionate.

66
67 **Mr. Kelter** explained a range of scenarios for decisions about spending allotments for capital
68 projects versus operations and maintenance projects.

69
70 He explained the options and elements for the Commission's recommendation to the City
71 Council, including using the August 20 draft as a base, with changes listed in the addendum as
72 they agreed upon, and the changes listed in the supplemental materials.

73
74 **The Planning Commission** discussed the topics noted in the staff report as follows:

75
76 Topics Needing Further Discussion

77
78 1. *East-West Connections* – **The Commission** agreed that this issue was addressed in the
79 proposed TSP.

80
81 2. *Crossings of Highway 224*

82 • **Commissioner Lowcock** suggested that the proposed projects need to be reprioritized
83 with cost in mind.

84 • **The Commission** agreed with the staff conclusion to create a new project to study the
85 five proposed crossings and be included as a priority on the Action Plan.

86
87 3. *Breaking big projects into smaller components*

88 • **Chair Batey** stated a concern was that the southern segment of Linwood should be a
89 higher priority than the northern section due to the elementary school.

90 • **Commissioner Lowcock** was concerned that if projects were split up, their priority
91 would go down; bigger projects would hold more weight and attention.

- 92 • However, it was important to recognize what projects or parts of projects could be
 93 completed when money became available and to have the flexibility to implement them.
 94 • **The Commission** agreed with the staff recommendation and conclusion to allow for
 95 micro-level changes be outside of the TSP.
 96
- 97 4. *Residential parking permit program* – **The Commission** agreed with the staff conclusion to
 98 reduce the specificity of the program structure to allow spillover and future flexibility.
 99
- 100 5. *Alternatives to full street improvements* – **The Commission** agreed with the staff conclusion
 101 to update the language of Chapter 10 to allow for flexibility for street improvements as long
 102 as ADA standards were met and short- and long-term costs were considered.
 103
- 104 6. *Truck traffic and neighborhood impacts*
 105 • **Chair Batey** noted that this was also an enforcement issue and proposed to add
 106 enforcement to the “Parking Lot” Items list. She stated that since enforcement was
 107 outside of the scope of the TSP, she intended to write a letter to City Council that this
 108 issue needed to be addressed.
 109 • **The Commission** agreed with the staff conclusion to add language to Chapters 3, 9,
 110 and 11 to address the issue of the impact of truck traffic in neighborhoods.
 111
- 112 7. *Accuracy of Figure 12-1 (Park & Ride facilities)* – **The Commission** agreed with the staff
 113 conclusion to add the number of spaces at the two park & ride facilities.
 114
- 115 8. *Light rail displacement of downtown parking spaces* – The staff conclusion clarified that 21
 116 downtown parking spaces would be lost to the Adams Street Connector project.
 117
- 118 9. *Horizontal/vertical separation in street design features* – **The Commission** agreed with the
 119 staff conclusion to keep the current language.
 120
- 121 10. *Bike-share programs* – **The Commission** supported bike-share programs and agreed to
 122 include them as a strategy in Chapter 6.
 123
- 124 11. *Transportation Demand Management (TDM)* – **The Commission** agreed that TDM options
 125 should be implemented and that the proposed TSP adequately addressed those options.
 126

Project Priority Adjustments

- 127
- 128
- 129 • *Franklin Street Sidewalks* – **The Commission** agreed to keep the project in the TSP but
 130 with the proposed Low priority.
 131
- 132 • *Lake Road Capacity Improvements*
 133 ○ **Chair Batey** noted that public testimony was not to remove the project as a whole,
 134 only the additional lane component, but leave the other improvement elements. With

- 135 the light rail station, Lake Road will be an important arterial.
- 136 ○ **The Commission** agreed to keep the project with the proposed Low priority.
- 137
- 138 ● *Johnson Creek Blvd and 42nd Ave Signalization*
- 139 ○ **Chair Batey** noted that the other concern was the removal of the stop signs along
- 140 Johnson Creek Blvd which could cause speeding and safety problems and reduce
- 141 traffic calming. She said that apparently the police chief shared that concern.
- 142 ○ **Mr. Kelver** clarified that more study was needed to determine the impacts of the
- 143 removal of stop signs as a result of the signal at 32nd Ave. There was merit to leaving
- 144 the project in the TSP.
- 145 ○ **Mr. Butler** noted the effort to balance traffic impacts and traffic flow. He suggested
- 146 language be included regarding public outreach and studies to be done if/when the
- 147 project were to occur.
- 148 ○ **The Commission** agreed to keep the project with the proposed Low priority and to
- 149 add language noting the traffic calming effects of the current stop signs along
- 150 Johnson Creek Blvd.
- 151
- 152 ● *Logus Road Sidewalks*
- 153 ○ **Chair Batey** felt that sidewalks in front of Linwood Elementary should take priority
- 154 over Logus Road sidewalks.
- 155 ○ **The Commission** agreed to keep the project as the proposed Medium priority.
- 156
- 157 ● *Downtown Parking Signage* – **The Commission** agreed the project should be elevated
- 158 to High priority and included in the downtown Action Plan list for parking.
- 159
- 160 ● *Downtown Parking Structure*
- 161 ○ **Chair Batey** noted she looked at the book *The High Cost of Free Parking* and felt
- 162 that parking structures were a subsidy.
- 163 ○ **The Commission** noted that parking structures were expensive, posed accessibility
- 164 and safety issues, and did not seem financially feasible. However, they agreed to
- 165 leave the project in the TSP for possible future development.
- 166 ○ **The Commission** agreed to reduce the priority to Low.
- 167
- 168 ● *Cyclist Education*
- 169 ○ **The Commission** agreed with staff response that infrastructure should come before
- 170 education. The City's role was to build the infrastructure and the private bike groups'
- 171 roles were more about education.
- 172 ○ **The Commission** agreed to keep the proposed Medium priority.
- 173
- 174 ● *Linwood Ave Sidewalks*
- 175 ○ **Chair Batey** felt that the southern section near the elementary school should be high
- 176 priority. Perhaps crosswalks were an option rather than sidewalks near the
- 177 Cedarcrest neighborhood to the southeast.

- 178 ○ **Commissioner Parks** noted that many schoolchildren walk on the east side of
 179 Linwood where there were no sidewalks; there should also be more crosswalks.
 180 ○ **Mr. Kelper** noted that although the northern section of Linwood Ave was in
 181 Clackamas County, it was in the Urban Growth Management Area (UGMA) with the
 182 possibility to eventually be incorporated into the City.
 183 ○ **Commissioner Barbur** felt that since other sidewalk projects were high priority, the
 184 southern section of Linwood should be high priority with regard to the elementary
 185 school.
 186 ○ **The Commission** agreed to elevate the southern section of Linwood Ave to High
 187 priority and keep the northern section as Low priority.
 188

189 "Parking Lot" Items
 190

191 **Chair Batey** explained the nature of "Parking Lot" Items and noted she would write a letter to
 192 City Council to outline those items, other than the Kellogg Creek Trail, that were outside of the
 193 scope of the TSP the Commission felt should be addressed through other means.
 194

195 **Commissioner Parks** and **the Commission** commended staff for creating such a
 196 comprehensive package for this project.
 197

198 **Mr. Kelper** noted that Jamin Kimmel, Planning Intern, was an essential part of the project team.
 199

200 **It was moved by Commissioner Lowcock and seconded by Vice Chair Fuchs to**
 201 **recommend that City Council approve and adopt the proposed amendments to the**
 202 **Milwaukie Transportation System Plan (TSP), File #CPA-13-03. The amendments included**
 203 **the following:**

- 204 • **Public Review Draft of Proposed TSP Amendments (August 20, 2013)**
 205 • **Addendum to Proposed Amendments (last revised on September 20, 2013)**
 206 • **Supplement to the Addendum (presented to Planning Commission on September 24,**
 207 **2013)**
 208 • **Except as revised and clarified by Planning Commission at the public hearing on**
 209 **September 24, 2013:**
 210 ○ **Add a new project to study crossings of Hwy 224 as a High priority and add to**
 211 **Action Plan list.**
 212 ○ **Add a footnote¹ or text reference related to the project to install a traffic signal on**
 213 **Johnson Creek Blvd at 42nd Ave, to address the need to balance facility function**
 214 **with neighborhood livability.**
 215 ○ **Elevate "Downtown Parking Signage" project to High priority and add to Action**
 216 **Plan list.**
 217 ○ **Reduce "Downtown Parking Structure" project to Low priority.**
 218 ○ **Elevate southern section of Linwood Ave Sidewalks project to High priority and**
 219 **add to Action Plan list.**
 220

221 ¹ “This project is intended to balance the needs of the affected neighborhood and other
222 stakeholders. The number and location of the existing stop signs along Johnson Creek Blvd
223 serve to reduce traffic speeds, which is valued by the adjacent neighborhood. Therefore,
224 before a traffic signal is installed at the intersection of Johnson Creek Blvd and 42nd Ave,
225 the City shall conduct a study that analyzes the advantages of the traffic signal to the
226 adjacent neighborhood and the City’s transportation system.”
227

228 **The motion passed unanimously.**

229
230 **6.0 Worksession Items**

231
232 **7.0 Planning Department Other Business/Updates**

233 7.1 Planning Commission Notebook Update Pages
234

235 **Mr. Butler** thanked Mr. Kelter for his hard work on the TSP project.
236

237 **Commissioner Bone** commented on the Moving Forward Milwaukie Project Advisory
238 Committee meeting held the night before. She noted the meeting was an orientation to what the
239 project would be and included opportunities and analysis. She felt the meeting was positive and
240 encouraging, the PAC members were a good group with different ideas, and the consultant
241 team was competent and open. She thought the city would gain a lot from project.
242

243 **Mr. Butler** noted a public meeting for the project was scheduled for October 3.
244
245

246 **8.0 Planning Commission Discussion Items**

247
248 **9.0 Forecast for Future Meetings:**

- 249 October 8, 2013 1. Public Hearing: AP-13-01 Pendleton Woolen Mills Parking
250 Determination Appeal
251 2. Worksession: Murals Code Project
252 October 22, 2013 1. TBD
253
254

255 Meeting adjourned at approximately 9:03 p.m.
256
257
258

259 Respectfully submitted,

260
261 Alicia Martin, Administrative Specialist II
262
263
264

265 _____
266 Lisa Batey, Chair



To: Planning Commission

Through: Steve Butler, Interim Planning Director/Community Development Director

From: Li Alligood, Associate Planner

Date: November 5, 2013, for November 12, 2013, Public Hearing

Subject: **File:** DR-13-05, NCU-13-02
Applicant: Alyssa Leeviraphan, Mahlum Architects
Owner(s): Kim Freeman, 10400 SE Main LLC
Address: 10400 SE Main St
Legal Description (Map & Taxlot): 11E25CC00403
NDA: Historic Milwaukie

ACTION REQUESTED

Approve application DR-13-05/NCU-13-05 and the recommended Findings and Conditions of Approval found in Attachments 1 and 2. This action would allow for the addition of a north entry, south hallway, and linear accelerator room to the existing structure, and construction of an addition with a flat roof.

BACKGROUND INFORMATION

The applicant received approval to locate a veterinary clinic in the existing building in February 2013 through land use file NCU-13-01. The applicant now proposes to expand the existing building, and the nonconforming use, through additions to the structure and limited site improvements.

A. Site and Vicinity

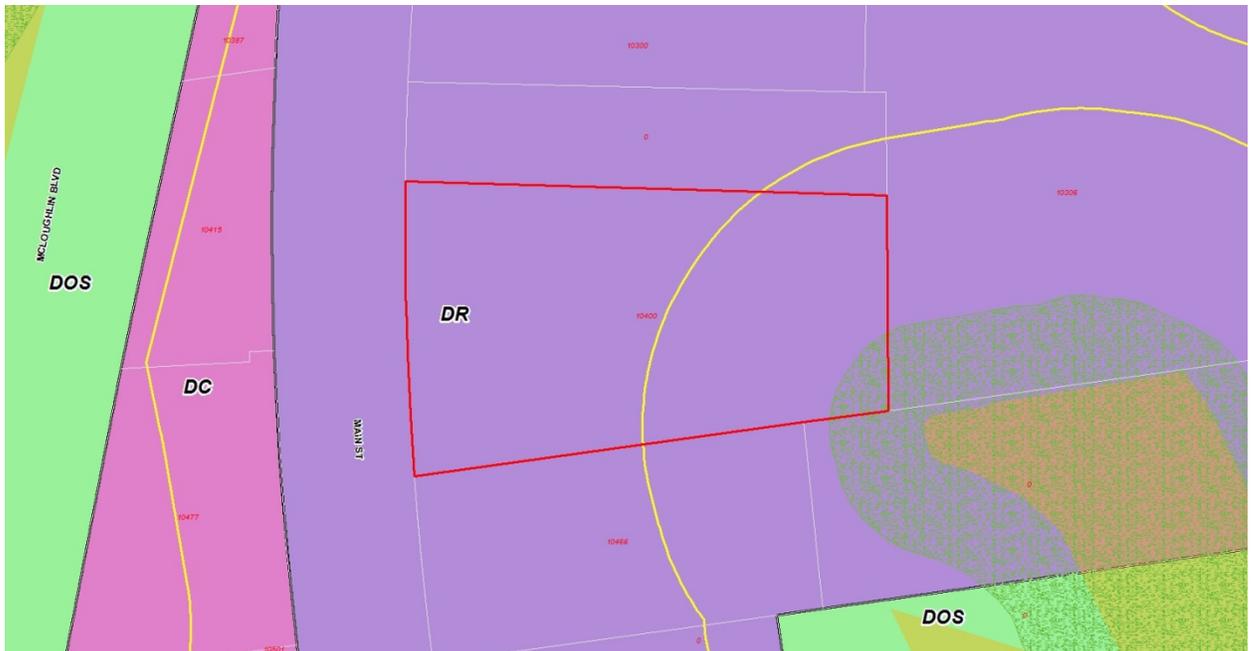
The site is located at 10400 SE Main St. The site contains a 7,000 square foot building with a drive through, 34 parking spaces, and various small landscaped areas throughout the parking lot. The building was constructed in 1983, and there have been only minor modifications to the building since that time (interior partition reconfiguration, replacement of HVAC, etc.).

The surrounding area along Main Street includes a variety of commercial uses, including a bowling alley, pizza parlor, fitness center, financial institution, and restaurant/lounge, as well as surface parking to serve those uses. The image below shows an aerial view of the site.



B. Zoning Designation

Downtown Residential DR. The eastern portion of the site is within 100 feet of the Spring Creek natural resource area, and the southeastern corner is within the Water Quality Resource (WQR) overlay. The image below shows the zoning and overlays on the site.



C. Comprehensive Plan Designation

Town Center TC

D. Land Use History

- **February 26, 2013:** NCU-13-01, approved with conditions, approved replacement of the existing legal nonconforming use (financial institution) with the proposed nonconforming use (veterinary clinic) at 10400 SE Main St.

E. Proposal

The applicant is seeking land use approvals for the expansion of a nonconforming use through exterior additions to the existing building totaling 1,330 sq ft and is requesting a modification to the design standards for roofs. In addition, the applicant proposes the establishment of a fenced exterior dog run. See Attachment 3 for details.

The proposal includes the following (see Attachment 3.f for the proposed site plan):

1. Building additions:
 - A. 50 sq ft vestibule
 - B. 80 sq ft work area
 - C. 1,200 sq ft linear accelerator and moderator/control room, which requires a modification to the design standards for roofs (see Attachment 3.m for details)
2. Site improvements:
 - A. Fenced dog area

The project requires approval of the following applications by the Planning Commission:

1. Design Review (DR-13-05)
2. Nonconforming Use Review (NCU-13-02)

Only the building expansion is subject to Type III Downtown Design Review and Nonconforming Use Review; additional site improvements have been proposed by the applicant but there is insufficient information to determine what type and level of review would be required.

KEY ISSUES

Summary

Staff has identified the following key issues for the Planning Commission's deliberation. Aspects of the proposal not listed below are addressed in the Findings (see Attachment 1) and generally require less analysis and discretion by the Commission.

- A. Has the applicant sufficiently demonstrated that the proposed alteration of the nonconforming use would result in no more of a detriment to surrounding properties than the existing nonconforming use?

Analysis

A. Has the applicant sufficiently demonstrated that the proposed alteration of the nonconforming use would result in no more of a detriment to surrounding properties than the existing nonconforming use?

The existing nonconforming veterinary clinic use was approved by the Planning Commission in February 2013 (NCU-13-01). During that review, the Planning Commission found that the proposed use would generate substantially fewer vehicle trips per day than a financial institution of the same size; the hours of operation for the veterinary clinic use were similar to the former nonconforming use, a credit union; and that the use of exterior spaces would generate minimal noise and would not cause a further detriment to surrounding properties.

The applicant proposes to alter the previously approved nonconforming veterinary use by adding approximately 1,330 square feet to the existing building. The east and south additions have been incorporated to allow for better flow and movement of patients, clients, and staff. The northern expansion of the entrance vestibule provides a more prominent and visible entry, as well as a vestibule to provide transition from the building exterior to the interior. The footprint of the building is being extended to the south, as the existing drive-through will be the location of the linear accelerator addition. However, this is not a detriment to surrounding properties as the southern addition setback exceeds the baseline side yard setback requirements of 0 feet in the DR zone.

The proposed alterations will allow the clinic to service its clients and patients more efficiently, and will not increase vehicle trips to the site; change the hours of operation approved by NCU-13-01; or increase the intensity of the uses of the exterior spaces of the site.

CONCLUSIONS

A. Staff recommendation to the Planning Commission is as follows:

1. Approve the design review and nonconforming use applications for major exterior alterations to the existing building and modification of design standards for roofs. This will result in additions to the north, south, and southeast facades of the building, and will permit a rear addition with a flat roof and without a cornice.
2. Recommend adoption of the attached Findings and Conditions of Approval.

CODE AUTHORITY AND DECISION-MAKING PROCESS

The proposal is subject to the following provisions of the Milwaukie Municipal Code (MMC).

- Section 19.1006 Type III Review
- Chapter 19.800 Nonconforming Uses and Development
- Section 19.907 Downtown Design Review
- Subsection 19.304.4 Downtown Zones Development Standards
- Subsection 19.304.6 Downtown Zones Design Standards

The Commission has 4 decision-making options as follows:

- A. Approve the application subject to the recommended Findings and Conditions of Approval.
- B. Approve the application with modified Findings and Conditions of Approval. Such modifications need to be read into the record.
- C. Deny the application upon finding that it does not meet approval criteria.
- D. Continue the hearing to December 10, 2013.

The final decision on the application, which includes any appeals to the City Council, must be made by January 25, 2014, in accordance with the Oregon Revised Statutes and the Milwaukie Zoning Ordinance. The applicant can waive the time period in which the application must be decided.

COMMENTS

Notice of the proposed changes was given to the following agencies and persons: City of Milwaukie Community Development, Building and Engineering Departments and the Historic Milwaukie Neighborhood District Association (NDA). The following is a summary of the comments received by the City. See Attachment 4 for further details.

- **Tom Larsen, Building Official:** Remodeling of the existing structure will trigger ADA upgrades equaling up to 25% of the value of structural permits.
- **Historic Milwaukie NDA Land Use Committee:** Supports proposal.

ATTACHMENTS

Attachments are provided as indicated by the checked boxes. All material is available for viewing upon request.

	PC Packet	Public Copies	E- Packet
1. Recommended Findings in Support of Approval	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
2. Recommended Conditions of Approval	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
3. Applicant's Narrative and Supporting Documentation dated August 30 and October 25, 2013.			
a. Narrative	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
b. Site Map	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c. Aerial Perspective View	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d. Topographic Survey	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
e. Existing Site Plan	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
f. Proposed Site Plan	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
g. Demolition Floor Plan	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
h. First Floor Plan	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

	PC Packet	Public Copies	E- Packet
i. NW/North/NE Exterior Elevation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
j. West/South/SE Exterior Elevation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
k. North Entry Façade: Image, Existing, Proposed	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
l. South Façade: Image, Existing, Proposed	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
m. Drive-Thru/Linear Accelerator Addition: Image, Existing, Proposed	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
n. Overall: Image, Existing, Proposed	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
4. Comments Received	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
5. List of Record	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

Key:

PC Packet = paper materials provided to Planning Commission 7 days prior to the hearing.

Public Copies = paper copies of the packet available for review at City facilities and at the Planning Commission meeting.

E-Packet = packet materials available online at <http://www.milwaukieoregon.gov/planning/planning-commission-92>.

**Recommended Findings in Support of Approval
File #DR-13-05/NCU-13-02, 10400 SE Main LLC**

Sections of the Milwaukie Municipal Code not addressed in these findings are found to be inapplicable to the decision on this application.

1. The applicant, Alyssa Leeviraphan, Mahlum Architects, on behalf of Kim Freeman, 10400 SE Main LLC, has applied for approval to expand a conforming use and construct major exterior alterations at 10400 SE Main St. This site is in the DR Zone and has the Comprehensive Plan designation of TC. The land use application file numbers are DR-13-05 and NCU-13-02.
2. The applicant is seeking approval to construct three additions totaling approximately 1,330 square feet to the building:
 - 50 sq ft vestibule expansion
 - 80 sq ft work area
 - 1,200 sq ft linear accelerator and moderator/control room, which requires a modification to the design standards for roofs

The applicant has also proposed the installation of a fenced dog area.

3. The proposal is subject to the Downtown Milwaukie Design Guidelines and the following provisions of the Milwaukie Municipal Code (MMC):
 - MMC Section 19.1006 Type III Review
 - MMC Section 19.1011 Design Review Meetings
 - MMC Chapter 19.800 Nonconforming Uses and Development
 - MMC Section 19.907 Downtown Design Review
 - MMC Subsection 19.304.4 Downtown Zones Development Standards
 - MMC Subsection 19.304.6 Downtown Zones Design Standards
4. The application is further subject to the following at or before the time of development permit submittal:
 - Natural resource review, specifically submittal of a Construction Management Plan pursuant to MMC Section 19.402.9. The purpose of this review is to verify that measures will be established on the subject property to protect adjacent natural resource areas.
 - Development Review pursuant to MMC Section 19.906. The purpose of Development Review is to ensure compliance with applicable standards and conditions of approval through an efficient review process that effectively coordinates the City's land use and development permit review functions.
5. The applicant has proposed additional site improvements including: removal of on-site parking spaces; installation of an outdoor seating area to the west of the building; and establishment of a meditation garden in the southeast corner of the site. The application does not include sufficient details for the review of these improvements at this time. Future site improvements may be subject to Natural Resource review, Development Review,

and/or Downtown Design Review. The level and type of required review will be determined by the details of the proposals.

6. The Design and Landmarks Committee (DLC) evaluated the Design Review application (DR-13-05) on October 23, 2013, pursuant to MMC 19.1011 Design Review Meetings. The DLC recommended that the Planning Commission adopt Finding 9 as the findings of approval for the Design Review application.
7. The application has been processed and public notice provided in accordance with MMC Section 19.1006 Type III Review. A public hearing was held on November 12, 2013, as required by law.
8. MMC Chapter 19.800 Nonconforming Uses and Development
 - a. MMC 19.804.1.B establishes the approval criteria for the expansion of a nonconforming use. The Planning Commission may approve, approve with conditions, or deny a nonconforming use and development application based on the following criterion:

- (1) The proposed move, alteration, or intensification would result in no more of a detriment to surrounding properties than the existing nonconforming use.

The existing nonconforming veterinary clinic use was approved by the Planning Commission in February 2013 (NCU-13-01). During that review, the Planning Commission found that the proposed use would generate substantially fewer vehicle trips per day than a financial institution of the same size; the hours of operation for the veterinary clinic use were similar to the former nonconforming use, a credit union; and that the use of exterior spaces would generate minimal noise and would not cause a further detriment to surrounding properties.

The applicant proposes to alter the previously approved nonconforming veterinary use by adding approximately 1,340 square feet to the existing building. The east and south additions have been incorporated to allow for better flow and movement of patients, clients, and staff. The northern expansion of the entrance vestibule provides a more prominent and visible entry, as well as a vestibule to provide transition from the building exterior to the interior. The footprint of the building is being extended to the south, as the existing drive-through will be the location of the linear accelerator addition. However, this is not a detriment to surrounding properties as the southern addition setback exceeds the baseline side yard setback requirements of 0 feet in the DR zone.

The proposed alterations will allow the clinic to service its clients and patients more efficiently, and will not increase vehicle trips to the site; change the hours of operation approved by NCU-13-01; or increase the intensity of the uses of the exterior spaces of the site.

The Planning Commission finds that this criterion is met.

9. MMC Section 19.907 Downtown Design Review
 - a. MMC 19.907.7 establishes the approval criteria for design review applications and the process for modifications to the downtown design standards. The approval authority may approve, approve with conditions, or deny a design review application based on the following criteria:
 - (1) Compliance with Title 19 Zoning Ordinance.

The applicable design standards pertain to roof design.

- (a) Subsection 19.304.6.4 contains design standards for roofs.

The proposed Phase II addition (the linear accelerator, control room, and modulator) has a flat roof. Per 19.304.6.4.a, flat roofs must include a cornice of 6 in deep and 12 in high. The proposed roof design does not include a cornice, and applicant has requested a modification to this standard.

See Finding 9.b below for a discussion of the requested modification to the downtown design standards.

The Planning Commission finds that, with the approval of the requested modification, this standard is met and that the approval criterion is therefore met.

- (2) Substantial consistency with the Downtown Design Guidelines

Refer to Table 1 below for detailed findings.

The Planning Commission finds that, as conditioned, the proposal is substantially consistent with the Downtown Design Guidelines and this approval criterion is met.

- (3) Submittal of a complete application and applicable fee as adopted by the City Council.

The applicant submitted an application on August 30, 2013, and it was deemed complete on September 27, 2013. The applicable design review application fee was paid August 30, 2013.

The Planning Commission finds that, as conditioned, these standards are met.

- b. MMC 19.907.10 establishes the process and criteria for modifications to the downtown design standards. MMC 19.310.C.4.a requires that all buildings with flat roofs include a cornice of at least 6 in deep and 12 in high. The proposed roof of the Phase II addition (the linear accelerator, modulator, and control room) is flat, and it does not include a cornice. Therefore, a modification to the design standards for roofs is required.
- (a) The approval authority may grant a modification to a design standard subject to the following criteria:
- (i) The modification is integral to the overall design concept of the building.
- The existing building is a contemporary design with a flat roof. The requested modification would allow for the use of a flat roof on the proposed Phase II addition to the southeastern façade. This addition will be constructed of cast-in-place concrete walls in order to provide the needed radiation shielding for the linear accelerator. This type of construction is not conducive to this type of detailing, nor would it integrate well with the overall design of the existing building, which does not include cornices.
- (ii) The modification substantially meets the intent of the design standard either individually or in combination with other design elements of the project.

The intent of the design standard, in combination with the architectural design guideline regarding roofs, is to ensure that rooftop mounted mechanical equipment is screened from street-level view and that the building wall is finished with a visual “cap.” The proposed structure does not include any roof-mounted mechanical or other equipment, and it is not necessary to hide these components from view. Additionally, the addition sits approximately 185 ft from the Main St frontage, and only a small portion of the building will be visible from the public right-of-way. Finally, the existing building has multiple rooflines, which creates visual interest, and the proposed addition will be consistent with the existing roof design.

- (iii) The project is substantially consistent with the relevant Downtown Design Guidelines.

The applicable Downtown Design Guideline is Architecture: Silhouette and Roofline. The design of the addition is substantially consistent with the applicable Downtown Design Guidelines as outlined in Table 1.

The Planning Commission finds that that these standards are met.

Table 1. Design Review Compliance

MILWAUKIE CHARACTER GUIDELINES	
Applicant Information	Recommended Findings
<i>a. Reinforce Milwaukie’s Sense of Place = Strengthen the qualities and characteristics that make Milwaukie a unique place.</i>	
Not addressed.	This proposal does not include new buildings. <i>This guideline is not applicable.</i>
<i>b. Integrate the Environment = Building design should build upon environmental assets.</i>	
The additions to the building will be sided/painted in the current building color.	As proposed, the design of the building respects the character of nearby Spring Park natural area by utilizing a subdued palette of colors. <i>The proposal meets this guideline.</i>
<i>c. Promote Linkages to Horticultural Heritage = Celebrate Milwaukie’s heritage of beautiful green spaces.</i>	
Minor landscape upgrades in Phase I are proposed. Tree species that promote linkages to Milwaukie’s horticultural heritage will be considered first.	As proposed, the design of the site respects Milwaukie’s heritage of green spaces through the addition of trees to the site. <i>The proposal meets this guideline.</i>
<i>d. Establish or Strengthen Gateways = Projects should use arches, pylons, arbors, or other transitions to mark special or primary entries and/or borders between public and private spaces.</i>	
Not addressed.	As proposed, a fence will be installed to create a fenced dog run area to the rear of the property. The applicant has not provided specifications for the fence. A condition has been established to ensure that

	<p>specifications for the fencing, including height, materials, and finish, are submitted prior to installation.</p> <p><i>As conditioned, the proposal meets this guideline.</i></p>
<p><i>e. Consider View Opportunities = Building designs should maximize views of natural features or public spaces.</i></p>	
Not addressed.	<p>This proposal does not include new buildings.</p> <p><i>This guideline is not applicable.</i></p>
<p><i>f. Consider Context = A building should strengthen and enhance the characteristics of its setting, or at least maintain key unifying patterns.</i></p>	
Not addressed.	<p>This proposal does not include new buildings.</p> <p><i>This guideline is not applicable.</i></p>
<p><i>g. Promote Architectural Compatibility = Buildings should be “good neighbors.” They should be compatible with surrounding buildings by avoiding disruptive excesses. New buildings should not attempt to be the center of attention.</i></p>	
Not addressed.	<p>This proposal does not include new buildings.</p> <p><i>This guideline is not applicable.</i></p>
<p><i>h. Preserve Historic Buildings = Historic building renovation, restoration, or additions should respect the original structure.</i></p>	
No response.	<p>No historic buildings are proposed to be renovated, restored, or expanded as part of this application.</p> <p><i>This guideline is not applicable.</i></p>
<p><i>i. Use Architectural Contrast Wisely = Contrast is essential to creating an interesting urban environment. Used wisely, contrast can provide focus and drama, announce a socially significant use, help define an area, and clarify how the downtown is organized.</i></p>	
No response.	<p>The proposal does not include new buildings.</p> <p><i>This guideline is not applicable.</i></p>
<p><i>j. Integrate Art = Public art should be used sparingly. It should not overwhelm outdoor spaces or render buildings mere backdrops. When used, public art should be integrated into the design of the building or public open space.</i></p>	
No response.	<p>The proposal does not include public art.</p> <p><i>This guideline is not applicable.</i></p>

PEDESTRIAN EMPHASIS GUIDELINES	
Applicant Information	Recommended Findings
a. Reinforce and Enhance the Pedestrian System = Barriers to pedestrian movement and visual and other nuisances should be avoided or eliminated, so that the pedestrian is the priority in all development projects.	
No response.	This proposal does not include pedestrian walkways or potential nuisances to pedestrians. <i>This guideline is not applicable.</i>
b. Define the Pedestrian Environment = Provide human scale to the pedestrian environment, with variety and visual richness that enhance the public realm.	
No response.	The existing vestibule doors and windows are tinted, reflective glass. A condition has been established to ensure that the vestibule addition will replace the existing tinted doors and windows with transparent doors and windows. The vestibule addition will bring the entrance closer to the street. <i>As conditioned, the proposal meets this guideline.</i>
c. Protect the Pedestrian from the Elements = Protect pedestrians from wind, sun, and rain.	
No response.	The proposal does not include new buildings. <i>This guideline is not applicable.</i>
d. Provide Places for Stopping and Viewing = Provide safe, comfortable places where people can stop to sit and rest, meet and visit with each other, and otherwise enjoy the downtown surroundings.	
No response.	The proposal does not include outdoor areas. <i>The proposal meets this guideline.</i>
e. Create Successful Outdoor Spaces = Spaces should be designed for a variety of activities during all hours and seasons.	
No response.	The proposal does not include outdoor spaces. <i>This guideline is not applicable.</i>
f. Integrate Barrier-Free Design = Accommodate handicap access in a manner that is integral to the building and public right-of-way.	
No response.	The proposal does not include ramps, lifts, or elevators. <i>This guideline is not applicable.</i>

ARCHITECTURE GUIDELINES	
Applicant Information	Recommended Findings
a. Corner Doors = Locate entry doors on corners of commercial and retail buildings wherever possible.	
No response.	The proposal does not include a new entrance. <i>This guideline is not applicable.</i>
b. Retail and Commercial Doors = Doors should create an open and inviting atmosphere.	
The proposed entry doors will be double doors comprised of more than 50% window area, and the proposed vestibule addition will make the front entry vestibule more prominent and visible from the street.	As proposed, the commercial doors will be transparent and will increase the visibility of the building entrance from Main St. A condition has been established to ensure that the replacement windows and doors meet the downtown design standards and substantially conform with this guideline. <i>As conditioned, the proposal meets this guideline.</i>
c. Residential Doors = Residential front doors should define a friendly transition between the public and the private realm.	
No response.	This building is not residential. <i>This guideline is not applicable.</i>
d. Wall Materials = Use materials that create a sense of permanence.	
The proposed southeast addition will be constructed of cast-in-place concrete, painted to match the existing siding.	As proposed, the linear accelerator addition is made of concrete and painted to match the existing siding. Concrete is a long-lasting material and provides a sense of permanence. <i>The proposal meets this guideline.</i>
e. Wall Structure = Use scale defining devices to break up the longitudinal dimensions of buildings, creating a comfortable sense of enclosure by establishing an uninterrupted street edge.	
No response.	As proposed, with the exception with the vestibule expansion, the additions to the building are small-scale and not visible from the street. <i>This guideline is not applicable.</i>
f. Retail Windows = Use windows that create an open and inviting atmosphere.	
No response.	No retail windows are proposed as part of this application. <i>This guideline is not applicable.</i>

g. Residential Bay Windows = Provide bays to add variety and visual interest to façade and interesting views and outdoor spaces from the interiors.	
No response.	No residential bay windows are proposed as part of this application. <i>This guideline is not applicable.</i>
h. Silhouette and Roofline = Create interest and detail in silhouette and roofline.	
Thick cast-in place concrete wall construction is not conducive to the type of detailing required by the design standards, nor would it integrate well with the overall design of the building. A cornice on the addition would be foreign to the existing building's architecture.	As proposed, the additions to the west and east will continue the existing roofline. The existing building has varied rooflines, and the addition to the southeast will reflect the flat roofline of the existing building, as well as add another roofline level at the rear of the building. <i>As proposed, this guideline is met.</i>
i. Rooftops = Integrate rooftop elements into building design.	
No response.	The proposal does not include rooftop elements. <i>This guideline is not applicable.</i>
j. Green Architecture = New construction or building renovation should include sustainable materials and design.	
No response.	The largest addition will be constructed of concrete, which is a durable, recyclable material. <i>As proposed, this guideline is met.</i>
k. Building Security = Buildings and site planning should consider and employ techniques that create a safe environment.	
No response.	As existing and proposed, the plant materials and landscaping design ensure that the site is easily observable. <i>As proposed, this guideline is met.</i>
l. Parking Structures = Parking structures should be designed so that they appear like most other buildings in the downtown.	
No Response.	No parking structures are proposed as part of this application. <i>This guideline is not applicable.</i>

LIGHTING GUIDELINES	
Applicant Information	Recommended Findings
a. Exterior Building Lighting = Architectural lighting should be an integral component of the façade composition.	
No response.	No exterior building lighting is proposed as part of this application. <i>This guideline is not applicable.</i>
b. Parking Lot Lighting = Ornamental street lights should be used to be compatible with downtown streetlight standards identified in the Public Area Requirements.	
No response.	No additional parking lot lighting is proposed as part of this application. <i>This guideline is not applicable.</i>
c. Landscape Lighting = Lighting should be used to highlight sidewalks, street trees, and other landscape features. Landscape lighting is especially appropriate as a way to provide pedestrian safety during holiday periods.	
No response.	No landscape lighting is proposed as part of this application. <i>This guideline is not applicable.</i>
d. Sign Lighting = Sign lighting should be designed as an integral component of the building and sign composition.	
No response.	No sign lighting is proposed as part of this application. <i>This guideline is not applicable.</i>

SIGN GUIDELINES	
Applicant Information	Recommended Findings
a. Wall Signs	
No response.	No wall signs are proposed as part of this application. <i>This guideline is not applicable.</i>
b. Hanging or Projecting Signs	
No response.	No hanging or projecting signs are proposed as part of this application. <i>This guideline is not applicable.</i>

<i>c. Window Signs</i>	
No Response.	No window signs are proposed as part of this application. <i>This guideline is not applicable.</i>
<i>d. Awning Signs</i>	
No response.	No awning signs are proposed as part of this application. <i>This guideline is not applicable.</i>
<i>e. Information and Guide Signs</i>	
No response.	No information or guide signs are proposed as part of this application. <i>This guideline is not applicable.</i>
<i>f. Kiosks and Monument Signs</i>	
No response.	No kiosk or monument signs are proposed as part of this application. <i>This guideline is not applicable.</i>
<i>g. Temporary Signs</i>	
No response.	No temporary signs are proposed as part of this application. <i>This guideline is not applicable.</i>

Recommended Conditions of Approval
File #DR-13-05/NCU-13-02, 10400 SE Main LLC

1. The applicant shall submit a Type I Development Review application and Type I Construction Management Plan with final construction plans for additions to the building. These plans shall be in substantial conformance with the plans reviewed by the Design and Landmarks Committee (DLC) and Planning Commission (PC) and date stamped by the City on August 30, 2013. The plans shall be modified only as described in these conditions of approval or through a subsequent design review or formal modification process.
 - a. The development permit submission for the building shall include a detailed description of any proposed plan changes that are not part of these conditions of approval, or that the final decision-making authority did not specify in its decision; such plan change shall be subject to the City's review and approval.
 - b. The development permit submission for the building shall include the following item to demonstrate conformance with the Milwaukie Downtown Design Guidelines, specifically those that address the pedestrian environment.
 - (1) The existing entrance doors and windows are tinted and do not meet the development standards for windows. Replacement doors and windows must meet the standards of MMC Subsection 19.304.6.C.3.
2. The applicant shall submit a Type I Design Review application for the proposed on-site fencing.
 - a. The design review permit submission shall include a detailed description of the proposed fencing materials, including height and materials.
3. Additional site improvements may be subject to Development Review, Natural Resources Review, and/or Downtown Design Review. The level and type of review will depend on the details of the proposal(s).
3. Pursuant to Subsection 19.1001.7.E.2, the time period within which the applicant must obtain development permits for additions to the building is 2 years, and the time period within which the applicant must pass all final inspections is 4 years, from the date of the land use decision on this application.



TYPE III LAND USE REVIEW – NONCONFORMING USE ALTERATION
& DOWNTOWN DESIGN REVIEW
VETERINARY CANCER AND SURGERY SPECIALISTS
10400 SE Main Street | Milwaukie, OR 97222

25 October 2013 - Revised Narrative

Required land use application forms and fees

Application for Land Use Action signed by applicant

Submittal Requirements signed by applicant

Land Use Type III Application fee of \$3500

Proof of ownership or eligibility to initiate application

See attached *Line of Credit Deed of Trust* from property owner.

See attached *Written Authorization for Applicant* letter.

Pre-application conference report

A copy of the valid *Pre-Application Conference Report* (ID# 12-018PA) is attached.

MMC 19.304.3 Downtown Zones - Uses

The base zone of the site is Downtown Residential (DR). For the use to be conforming in this zone, the development would need to include a minimum of 24 units of housing. The existing building is a 7,000 square foot building and was designed and constructed as a commercial office building. The building's lot placement, design, and infrastructure are such that the current building is not adequate for conversion to residential units. Approval of the land use application NCU-13-01 allows the veterinary clinic to operate as a legal nonconforming use, and therefore be exempt from the residential density requirements until such time as the land use approval expires or the site is redeveloped.

MMC 19.304.4 Downtown Zones – Development Standards

All applicable development standards for the Downtown Residential Zone are met. The minimum lot coverage is 5,000 square feet. Our lot size is 34,800 square feet. The minimum street frontage is 30'. Our property street frontage is approximately 158'. There is no minimum or maximum Floor-Area ratio for this zone. There is no minimum building height and the maximum building height is 45'-65'. The existing building height is 24', and our proposed additions do not increase that height. Minimum street setbacks are 0', and there are no maximum street setbacks. The applicable standards for landscaping and off-street parking were met for land use application NCU-13-01, and have not changed. Minimum landscaping of 15% is required in the DR zone. 8,150 square feet, or 23%, of the site is currently landscaped.

MMC 19.304.5 Public Area Requirements

See page 3 of this narrative, section MMC 19.700, for related information.

MMC 19.304.6 Downtown Zones – Design Standards

The design standards are applicable to all new construction and to major exterior alterations in the downtown zone.

Design Standards for Walls. The following standards are applicable to the exterior walls of buildings facing streets, courtyards, and/or public squares in all of the downtown zones. Exterior wall-mounted mechanical equipment is prohibited. The following wall materials are prohibited at the street level of the building: EIFS or other synthetic stucco panels, and splitface or other masonry block. The following materials are prohibited at all levels of the building in all downtown zones: plywood paneling, brick with dimensions larger than 4 by 8 by 2 inches, spandrel glazing/curtain wall, vinyl or metal cladding, composite wood fiberboard or composite cement-based siding, metal panels, except at penthouse level.

There is no wall mounted equipment in the proposed development, nor are there prohibited wall materials proposed that face streets, courtyards, and/or public squares.

Design Standards for Windows. The following standards are applicable to building windows facing streets, courtyards, and/or public squares in all of the downtown zones. Windows shall be "punched" openings recessed a minimum of 2 inches from the wall surface. Window heights shall be equal to or greater than window widths. The following windows are prohibited: reflective, tinted, or opaque glazing, simulated divisions (internal or applied synthetic materials), and exposed, unpainted metal frame windows.

Design standards for windows will be met.

Design Standards for Roofs. The following standards are applicable to building roofs in all of the downtown zones. Flat roofs shall include a cornice with no less than 6 inch depth (relief) and a height of no less than 12 inches. Mansard or decorative roofs on buildings less than 3 stories are prohibited in all downtown zones. Metal roofs are prohibited only in the Downtown Residential Zone.

See page 3 of this narrative, Section 19.907 Downtown Design Review, for adherence to standards and related information.

MMC 19.400 Overlay Zones and Special Areas

Overlay zone standards: Natural Resources Overlay. There is a small portion of the site (SE corner) which contains a Water Quality Resource area (WQR). No development is planned for this area at this time. If future development occurs within the WQR, it will most likely be to enhance the natural setting and bring it closer to its intended state. The veterinary clinic envisions a meditation garden which could integrate well with this natural setting. If development occurs, all changes will adhere to City requirements. At that time, a construction management plan will be submitted as required.

MMC 19.500 Supplementary Development Regulations

Supplementary development regulations: There are no supplementary development regulations applicable to this project.

MMC 19.600 Off-Street Parking and Loading

With the addition of 140 square feet to the existing 7,000 square foot building for the Phase I additions, the adjusted minimum parking requirements on site for a veterinary clinic is 28 spaces, and the maximum parking permitted on site is 35 spaces. There are currently 34 existing off-street parking spaces on the site which falls within the allowable parking count. We do not propose making any parking revisions at this time.

The Phase II addition would add approximately 615 net square feet to the building. This addition would increase the minimum parking requirement to 31 and the maximum parking requirements to 38. Phase II proposes to add an outdoor area near the front of the building to the west that would reduce the parking count by three, leaving 31 parking spaces available which falls within the allowable parking count.

The veterinary clinic also hopes to develop the southeast corner into a more natural setting with a potential meditation garden. Any new landscape development proposed for this area would only reduce the number of

parking spaces by an amount allowable to still meet the minimum parking requirements. Parking reductions per MMC 19.605.3 would be reviewed at that time to determine minimum parking quantity requirements.

Bicycle parking required per MMC 19.609.2 shall be 10% of required vehicle parking therefore, 3 spaces are required. There are currently 5 bicycle parking spaces. We do not propose making any bicycle parking revisions at this time.

Trees will be added as needed to meet the perimeter landscaping planting requirements of 1 tree planted per 40 lineal feet of landscaped buffer area as required by MMC 19.606.2.C.

MMC 19.700 Public Facility Improvements

The purpose of Chapter 19.700 is to ensure that development, including redevelopment, provides public facilities that are safe, convenient, and adequate in rough proportion to their public facility impacts.

MMC 19.702.3 Downtown Zones, states that the purpose of the specific exemptions for some types of development in downtown Milwaukie is to encourage new uses in, and revitalization of, existing structures in downtown and to recognize that the transportation infrastructure in downtown is more complete than in other areas of the city. Section 19.702.3.B states that for expansions or conversions that increase the combined gross floor area of all structures by 1,500 square feet or less, frontage improvements are exempt, as described in the approval criterion of Subsection 19.703.3.B. The total combined gross square footage for both Phase I and Phase II veterinary clinic additions is approximately 1,340 gross square feet which meets the requirements of this exemption.

Development in downtown zones that is exempt per section 19.702.3.B shall only be required to provide transportation improvements that are identified by a Transportation Impact Study as necessary to mitigate the development's transportation impacts. Such development is not required to provide on-site frontage improvements.

MMC 19.804 Alterations of Nonconforming Uses and Developments

As approved through NCU-13-01, the veterinary clinic is a nonconforming use.

Per MMC 19.804.1.B.1, A nonconforming use shall not be moved, altered, or intensified unless such move, alteration, or intensification is approved by the Planning Commission through a Type III review per Section 19.1006. The applicant shall demonstrate that the proposed move, alteration, or intensification would result in no more of a detriment to surrounding properties than the existing nonconforming use.

The Phase I north and south additions have been incorporated to allow for better flow and movement of patients, clients, and staff to enrich the overall experience; with the northern expansion providing a more prominent and visible entry. The Phase II addition will offer state of the art specialized care for animals. The proposed additions will result in no more of a detriment to surrounding properties than the existing nonconforming use. They will in fact improve the user experience of visiting the property and offer services currently not available in the area. As determined by the City's Engineering Department, the proposed use would also generate substantially fewer vehicle trips per day than the previous financial institution.

MMC 19.907 Downtown Design Review

Design review is intended to preserve and enhance the character of downtown Milwaukie; ensure a degree of order, harmony, and quality in the downtown zones, provide buildings and projects that are attractive individually yet contribute to a downtown that is unified and distinctive as a whole; and to ensure that new development and alterations or enlargement of existing development are consistent with the Downtown Design Guidelines and Downtown and Riverfront Land Use Framework Plan.

The veterinary clinic development has considered the Downtown Design Guidelines as applicable to the proposed Phase I and Phase II project additions and as described herein. A Design Review Checklist is attached.

The veterinary clinic proposes to incorporate two additions to the existing building in Phase I; including an expansion of the front entry vestibule to the north as well as an addition to the south. Finances permitting, they also plan a Phase II expansion to the east end of the existing building that will include the addition of a linear accelerator vault for radiation treatment of their patients. The intent is for the Phase II work to occur within the next couple of years, if not sooner.

The Phase I north addition expands the front entry vestibule by approximately 50 square feet. Incorporating a more spacious vestibule will enhance the entry sequence by allowing for better patient and client flow into the building. This addition faces northwest and therefore will be visible from Main Street. We propose to reuse the existing storefront entry doors if possible, which meet the architectural guidelines of the Milwaukie Downtown Design Guidelines. The double entry doors are comprised of over 50% window area, with a transom and side lite, and will be set back a minimum of 2 inches from the wall surface. The proposed material for infill between solid panels of vinyl siding is also a storefront glazing system to match the existing bronze colored storefront entry system. The expansion of the front entry vestibule will not only make it more spacious, comfortable, and inviting; but will also make the building entry more prominent and visible from the street. This addition is visible from Main Street and meets all applicable design guidelines.

The Phase I south addition will expand an area adjacent to the property line, and near the existing bank vault which will be refurbished into an X-ray room. This expansion of approximately 90 square feet will accommodate the needed space for access into the new X-ray room, and will additionally provide an area for staff work stations. We propose to either reuse the existing windows from the exterior wall that will be demolished, or replace the windows to match the existing bronze colored storefront window system. The proposed materials surrounding the windows is vinyl siding to match the existing vinyl siding. We do not feel that introducing a different material to such a small area (42 square feet of surface area) would enhance the architecture of the existing building. We believe that using the same material will seamlessly blend the addition into the existing building rather than call attention to this back of house area. This addition faces a blank wall on the adjacent southern property and does not face streets, courtyards, and/or public squares; therefore we believe that using vinyl siding at this location is allowed per the design standards, and will create a quiet and cohesive addition that will feel as if it were part of the original building.

Site improvements for Phase I include minor site work associated with the new building additions and tenant improvement upgrades; as well as adding a fenced outdoor dog area. Minor landscape upgrades such as adding trees to meet perimeter landscaping requirements are also proposed. Tree species that promote linkages to Milwaukie's horticulture heritage will be considered first.

The Phase II linear accelerator vault addition will be located in the general area of the existing bank drive through, at the east end, or back of the building. The expansion with its associated modulator and control room will be used to treat clients for radiation therapy. Due to the nature of the space and the need for radiation shielding, it will be constructed of thick cast-in-place concrete walls that will be painted to match the existing building. Because of the strict radiation shielding requirements, windows are not permitted in this type of facility. The net square footage of this addition is approximately 615 square feet, with a gross area of approximately 1,200 square feet due to the thickness of the concrete structure. No prohibited materials are proposed for this addition.

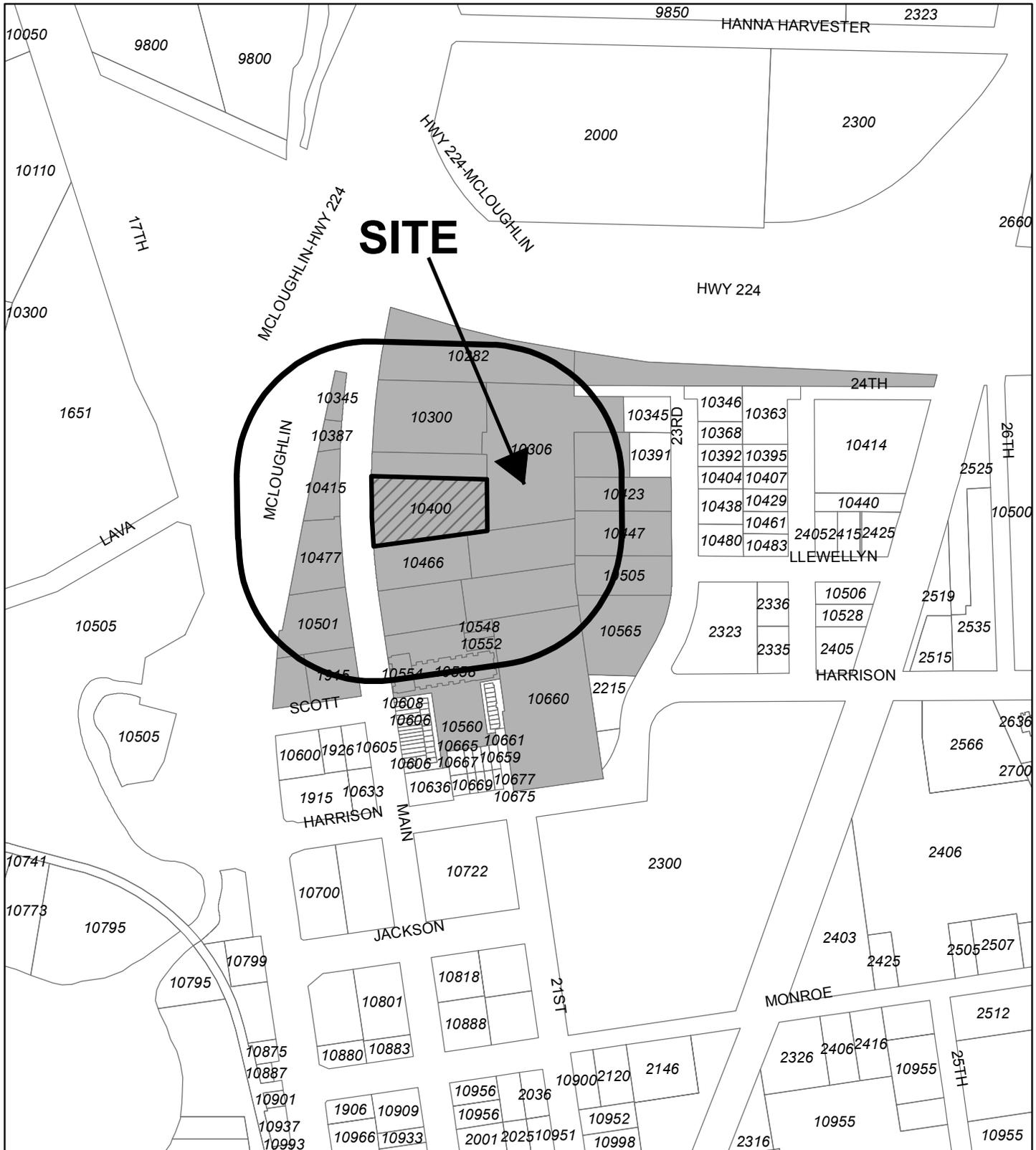
Per MMC section 19.907.10, we ask for consideration of authorization from the Planning Commission for modification of design standards for roofs, which states that flat roofs shall include a cornice with no less than 6 inch depth (relief) and a height of no less than 12 inches. Thick cast-in-place concrete wall construction is not conducive to this type detailing, nor would it integrate well with the overall design of the existing building. A

cornice on the addition would be foreign to the existing building's architecture. Also, the addition sits approximately 185' back from the Main Street frontage, with only a small portion of the building visible down the alleyway of the southern property line.

Site improvements for Phase II include the addition of an outdoor area near the front of the building for patients, clients, and staff to enjoy; as well as potential improvements to transform the SE corner of the site adjacent to the pond into a more natural garden setting. This garden and other planting areas will be developed to promote the City's horticultural heritage.

As the veterinary clinic practice flourishes and funds become available, the Owner's look forward to incorporating additional opportunities such as defining pedestrian environments and creating successful outdoor spaces through the integration of landscaping, building materials and art.

ATTACHMENT 3.b



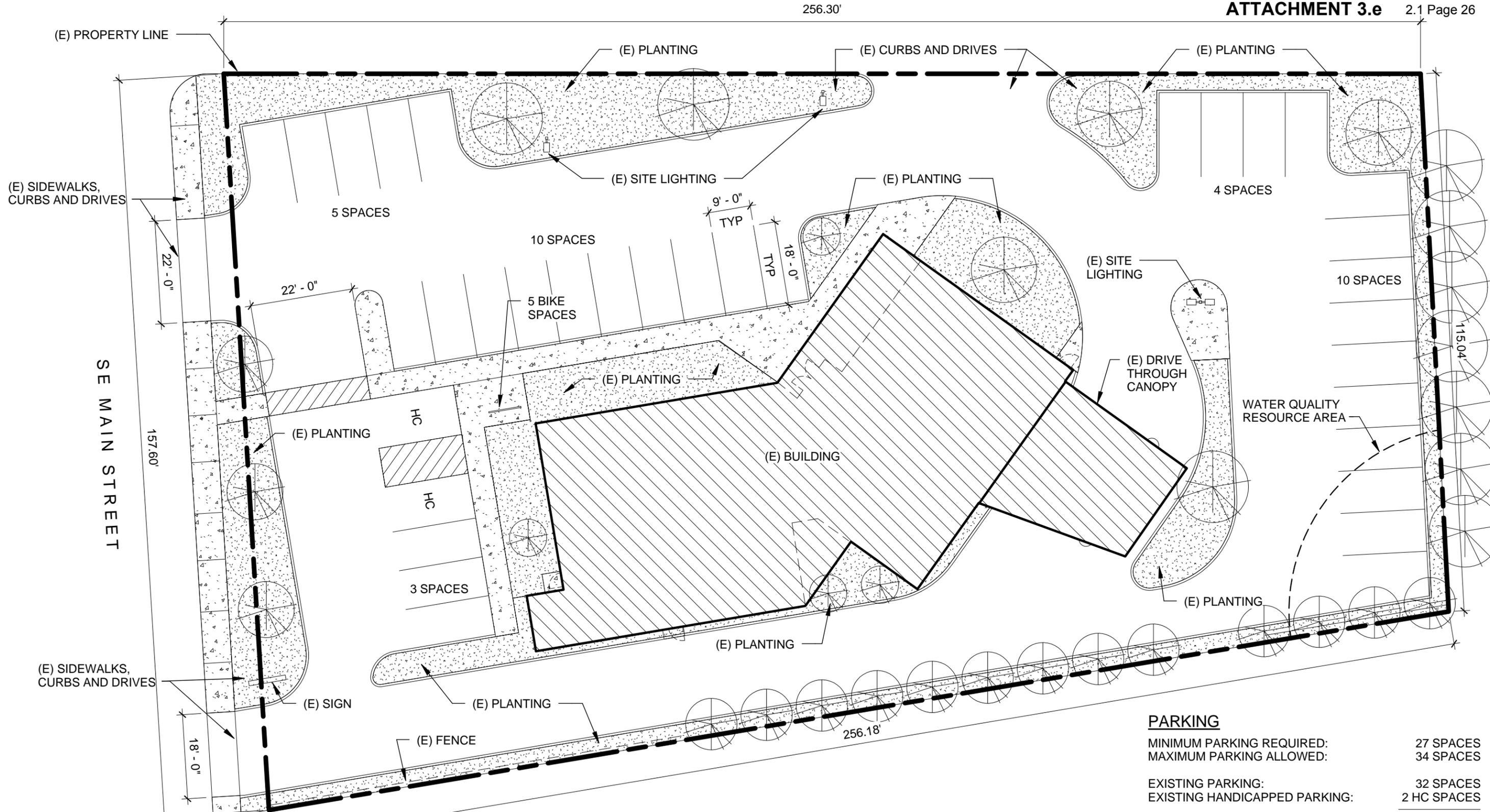
Site Map
10400 SE Main St
(Tax Lot ID 11E25CC 00403)
File# NCU-13-01

Legend

-  300 Ft Buffer
-  NCU-13-01 Site
-  Notice Properties
-  City Limit
-  Tax lots







PARKING

MINIMUM PARKING REQUIRED:	27 SPACES
MAXIMUM PARKING ALLOWED:	34 SPACES
EXISTING PARKING:	32 SPACES
EXISTING HANDICAPPED PARKING:	2 HC SPACES
TOTAL EXISTING PARKING:	34 SPACES

LANDSCAPING FOR PARKING AREAS

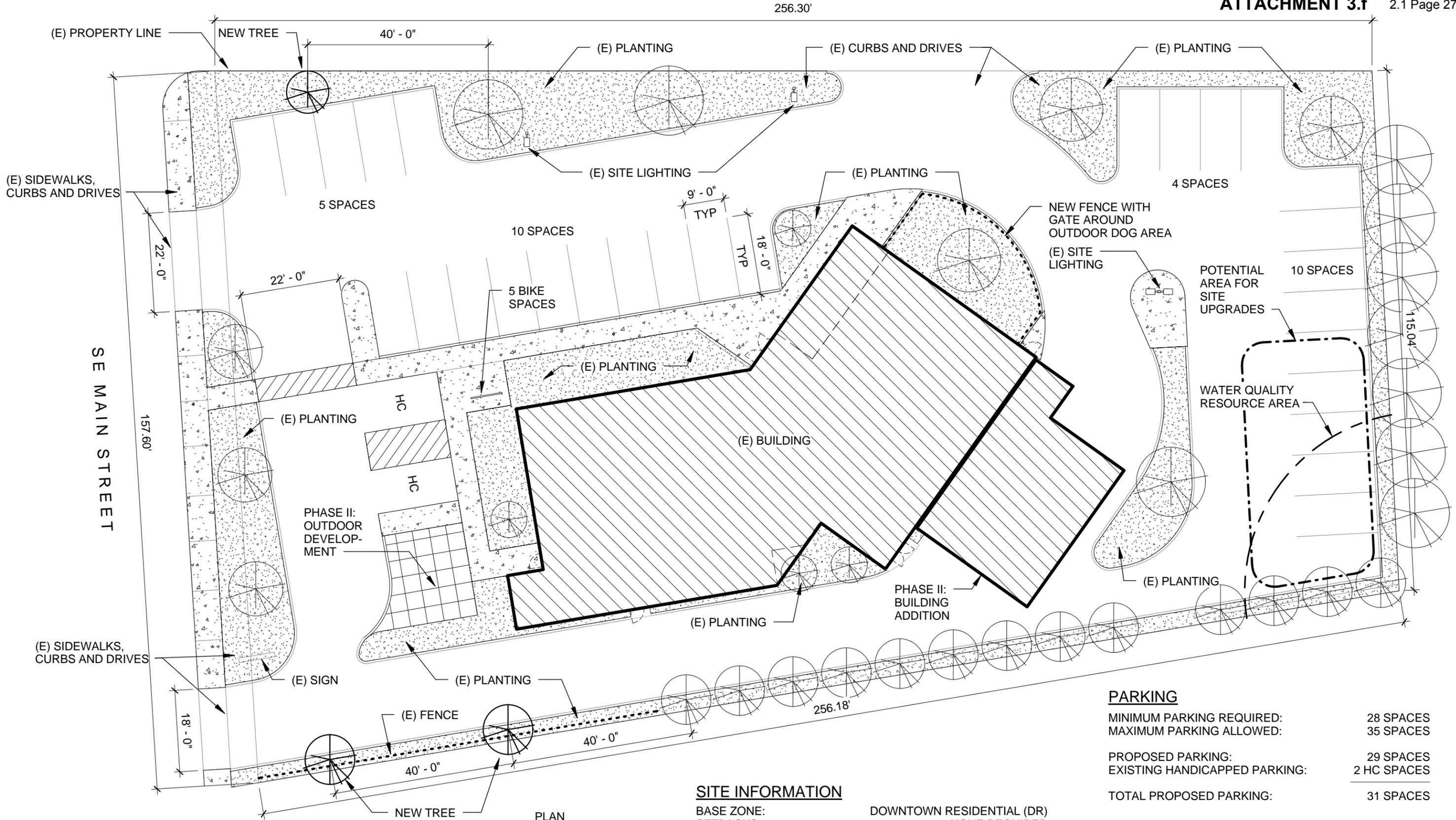
INTERIOR PARKING LANDSCAPE REQUIRED:	25 SF/ PARKING SPACE X 34 SPACES
	850 SF REQUIRED
INTERIOR PARKING LANDSCAPE PROVIDED:	2,400 SF PROVIDED

SITE INFORMATION

BASE ZONE:	DOWNTOWN RESIDENTIAL (DR)
SETBACKS:	NONE REQUIRED
EXISTING SITE AREA:	34,800 SF
PERCENT LANDSCAPE REQUIRED:	15%
LANDSCAPED AREA:	8,150 SF
PERCENT LANDSCAPE PROVIDED:	23%
EXISTING BUILDING AREA:	7,000 SF
BUILDING HEIGHT MIN:	0'
BUILDING HEIGHT MAX:	45' - 65'
EXISTING BUILDING HEIGHT:	24'



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 EXISTING SITE PLAN
 VETERINARY CANCER & SURGERY SPECIALISTS
 10400 SE MAIN STREET
 LAND USE | 30 AUG 2013



SITE INFORMATION

BASE ZONE:	DOWNTOWN RESIDENTIAL (DR)
SETBACKS:	NONE REQUIRED
EXISTING SITE AREA:	34,800 SF
PERCENT LANDSCAPE REQUIRED:	15%
LANDSCAPED AREA:	8,150 SF
PERCENT LANDSCAPE PROVIDED:	23%
EXISTING BUILDING AREA:	7,000 SF
BUILDING HEIGHT MIN:	0'
BUILDING HEIGHT MAX:	45' - 65'
EXISTING BUILDING HEIGHT:	24'

PARKING

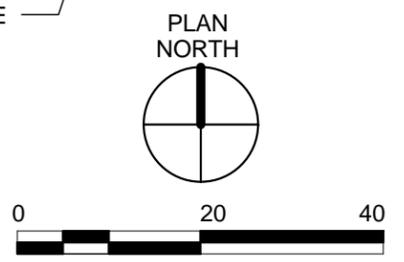
MINIMUM PARKING REQUIRED:	28 SPACES
MAXIMUM PARKING ALLOWED:	35 SPACES
PROPOSED PARKING:	29 SPACES
EXISTING HANDICAPPED PARKING:	2 HC SPACES
TOTAL PROPOSED PARKING:	31 SPACES

LANDSCAPING FOR PARKING AREAS

INTERIOR PARKING LANDSCAPE REQUIRED:	25 SF/ PARKING SPACE X 34 SPACES
	850 SF REQUIRED
INTERIOR PARKING LANDSCAPE PROVIDED:	2,400 SF PROVIDED



PROPOSED SITE PLAN
 VETERINARY CANCER & SURGERY SPECIALISTS
 10400 SE MAIN STREET
 LAND USE | 30 AUG 2013



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71 COLUMBIA | FLOOR 4
SEATTLE WA 98104
 (206) 441-4151 OFFICE
 (206) 441-0478 FAX

1231 NW HOYT | SUITE 102
PORTLAND OR 97209
 (503) 224-4032 OFFICE
 (503) 224-0918 FAX

MAHLUM ARCHITECTS INC

LAND USE

VETERINARY CANCER &
 SURGERY SPECIALISTS
 10400 SE MAIN STREET

MARK DATE DESCRIPTION

ISSUE DATE: 30 AUG 2013
 ISSUE: LAND USE APPLICATION

PROJECT NO: 2012810.00

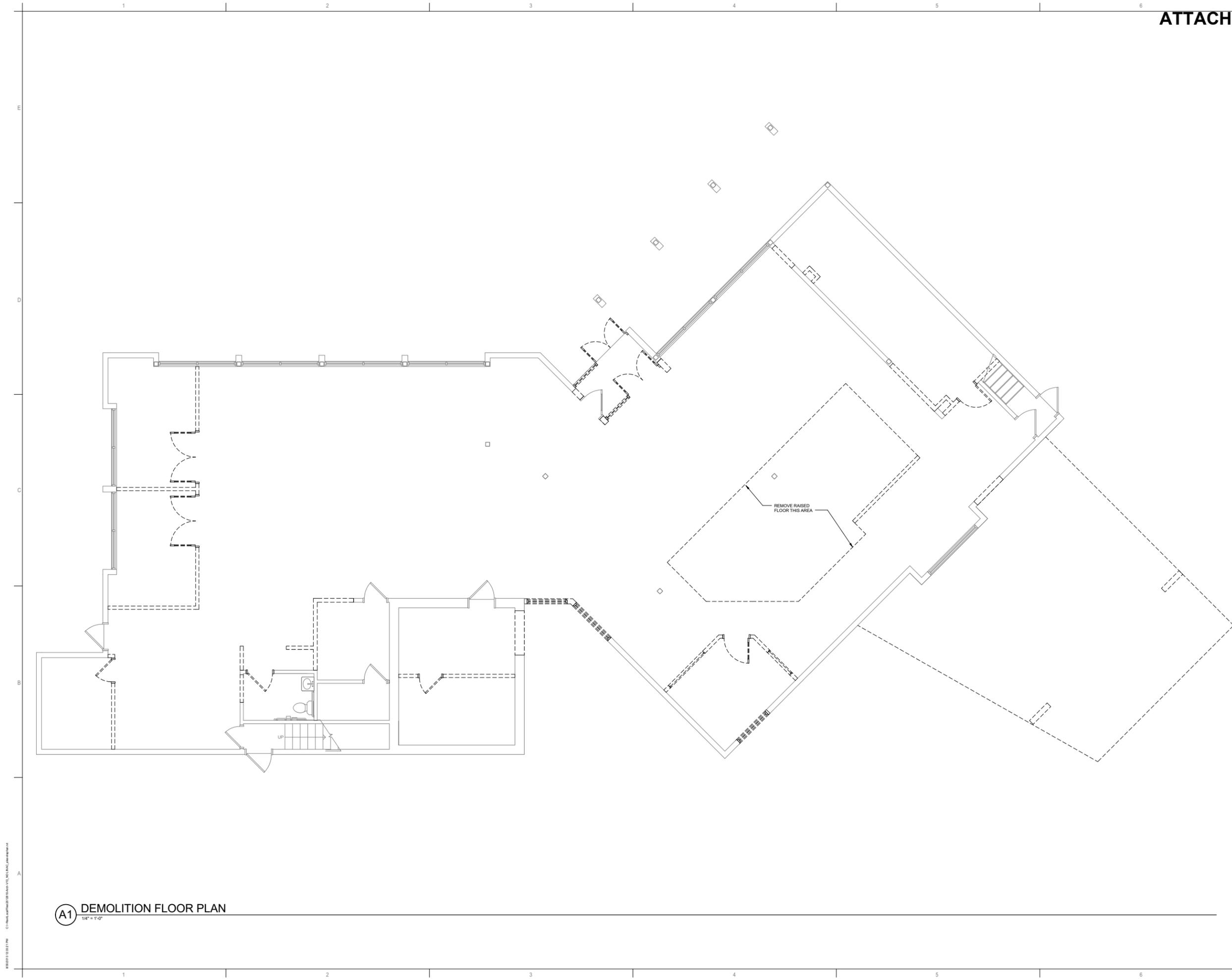
DRAWN BY: ARL

CHECKED BY: EG

COPYRIGHT MAHLUM ARCHITECTS, INC. 2013 (080504) SHEET 002 - 2/14/13

DEMOLITION FLOOR PLAN

AD-111



A1 DEMOLITION FLOOR PLAN
 1/4" = 1'-0"

C:\Users\mahlum\OneDrive\Documents\Projects\AD-111\10400 SE MAIN STREET\10400 SE MAIN STREET.dwg
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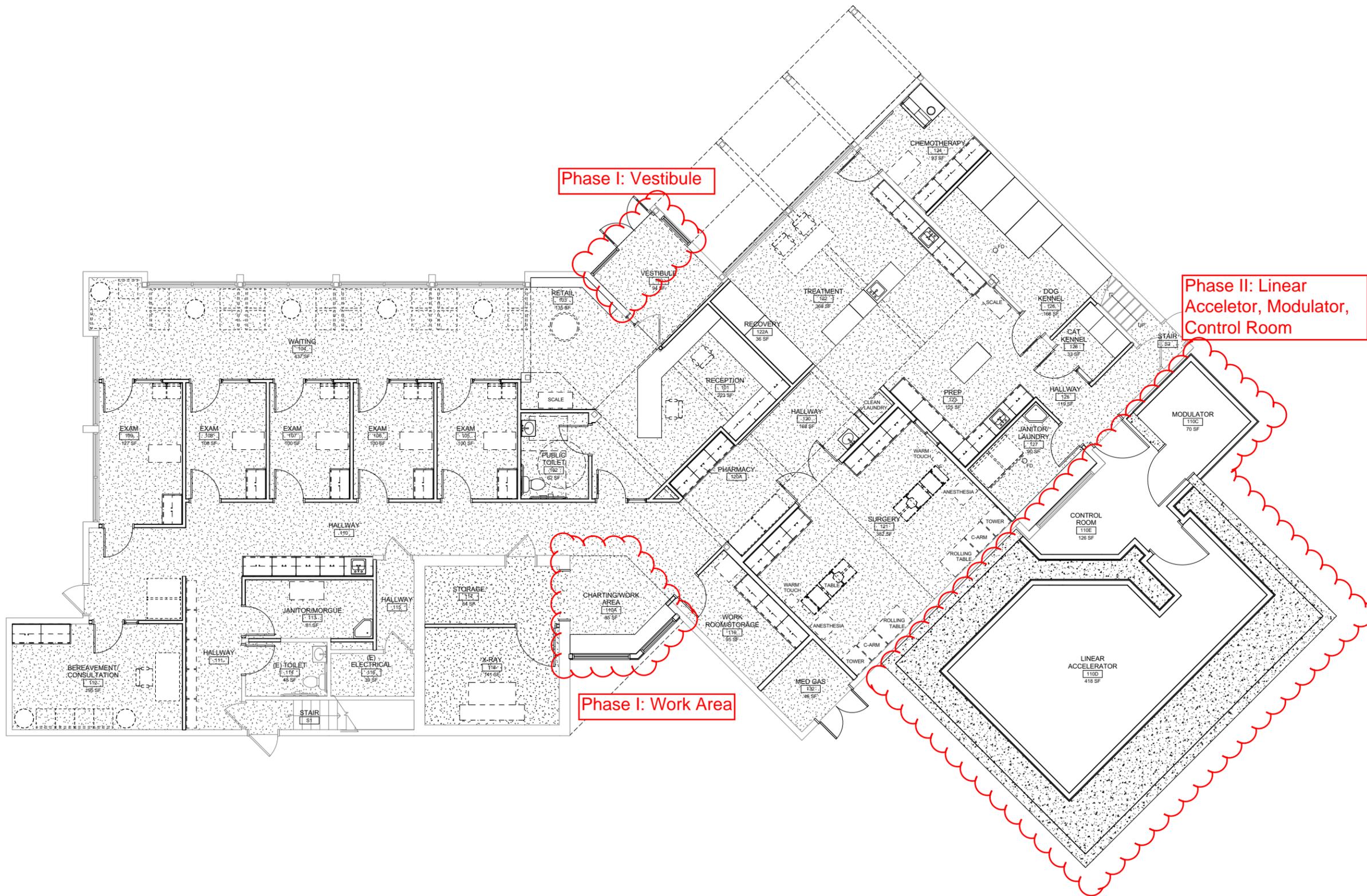
MAHLUM ARCHITECTS INC

LAND USE

VETERINARY CANCER &
 SURGERY SPECIALISTS

10400 SE MAIN STREET

MARK	DATE	DESCRIPTION
ISSUE DATE:	30 AUG 2013	
ISSUE:	LAND USE APPLICATION	
PROJECT NO.:	2012810.00	
DRAWN BY:	ARL	
CHECKED BY:	EG	
FIRST FLOOR PLAN - PROPOSED		



A1 FIRST FLOOR PLAN
 1/4" = 1'-0"

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 SEATTLE WA 98104
 (206) 441-4151 OFFICE
 (206) 441-0478 FAX

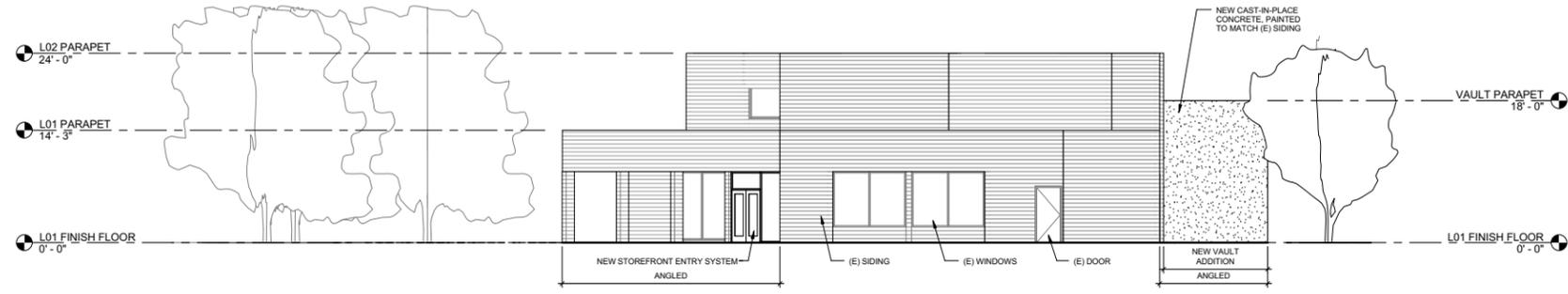
1231 NW HOYT | SUITE 102
 PORTLAND OR 97209
 (503) 224-4032 OFFICE
 (503) 224-0918 FAX

MAHLUM ARCHITECTS INC

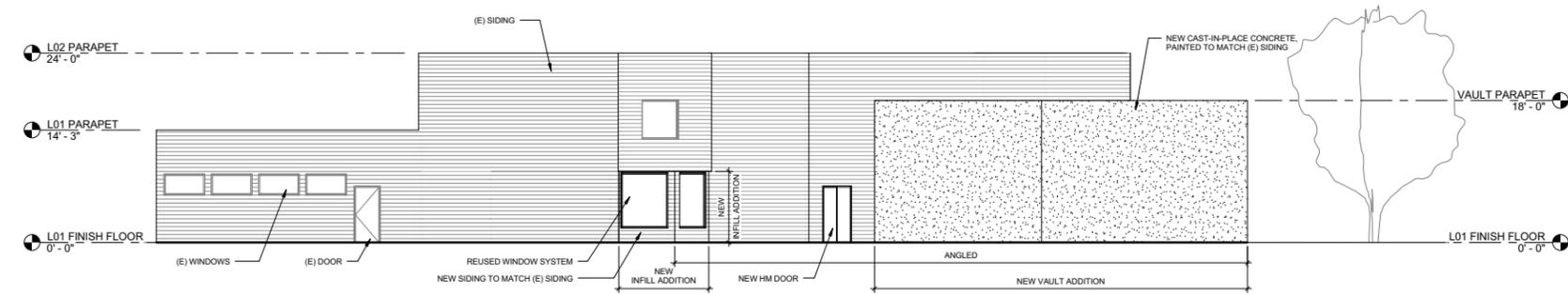
LAND USE

VETERINARY CANCER &
 SURGERY SPECIALISTS

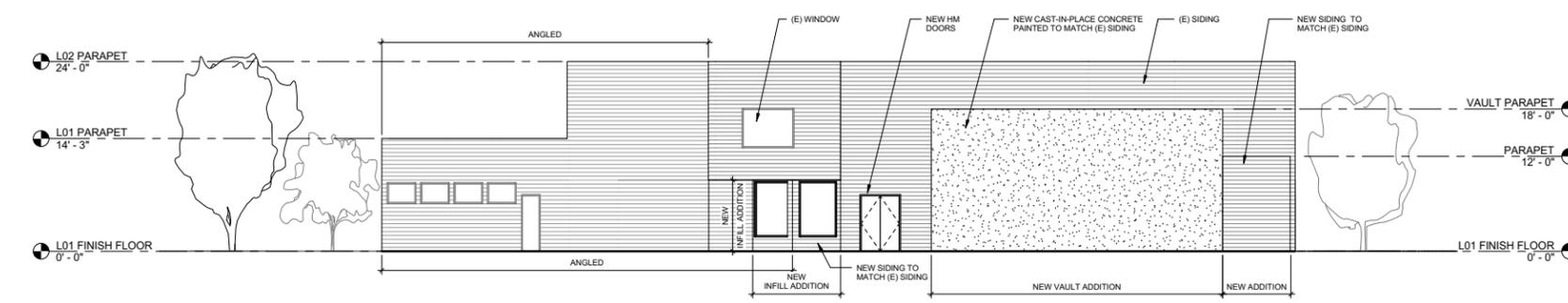
10400 SE MAIN STREET



3A WEST EXTERIOR ELEVATION
 1/8" = 1'-0"



2A SOUTH EXTERIOR ELEVATION
 1/8" = 1'-0"



1A SOUTHEAST EXTERIOR ELEVATION
 1/8" = 1'-0"

MARK	DATE	DESCRIPTION
ISSUE DATE:	30 AUG 2013	
ISSUE:	LAND USE APPLICATION	
PROJECT NO.:	2012810.00	
DRAWN BY:	ARL	
CHECKED BY:	EG	
EXTERIOR ELEVATIONS		

A-202







ATTACHMENT 3.I





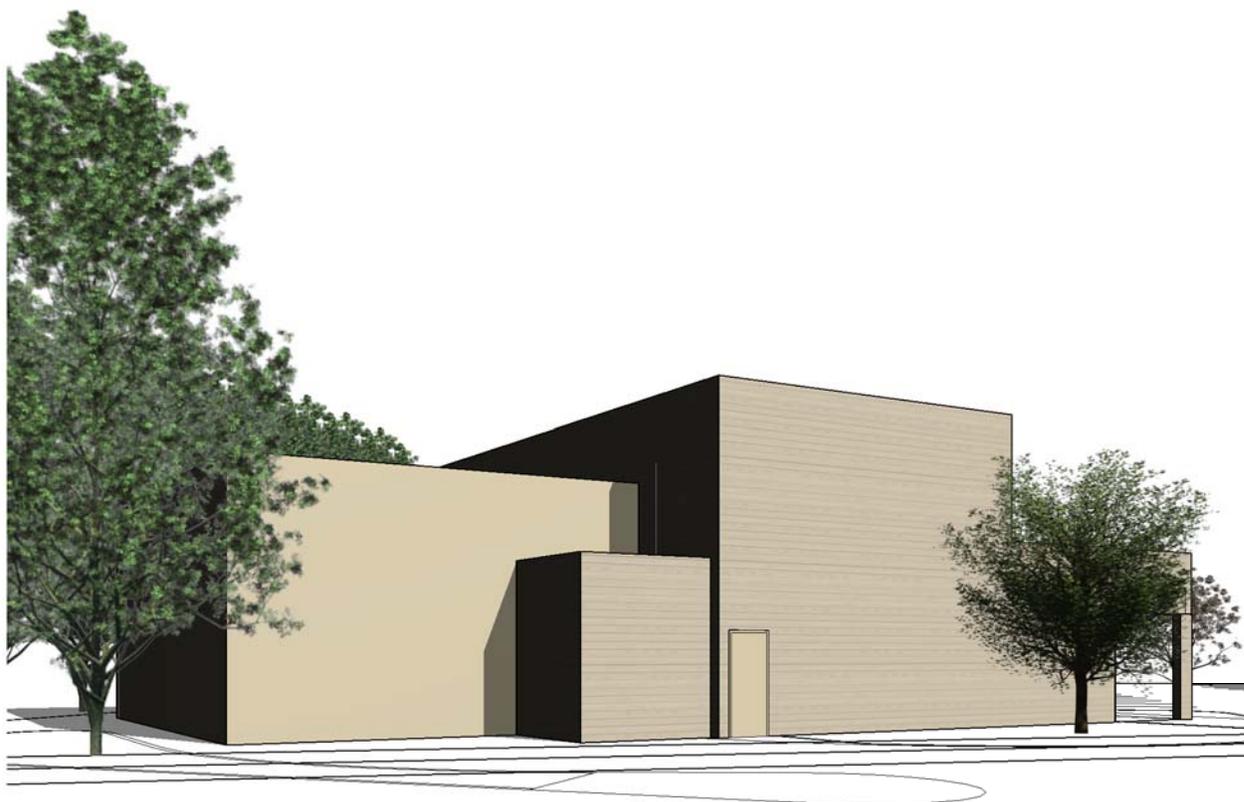
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SOUTH FACADE - EXISTING
VETERINARY CANCER & SURGERY SPECIALISTS
10400 SE MAIN STREET
LAND USE | 30 AUG 2013















**CITY OF MILWAUKIE
BUILDING
DEPARTMENT**

Memo

To: Li Alligood, Associate Planner
From: Tom Larsen, Building Official *TL*
Date: October 2, 2013
Re: DR-13-05, NC-13-02; 10400 SE Main St

I have reviewed the above submittal and noted the following:

Remodeling of the existing structure will trigger ADA upgrades; up to 25% of the budget (ORS 447.241). The addition will need to be fully accessible.

A full review of the project will be required at the time of building permit submittal.

From: [jean baker](#)
To: [Alligood, Li](#)
Subject: File # DR 13 - 05, NC - 13-02
Date: Tuesday, October 08, 2013 5:24:03 PM

Hi Li... The Historic Milwaukie Land Use Committee met last night and asked me to forward their vote. We unanimously approved the applications by Alyssa Leeviraphan for the Veterinary Cancer & Surgery Center.

I personally wonder what the owner/operator of the facility would be required to do to make the property usable by an subsequent tenant. I am speaking of the linear accelerator that requires special shielding. Will the city put conditions on the owner to return the building or land to it's pre-installation condition or has the city investigated the need to do so?

Jean Baker,
Chair Historic Milwaukie Land Use Committee

List of Record
File #DR-13-05/NCU-13-02, Leeviraphan

The following documents are part of the official record for this application as of November 5, 2013.

1. Application
 - a. Preapplication conference report for meeting on December 20, 2012 (sent January 3, 2013)
 - b. Submittal forms: land use application form(s), proof of ownership, property owner authorization, Submittal Requirements form, design review checklist, fee receipt (received August 30, 2013)
 - c. Narrative addressing code standards and criteria (received August 30, 2013; revisions received October 25, 2013)
 - d. Plans and drawings
 - (1) Site plan (received August 30, 2013)
 - (2) Existing site conditions (received August 30, 2013)
 - (3) Proposed site conditions (received August 30, 2013)
 - (4) Elevation drawings (received August 30, 2013)
 - (5) Topographic survey (received August 30, 2013)
 - (6) Preliminary landscape plan (received August 30, 2013)
 - (7) Illustrative drawings (received August 30, 2013)
2. Notification information
 - a. Application referral and mailing list. Sent to: Community Development, Engineering, Building, Planning, and Chair and Land Use Committee for Historic Milwaukie Neighborhood District Association(s). (Sent October 2, 2013.)
 - b. Sign notice for Design and Landmarks Committee public meeting on October 23, 2013 (posted at the site on October 18, 2013)
 - c. Sign posting affidavit (dated October 18, 2013, received October 20, 2013)
 - d. Mailed notice for Design and Landmarks Committee public meeting on October 23, 2013 (sent to properties within 300' radius of site on October 11, 2013)
 - e. Certification of legal notice mailing, with attached mailing list (dated October 11, 2013)
 - f. Notice map
 - g. Returned notice envelopes
 - a. Sign notice for Planning Commission public hearing on November 12, 2013 (posted at the site on October 29, 2013)
 - b. Sign posting affidavit (dated October 29, 2013, received October 29, 2013)
 - c. Mailed notice for Planning Commission public hearing on November 12, 2013 (sent to properties within 300' radius of site on October 23, 2013)

- d. Certification of legal notice mailing, with attached mailing list (dated October 23, 2013)
 - e. Notice map
 - f. Returned notice envelopes
3. Materials from City Planning staff
 - a. Letter deeming application complete (sent September 27, 2013)
 - b. PowerPoint Presentation for October 23, 2013, Design Review Meeting
4. Agency and staff responses
 - a. Tom Larsen, Building Official. Remodeling of the existing structure will trigger ADA upgrades equaling up to 25% of the value of structural permits. (Received October 8, 2013.)
5. Public comments received
 - a. Jean Baker, Historic Milwaukie NDA Land Use Committee. Supportive of proposal. (Received October 8, 2013.)
6. Staff Report(s)
 - a. Report for Design and Landmarks Committee public meeting on October 23, 2013 (dated October 16, 2013)
 - (1) Recommended Findings in Support of Approval
 - (2) Recommended Conditions of Approval
 - (3) Application items #1.c-d.
 - (4) Agency and staff response items #4.a
 - (5) Public comment items #5.a
 - b. Report for Planning Commission public hearing on November 12, 2013 (dated November 5, 2013)
 - (1) Recommended Findings in Support of Approval
 - (2) Recommended Conditions of Approval
 - (3) Application items #1.c-d.
 - (4) Agency and staff response items #4.a
 - (5) Public comment items #5.a



MILWAUKIE

Dogwood City of the West

To: Planning Commission

Through: Steve Butler, Interim Planning Director/Community Development Director

From: Li Alligood, Associate Planner

Date: November 5, 2013, for November 12, 2013, Worksession

Subject: Moving Forward Milwaukie – Briefing #1

ACTION REQUESTED

None. This is a briefing for discussion only.

BACKGROUND INFORMATION

The Moving Forward Milwaukie (MFM) project is focused on bringing new activity to Milwaukie's commercial districts: downtown, central Milwaukie, and the neighborhood main streets of 32nd & 42nd Avenues. The major phases of the project are:

1. Market Study
2. Opportunity Site Development Concepts
3. Action & Implementation Plan
4. Downtown Plan & Code Refresh
5. Central Milwaukie Land Use & Transportation Plan
6. Central Milwaukie & Neighborhood Main Streets Plan and Code Amendments

The project team is currently finalizing the Market Study (phase 1) and preparing preliminary opportunity site development concepts (phase 2) for discussion with the Project Advisory Committee on November 18. See Attachment 1 for the project timeline.

A. Market Study

The Market Study is an important part of the MFM project in that it sets a baseline for and informs the type of development and adaptive reuse that Milwaukie could expect to see on the Opportunity Sites by establishing what is economically feasible.

The Market Study will use the data about Milwaukie's economic and demographic profile in combination with information about the current real estate market for competing areas in the Metro region to determine the most viable economic uses for the opportunity sites.

A draft of the Market Study is attached to this report. The project consultant presented the draft report to Council at the November 5, 2013, worksession, and will be incorporating Council's feedback into the final Market Study. See Attachment 2 for the Draft Market Study.

The key points of market analysis portion of the study are:

- Milwaukie is part of the larger Portland region economy. The economy is generally expanding, although it has not yet fully recovered from the 2008-2009 recession.
- Most residents of Milwaukie do not work in Milwaukie, and workers in Milwaukie do not live in Milwaukie. As in most parts of a large metropolitan area, workers commute to their jobs. This could be seen as an opportunity to provide more housing to employees of Milwaukie, or more jobs to residents of Milwaukie.
- Milwaukie is growing at a very slow rate and actually shrank slightly between 2000 and 2010. The population over the age of 55 has increased and the portion of children has decreased. There is an opportunity to provide senior housing to the city's aging population.
- Household incomes in Milwaukie tend to be lower than elsewhere in the region. Half of all households have an annual income less than \$50,000.
- Almost two-thirds of households in Milwaukie own their own homes and about two-thirds of housing units are single-family detached dwellings.
- The market for office and retail space in Milwaukie is relatively strong. Both rental rates and vacancy rates are low.

This demographic and market information will provide direction to the project team regarding the types of development that will be most successful in Milwaukie.

B. Opportunity Site Development Concepts

The next phase of the project will incorporate the findings of the Market Study and the feedback from the October Kickoff Event and Opportunity Site Design Workshops to create preliminary development concepts for each of the seven "development opportunity sites" in the city. Five of these sites are located downtown, and two are located in central Milwaukie.

The preliminary development concepts will include:

- Detailed building characteristics: total square feet, leasable square feet, building height, floor-to-area ratio (FAR), off-street parking requirements, etc.
- Financial pro formas: construction cost, gross rents, vacancy rates, operating expenses, property taxes, and net operating income.

- Visualizations: Site design concepts produced in Adobe Illustrator for each concept, as well as sketch-level visuals that will use photos of existing buildings to represent different development alternatives.

The development concepts will be tested for financial feasibility, and evaluated to determine if the existing zoning would permit the concepts to be developed as proposed. This evaluation will inform recommended Comp Plan and zoning changes as needed, and will be included in the Action and Implementation Plan in phase 3.

C. Next Steps

The project team will return to the Planning Commission in spring 2014 to review the proposed action and implementation plan (the third major phase of the project). City staff will provide regular updates in the meantime, but Commissioners are encouraged to attend Council meetings where the opportunity site development concepts and proposed plan and code revisions are discussed. The next City Council briefing is scheduled for December 3, 2013.

ATTACHMENTS

Attachments are provided as indicated by the checked boxes. All material is available for viewing upon request.

	PC Packet	Public Copies	E- Packet
1. Moving Forward Milwaukie Project Timeline	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
2. October 25, 2013, Draft Market Study	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

Key:

PC Packet = paper materials provided to Planning Commission 7 days prior to the meeting.

Public Copies = paper copies of the packet available for review at City facilities and at the Planning Commission meeting.

E-Packet = packet materials available online at <http://www.milwaukieoregon.gov/planning/planning-commission-92>.

Moving Forward Milwaukie: Market Study

October 25, 2013

Prepared for:

City of Milwaukie

Draft Report

Contact Information & Acknowledgements

Nick Popenuk prepared this report, in collaboration with Anne Fifield and Abe Farkas. ECONorthwest is solely responsible for its content.

ECONorthwest specializes in economics, planning, and finance. Established in 1974, ECONorthwest has over three decades of experience helping clients make sound decisions based on rigorous economic, planning and financial analysis.

ECONorthwest gratefully acknowledges the substantial assistance provided by staff at the City of Milwaukie, the Moving Forward Milwaukie Project Advisory Committee, and the other members of the Moving Forward Milwaukie consultant team: Fregonese Associates, Angelo Planning Group, DKS Associates, and JE Dunn. Many other individuals contributed to other research that this report relied on.

For more information about ECONorthwest, visit our website at www.econw.com.

For more information about this report, please contact:

Nick Popenuk
ECONorthwest
222 SW Columbia Street
Portland, OR 97201
503-222-6060
Popenuk@econw.com

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1 Executive Summary

The goal of the Moving Forward Milwaukie project is to implement the community vision for Milwaukie’s commercial areas, including Downtown Milwaukie, Central Milwaukie, and the Neighborhood Main Streets of 32nd and 42nd avenues.

The analysis includes seven “opportunity sites” that have the potential for new development or adaptive reuse that could serve as catalysts for other development. The City will create development concepts for each opportunity site, including development programs, illustrations, and financial pro formas for potential new development. The selected development concepts for each site will be reflected in future City plans, including a Downtown and Central Milwaukie Action and Implementation Plan, and a Central Milwaukie Land Use and Transportation Plan.

A key principle of these development concepts is that they are financially feasible. Thus, a market study – this document – is necessary to inform the creation of development concepts, and to identify viable use(s) for each site. This market study was based on an analysis of demographic and market data; interviews with and input from local developers, property owners, elected officials, and other stakeholders and community members; and discussions with City staff.

Key results from the market study are outlined below by study area.

1.1 Citywide

- Average rents for office and retail spaces are too low to entice private development without some form of public-private partnership.
- Milwaukie’s residents are older with lower incomes than the rest of the Portland region, which is a challenge for new market-rate residential development, but an opportunity for development of senior housing.
- Milwaukie has experienced very little new development over the past decade, and Milwaukie’s population actually declined from 2000 to 2010.
- Milwaukie’s short commute time to Portland, and affordable housing stock should make it an attractive location for residential development.

1.2 Downtown

- Downtown has good bones (e.g., sidewalks, streetscapes, block sizes), which are attractive for new development, and recognized by developers who toured Downtown Milwaukie.
- The planned Riverfront Park improvements and Kellogg-for-Coho Initiative will make Downtown more desirable as it improves access to parks, natural areas, and the Willamette River.
- McLoughlin Boulevard provides great visibility and accessibility to Downtown.

- The Portland to Milwaukie MAX line (under construction) will provide additional accessibility to Downtown Milwaukie.
- City zoning for the area is viewed as confusing and overly prescriptive, and may be an impediment to development.
- Preliminary input from the community and developers suggest that new development in the Downtown should focus on mixed-use development with residential development above ground-floor restaurants and retail, with some opportunity for new office development, as well.
- Many in the community believe that one or more structured parking garages are needed Downtown, but the best site for a parking garage is undetermined.

1.3 Central Milwaukie

- Hwy 224 provides great accessibility to Central Milwaukie.
- There is a lack of consensus among the community, developers, and private property owners on the preferred type of new development on the opportunity sites in Central Milwaukie.
- Zoning for the area is conflicting and confusing, and any development on the opportunity sites requires Planning Commission review and approval.

2 Introduction

Moving Forward Milwaukie is a project led by the City of Milwaukie with the goal of implementing the community vision for Milwaukie’s commercial areas. As part of this effort, the City has identified seven “Opportunity Sites” in Downtown and Central Milwaukie. These sites have the potential for new development or adaptive reuse that, if done correctly, could serve as catalysts for other development in Milwaukie.

As part of the Moving Forward Milwaukie project, the City will create Development Concepts for each Opportunity Site. These Development Concepts will include development programs, illustrations, and financial pro formas for potential new development on each opportunity site. The most viable Development Concepts for each site will be reflected in City plans, including a Downtown and Central Milwaukie Action and Implementation Plan, and a Central Milwaukie Land Use and Transportation Plan.

A key principle of these Development Concepts is that they are financially feasible. Thus, a market study – this document – is necessary to inform the creation of Development Concepts, and to identify the most viable use(s) for each site. This market study was based on quantitative and qualitative methods, including an analysis of demographic and market data, as well as interviews and input from local developers, property owners, elected officials, and other stakeholders and community members.

This document is organized according to component of the analysis conducted to determine potentially viable uses for development of each of the Opportunity Sites. Following the Executive Summary and this Introduction, there are four additional report sections:

3. Demographic and market trends
4. Developer roundtable feedback
5. Strengths, Weaknesses, Opportunities, Threats (SWOT) analysis
6. Implications for Opportunity Sites

3 Demographic and market trends

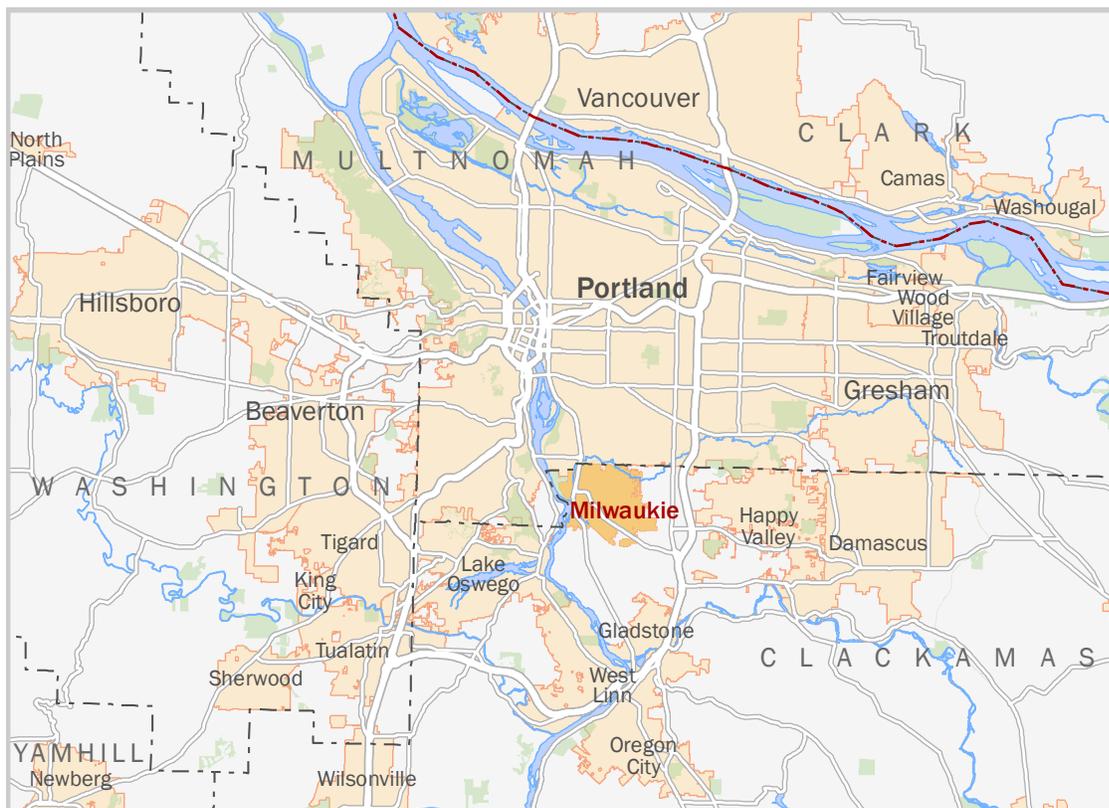
This section of the report describes broad trends found in demographic and market data for the City of Milwaukie. Its intent is to provide an overview of economic and market trends that affect redevelopment of the seven Opportunity Sites. It is organized into the following sub-sections:

- Description of Sites
- Overview of Demographics and Economic Conditions
- Residential Uses
- Commercial Uses
- Implications

3.1 Description of Sites

The City of Milwaukie lies on the southern edge of the Portland metropolitan region (see Exhibit 1), on the eastern bank of the Willamette River. The City was founded in the mid-1800s and is now a suburb of Portland.

Exhibit 1. Location of Milwaukie



Source: ECONorthwest.

The purpose of this market study is to inform the determination of viable uses for development on seven Opportunity Sites in Downtown and Central Milwaukie. These seven sites (as well as the boundaries of Downtown and Central Milwaukie) are shown in Exhibit 2.

Exhibit 2. Location of Opportunity Sites



Source: ECONorthwest and the City of Milwaukie

Each of the Opportunity Sites is described below:

- The publicly-owned Texaco Site is a full block, bounded by McLoughlin Boulevard, Harrison Street, Main Street, and Jackson Street. The site is 0.96 acres, and is owned jointly by the City of Milwaukie and Metro. The site is currently used as a surface parking lot, and is home of the popular Milwaukie Farmers' Market.
- The privately-owned Dark Horse Site is approximately one-third of a block, located on the west side of SE 21st Ave between SE Monroe St and SE Jefferson St. The site is 0.25 acres, and is one of many sites owned by Suburban Explorations LLC (Dark Horse Comics) in Downtown Milwaukie. Currently the site accommodates multiple structures and uses, including (from north to south) a commercial building housing a DVD conversion business and a corner store (Town Grocery and Deli), a surface parking lot, a single-story brick office building with two spaces for lease, and a two-story mixed-use building that is home to Sully's Café on the ground floor.

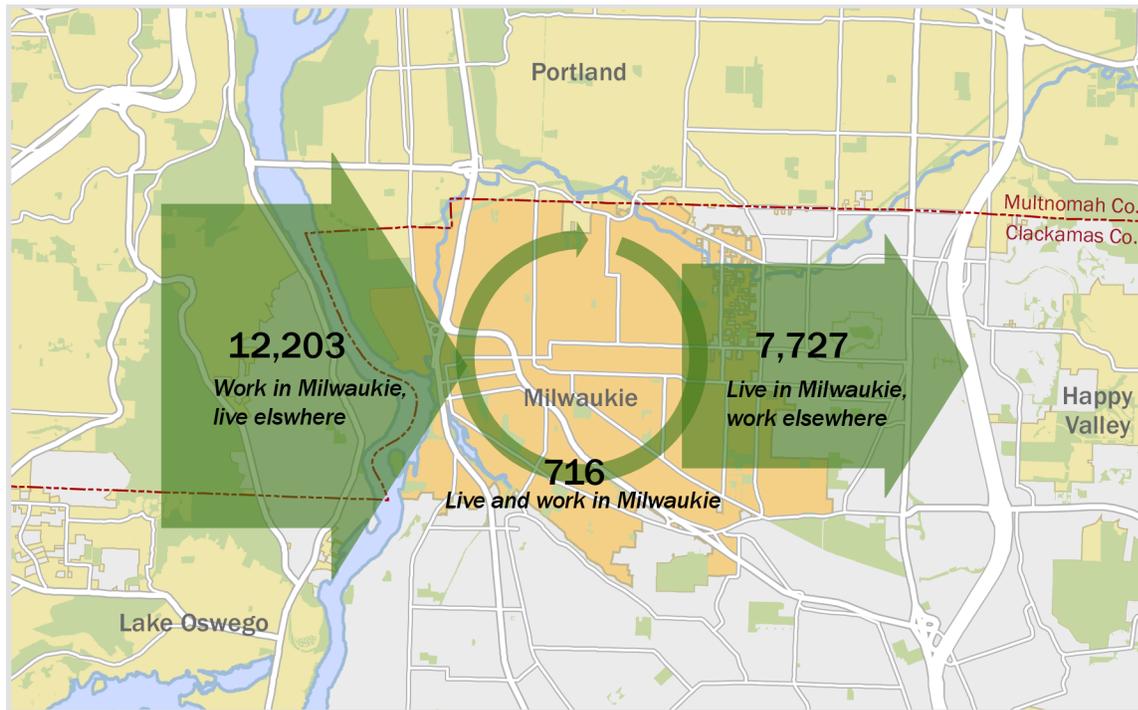
- The privately-owned Graham Site is one parcel located on the west side of Main Street between SE Jefferson St and SE Washington St. The site is 8,626 square feet, and is owned by Paul and Teri Graham. The site is home to an office and four vacant commercial spaces, and is across the street from several restaurants and bars, including Cha! Cha! Cha!, the Golden Nugget, Libbie's, and Foxy's.
- The publicly-owned Cash Spot Site is 0.81 acres of vacant land that occupies almost a complete block, bordered by McLoughlin Blvd, SE Washington St, and SE Main St. The southern boundary of the site is generally defined by Kellogg Lake and the unimproved Adams St right-of-way. On the corner of this block is a privately-owned 5,555 square foot lot developed with an approximately 7,000 square foot building, which contains a thrift store, dentist's office, and kettle bell studio. This lot and building are not included as part of this Opportunity Site. The Cash Spot Site is owned by the City of Milwaukie.
- The publicly-owned Triangle Site is a vacant site currently owned by TriMet. The developable area is approximately 8,600 square feet, and the boundary includes the MAX light rail tracks to the west, SE 21st Ave to the east, and SE Main St/Lake Rd to the south. The site will be immediately adjacent to the downtown Milwaukie MAX Station, which is currently under construction.
- The privately-owned Murphy Site is a 7.5 acre site owned by the Murphy family. The site is actually a collection of 14 parcels under a single ownership; 6.2 acres of the site are undeveloped. General boundaries of the site include the railroad tracks to the west, SE Meek St to the north, SE 32nd Ave to the east, and SE Harrison St to the south. The parcel with the convenience store on the northwest corner of SE 32nd Ave and SE Harrison St is owned by other private property owners, and is not included as part of this Opportunity Site. That parcel is currently in use as a corner market.
- The privately-owned McFarland Site is a 7.3 acre vacant site owned by the McFarland family. The site is triangular in shape, with boundaries defined by SE Monroe St to the north, SE 37th Ave to the east, SE Oak St to the west, and the railroad tracks to the south. The site is adjacent to a single-family residential neighborhood to the north and east, and the back of a retail center to the southwest.

3.2 Overview of Demographics and Economic Conditions

This section provides a general overview of key economic and demographic data, which provides context for the focus areas and the market forces that affect demand for potential uses within it.

Milwaukie is part of the larger Portland Region economy.¹ Evidence of this is shown in Exhibit 3, which shows the broad commute patterns in Milwaukie. The data show that 7,727 of the employed residents of Milwaukie work outside of Milwaukie and 12,203 of the 12,919 individuals who work in Milwaukie live outside of Milwaukie. Only a small portion (8.4%) of employed Milwaukie residents work in Milwaukie. In short, people who live in Milwaukie work elsewhere in the region, and people who work in Milwaukie live elsewhere in the region. This is common in large metropolitan areas, as individuals change their place of employment more frequently than they change homes. Living in a metropolitan area gives households their choice of communities to live in, with access to jobs across the metropolitan area.

Exhibit 3. Milwaukie Employment Inflow and Outflow, 2010



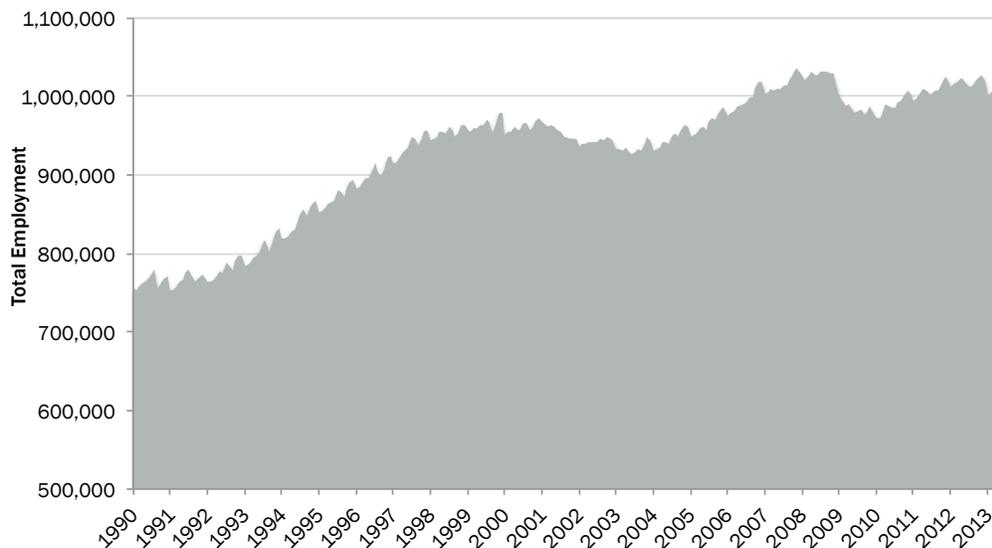
Source: Data from U.S. Census Bureau, 2010 Decennial Census. 2013 OnTheMap Application. Longitudinal-Employer Household Dynamics Program. <http://onthemap.ces.census.gov/>. Graphic by ECONorthwest.

¹ The Portland Region is defined as Clackamas County, Washington County, and Multnomah County in Oregon and Clark County in Washington.

1.1.1 Employment

Total employment in the Portland Region has generally increased since 1990, as shown in Exhibit 4. The total number of jobs in the region declined during the recessionary periods between 2001 and 2003 and between 2008 and 2009. Although the region has not yet gained back the number of jobs lost in 2008 and 2009, the long-term trend for the region shows an expanding economy.

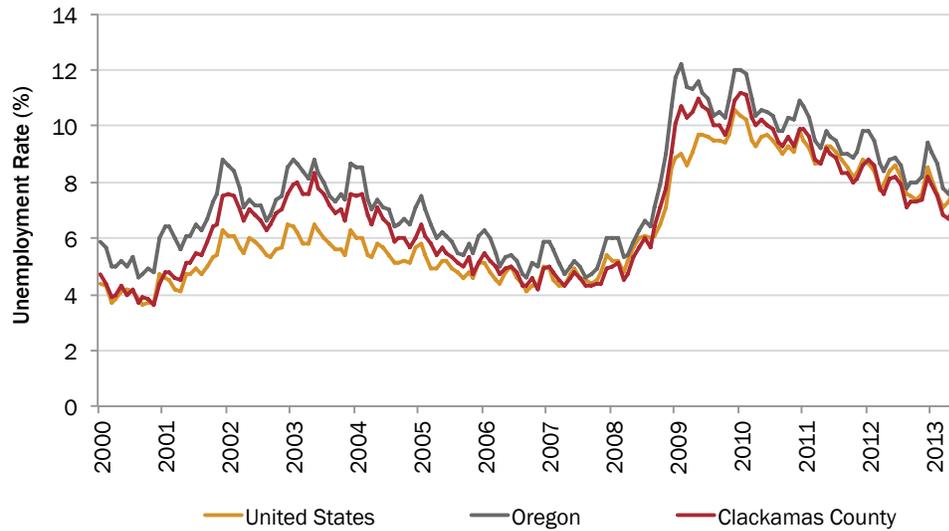
Exhibit 4. Total Employment, Portland Region, 1990 to 2013



Source: U.S. Bureau of Labor Statistics, Local Area Unemployment Statistics, <http://www.bls.gov/lau/data.htm>. The data are not seasonally adjusted, so they show large variations within each year.

Exhibit 5 shows the unemployment rates for the U.S., Oregon, and Clackamas County, and allows for comparison of the unemployment rate over time. Oregon and Clackamas County follow roughly the same trend as the U.S. The unemployment rate in Clackamas County is generally lower than the unemployment rate for Oregon, but generally higher than the unemployment rate for the U.S. However, between 1990 and 2013, there have been a number of periods (including year-to-date 2013) where the unemployment rate in Clackamas County is slightly lower than the unemployment rate in the U.S.

Consistent with the national trend, during the 2008-2009 recession, the unemployment rate in both Oregon and Clackamas County increased significantly from around 6% to 12% and 11% (for Oregon and Clackamas County, respectively). Since 2009, the unemployment rate in Oregon and Clackamas has steadily decreased, which is also consistent with the national trend. As of July 2013, the unemployment rate was 7.7% in the U.S., 8.1% in Oregon, and 7.3% in Clackamas County. There is slightly more seasonal variation in the unemployment rate in Clackamas County relative to the U.S., but less seasonal variation relative to Oregon.

Exhibit 5. Unemployment Rate, U.S., Oregon, Clackamas County, 2000 to 2013

Source: Bureau of Labor Statistics, Local Area Unemployment Statistics, <http://www.bls.gov/lau/data.htm>. The data are not seasonally adjusted, so they show large variations within each year.

The unemployment rate for Clackamas County represents members of the labor force who live in Clackamas County. The relatively low unemployment rate for Clackamas County suggests that Clackamas County's residents are more employable than residents of the State as a whole, which is typical for cities that are part of the Portland metropolitan region. For 2007-2011, the unemployment rate in Milwaukie was 7.8% compared to 8.7% in Clackamas County.²

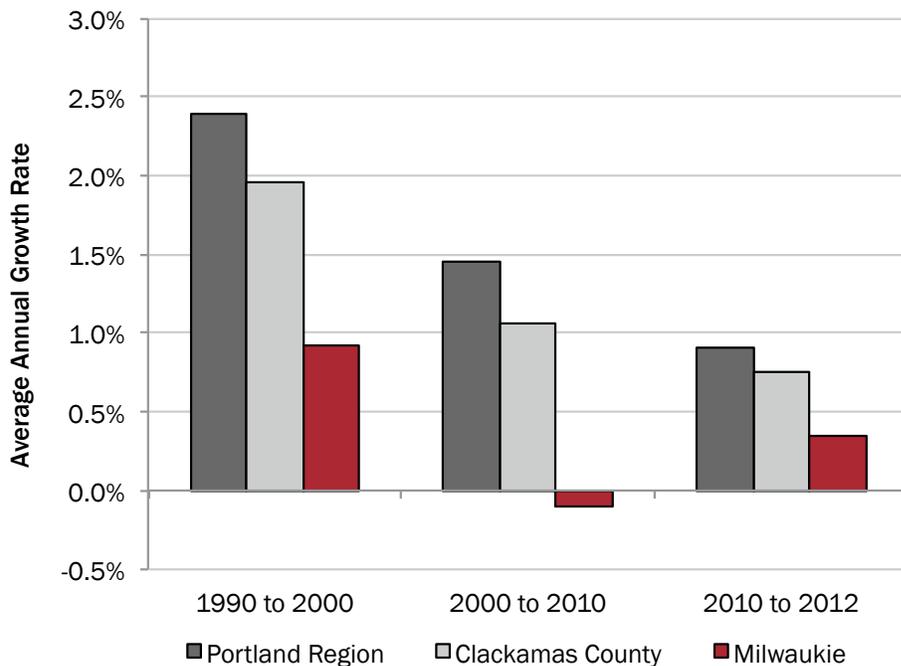
1.1.2 Population and Households

Milwaukie has about 20,400 residents. The average annual growth rate in the Portland Region is consistently higher than Clackamas County, which in turn is consistently higher than Milwaukie, as shown in Exhibit 6. Milwaukie grew at a rate of 0.9% per year during the 1990s, while the Portland Region and Clackamas County grew at annual rates of 2.4% and 2.0%, respectively. Between 2000 and 2010, Milwaukie's population shrank at an annual rate of -0.1%, while both the Portland Region and Clackamas County had positive population growth, albeit slower than in the 1990s.

The low population growth is driven by the fact that Milwaukie is mostly built out, leaving little space for new construction within its existing boundaries. Also, as we see later, the community's portion of households with children is decreasing, so there are fewer individuals living in a housing unit.

² From the U.S. Census Bureau, 2007-2011 American Community Survey, Series DP03. This is the unemployment rate of the civilian labor force (i.e., unemployed civilian labor force divided by total civilian labor force).

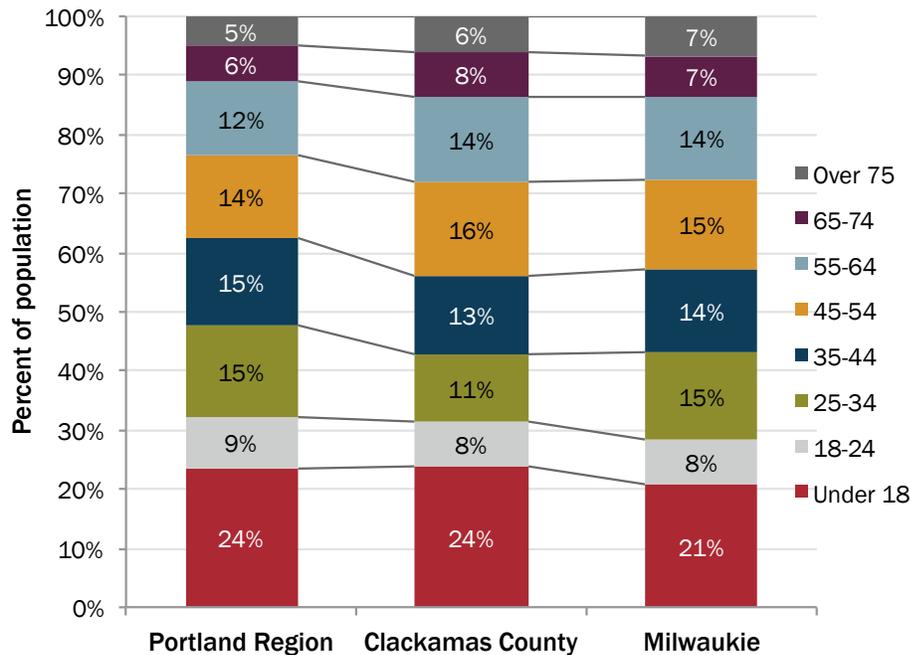
Exhibit 6. Average annual population growth, 1990 to 2012, U.S., Portland Region, Clackamas County, Milwaukie



Source: U.S. Census Bureau, 2000, 2010 Census. Portland State University, Population Research Center, <http://www.pdx.edu/prc/population-estimates>.

As shown in Exhibit 7, Milwaukie's age distribution closely resembles that of Clackamas County, with two exceptions: 1) Milwaukie has a smaller percentage of children 18 years and younger, and 2) a larger percentage of individuals in the labor force, between the ages of 25 and 44. Clackamas County and Milwaukie have a larger percentage of the population in every age cohort from 45 to over 75 relative to the Portland Region. Overall, both Clackamas County and Milwaukie have a relatively older population than the Portland Region, with more adults aged 55 and older.

Exhibit 7. Population distribution by age, Portland Region, Clackamas County, Milwaukie, 2010

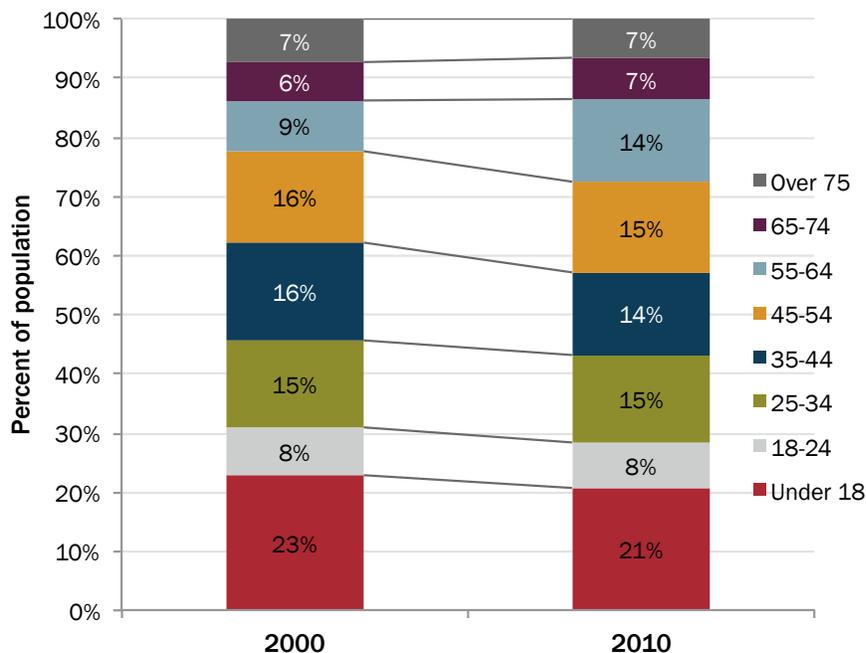


Source: U.S. Census Bureau, 2010 Census.

The portion of children (younger than 18) declined slightly between 2000 and 2010, and the portion of seniors (55+) increased, as shown in Exhibit 8. The expanded population over the age of 55 is a national trend, driven by baby boomers aging into their 50s and 60s. The portion of young members of the labor force (aged 25 to 43) held steady in Milwaukie during the decade.

The data indicate that Milwaukie is a relatively attractive community for individuals aged 25 to 34, yet the community has seen a decline in the number of children. The extension of light rail to Milwaukie is likely to enhance Milwaukie's appeal to this age group. It is possible that the 25 to 34-year-olds will begin to start families, and the trend of a declining number of children will shift over the next ten years. In interviews with community members, ECONorthwest has heard anecdotal evidence that families are moving to Milwaukie due to its proximity to Portland, the location of the Waldorf School adjacent to downtown, and in anticipation of the arrival of the MAX.

Exhibit 8. Population distribution by age, Milwaukie, 2000 and 2010



Source: U.S. Census Bureau, Census 2000 Summary File 1, Matrices P13 and PCT12.

The mean household size in Milwaukie is 2.32, which is smaller than both the Portland Region’s average of 2.51 and Clackamas County’s average of 2.67 (see Exhibit 9). This is indicative of a smaller portion of households in Milwaukie with children, relative to the rest of the region and county. This is consistent with the age distribution of Milwaukie and shows the city is relatively attractive to older households (over the age of 55) with either fewer or no children.

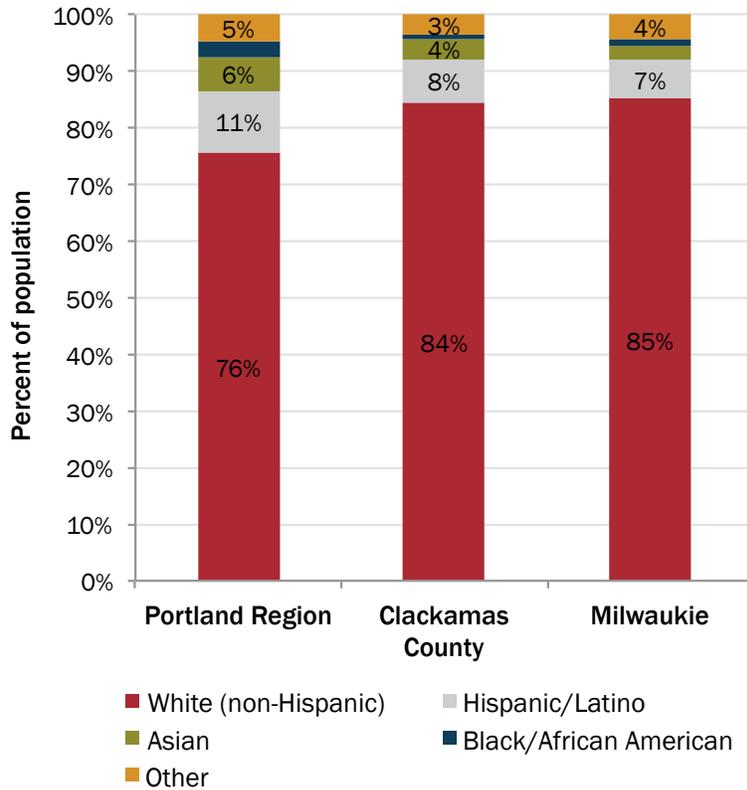
Exhibit 9. Mean household size, Portland Region, Clackamas County, Milwaukie, 2010

Mean Household Size	
Portland Region	2.51
Clackamas County	2.67
Milwaukie	2.32

Source: U.S. Census Bureau, 2010 Census, SF1.

Exhibit 10 shows the racial and ethnic composition of Milwaukie, Clackamas County, and the Portland Region in 2010. Both Clackamas County and Milwaukie have less racial and ethnic diversity than the Portland Region, with the majority of the population being white (84% and 85%). Milwaukie has a higher percentage of whites and lower percentage of all other racial and ethnic categories than Clackamas County, which in turn has a higher percentage of whites and lower percentage of all other races and ethnicities than the overall Portland Region.

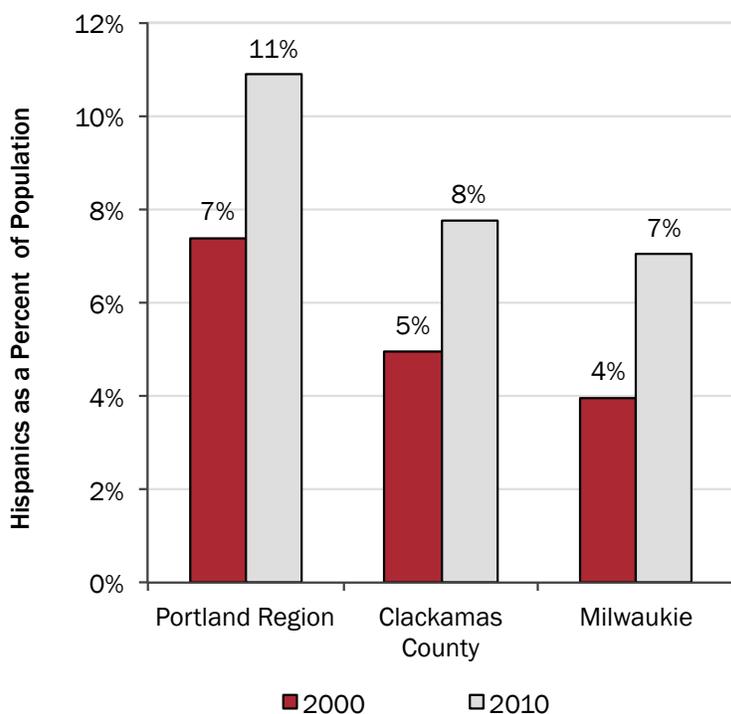
Exhibit 10. Race and ethnicity, Portland Region, Clackamas County, Milwaukie, 2010



Source: U.S. Census Bureau, 2010 Census, SF1.

Exhibit 11 shows the change in share of Hispanic or Latino populations for the Portland Region, Clackamas County, and Milwaukie between 2000 and 2010. Over the ten-year period, the share of Hispanics or Latinos in the populations of all three areas increased, but still remains relatively small in Milwaukie.

Exhibit 11. Percent of population reporting as Hispanic or Latino, Portland Region, Clackamas County, Milwaukie, 2000 and 2010

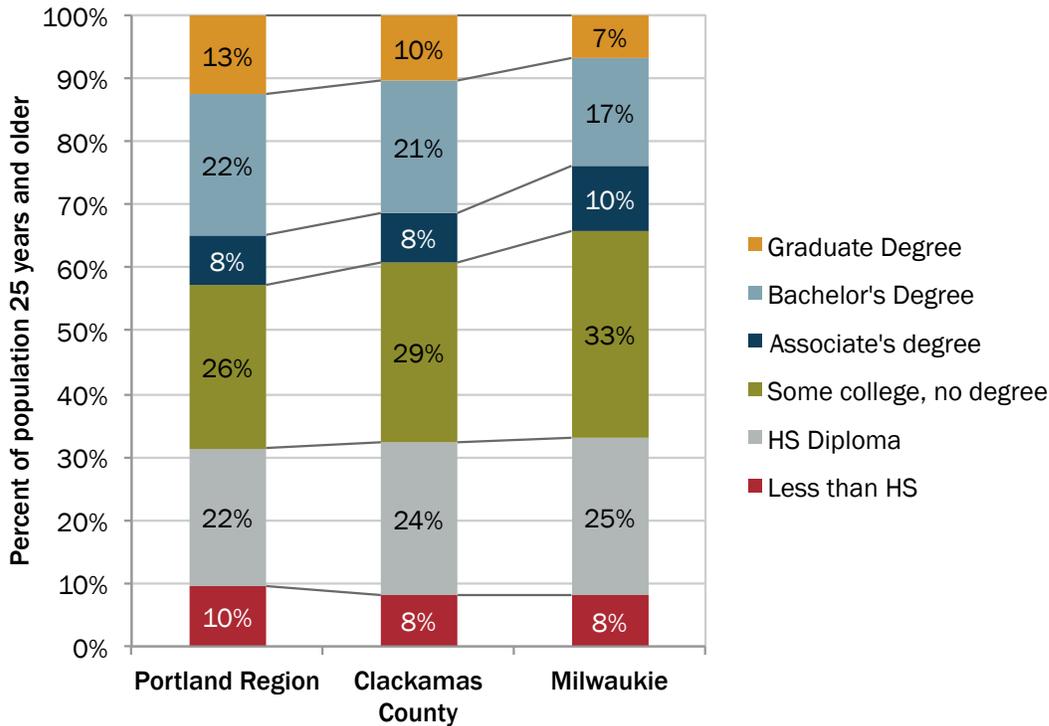


Source: U.S. Census Bureau, 2000, 2010 Census, SF1.

Milwaukie has a smaller portion of residents who were born outside the United States compared to Clackamas County and the Portland Region. In Milwaukie, 94% of residents were born in the United States, compared to 92% in Clackamas County, and 88% in the Portland Region.

Exhibit 12 shows education levels for the Portland Region, Clackamas County, and Milwaukie. The data show that, compared to the region, Milwaukie has a high portion of individuals that graduated from High School but did not finish college. Other parts of the region are more likely to be home to, or attract individuals with higher levels of education.

Exhibit 12. Educational Achievement, Portland Region, Clackamas County, Milwaukie, 2011

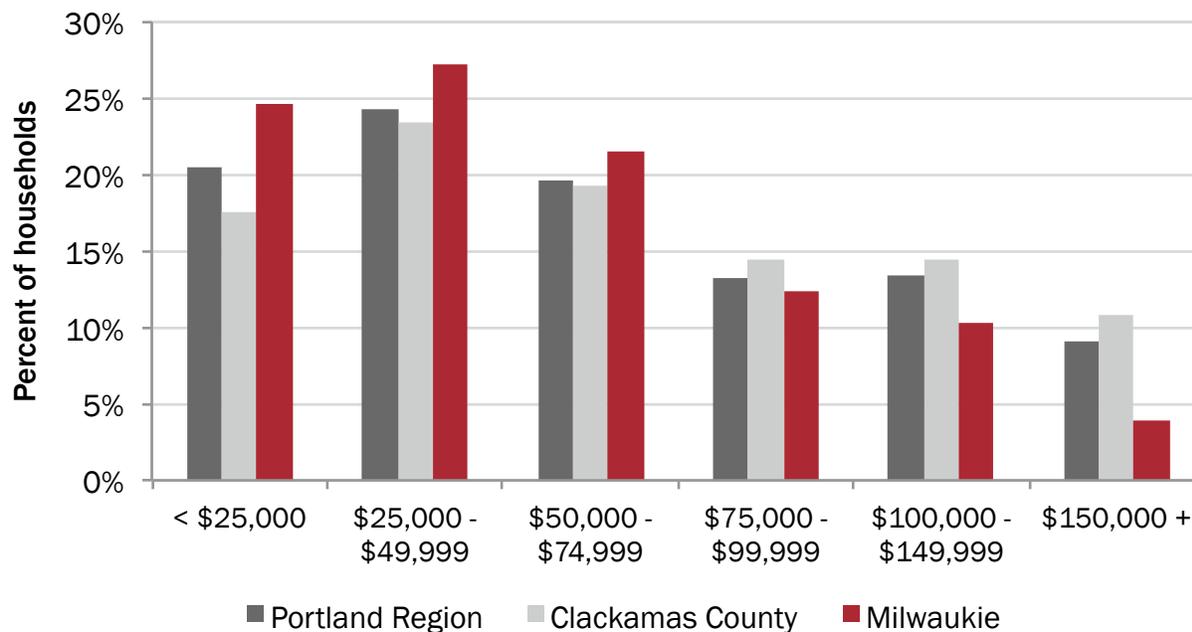


Source: U.S. Census Bureau, 2009-2011 American Community Survey, 3-Year Estimates.

1.1.3 Income and Wages

Income levels in Milwaukie reflect a working-class community that is predominantly low to middle income (see Exhibit 13). More than half of the population in Milwaukie earns less than \$50,000 a year, and almost a quarter earns less than \$25,000 a year. Less than 15% of the population of Milwaukie has a household income of over \$100,000 a year.

When compared to the Portland Region and Clackamas County, Milwaukie has higher percentage of the population at the lower end of the income distribution, and a comparatively low percentage of the population at the upper end of the spectrum. Clackamas County is slightly more affluent than the Portland Region. Milwaukie, while in a relatively affluent county, remains a relatively low-income city relative to both the immediate region (Clackamas County), and the larger region (Portland Region).

Exhibit 13. Household income, Portland Region, Clackamas County, Milwaukie, 2011

Source: U.S. Census, 2009-2011 American Community Survey 3-Year Estimates.

Exhibit 14 shows two different measures of average income: median household and per capita income for all the counties that comprise the Portland region and the City of Milwaukie.³ Both measures show that incomes are lower in Milwaukie than across the region.

Exhibit 14. Median household and per capita income, Portland Region, Clackamas County, Milwaukie, 2011

	Median HH Income	Per Capita Income
Clackamas County	\$60,600	\$31,105
Clark County, WA	\$56,829	\$26,883
Multnomah County	\$49,942	\$28,868
Washington County	\$62,326	\$30,260
Milwaukie	\$47,549	\$24,770

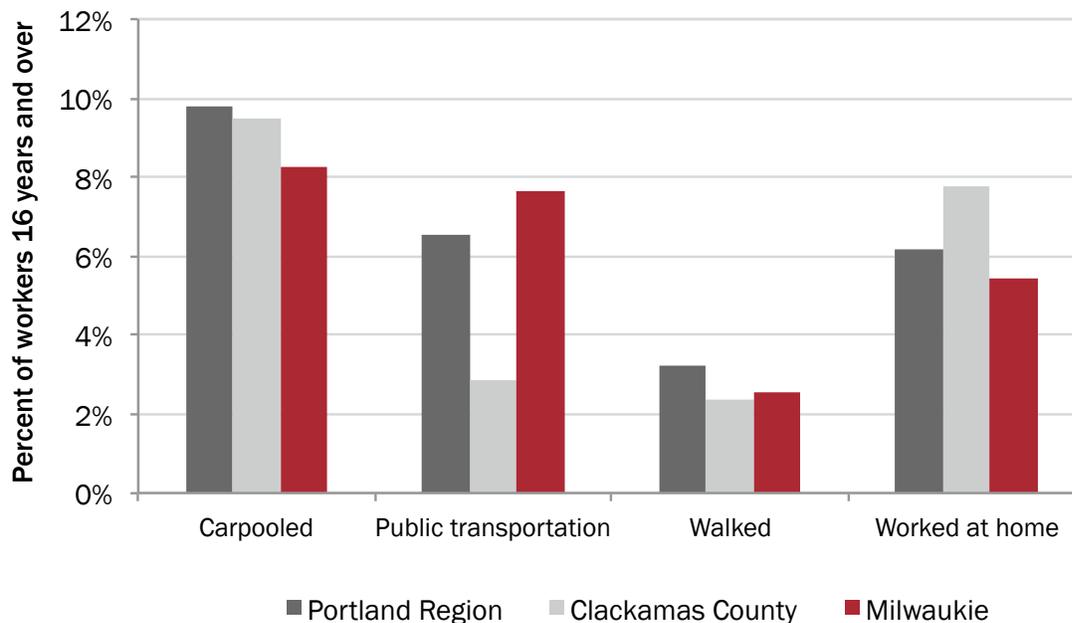
Source: U.S. Census, 2009-2011 American Community Survey 3-Year Estimates.

³ Median household income is the income level at which half the households in the community have higher incomes and half have lower income incomes; it is the mid-point for household income. Per capita income is the mean income of all individuals in the community, calculated as the total income in a community divided by the number of people living in that community.

1.1.4 Transportation and Commute

In Milwaukie, 74% of the working populations drove alone as their means to work, compared to 76% in Clackamas County and 71% in the Portland Region. Exhibit 15 shows the portion of the population for Milwaukie, Clackamas County, and the Portland Region that use various transportation means other than driving alone to get to work. About 8% of the population in Milwaukie reported using public transportation to get to work, compared to 3% in Clackamas County and 7% in the Portland Region. The higher rate of public transit use in Milwaukie is likely due to its relatively close proximity to the central city.

Exhibit 15. Means of Transportation to Work, Portland Region, Clackamas County, Milwaukie, 2011



Source: U.S. Census Bureau, 2007 - 2011 American Community Survey, 5-Year Estimates.

3.3 Residential Uses

This section describes general trends in the housing market in the City of Milwaukie. Our analysis compares the City of Milwaukie (as defined by the US Census) to the broader geographies of Clackamas County and the Portland region. The purpose of the analysis is to look at a snap shot of current market conditions, as well as historical trends, and any forecasts for the future. Ultimately, this analysis will help us understand the amount of new housing units that are likely to be needed in the City of Milwaukie in the future, and what types of new households are likely to be attracted to Milwaukie. As with any analysis that is based on historical trends and current conditions, the ability to predict the future is limited, and policy changes and other future events could result in future results that are significantly different from past trends.

3.3.1 Housing Tenure

Exhibit 16 shows that Milwaukie has a lower portion of owner-occupied homes than Clackamas County, and a similar portion to the Portland region. Around 63% of households in Milwaukie own their homes, compared to 77% in the county and 64% in the Portland Region. Nationwide, about 66% of households own their homes.

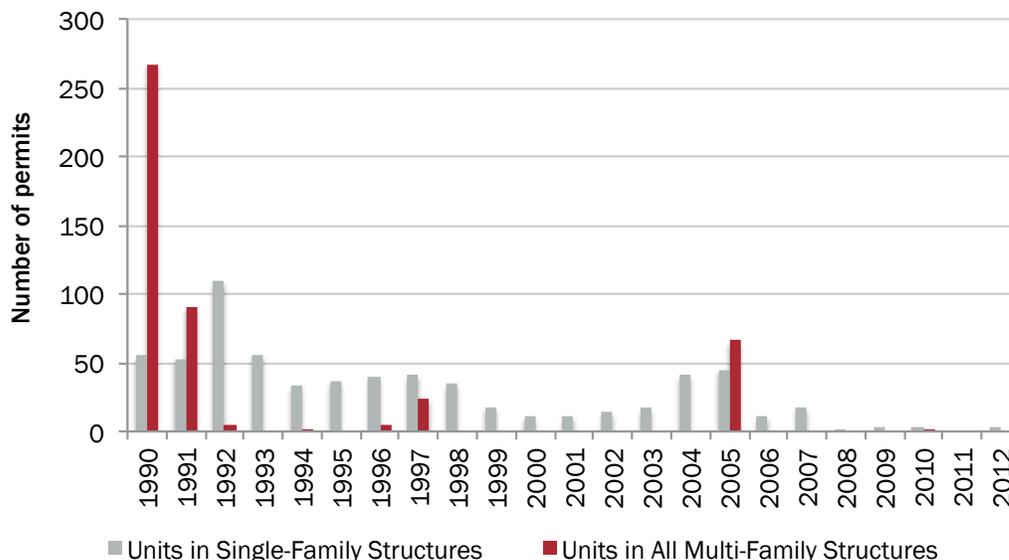
Exhibit 16. Housing Tenure, Portland Region, Clackamas County, Milwaukie, 2010

	Owner Occupied	Renter Occupied
Portland Region	64%	36%
Clackamas County	72%	28%
Milwaukie	63%	37%

Source: U.S. Census Bureau, 2010 Census, H11 SF1.

The number of building permits issued for single-family homes and multi-family units is one indicator of demand for housing in a community. Exhibit 17 shows the number of permits issued in Milwaukie from 1990 to 2012. There was a relatively large number of multi-family permits issued in 1990, 1991, and 2005, both relative to single-family permits and relative to other years. With those exceptions, there have been no multi-family permits issued for most years between 1990 and 2012.

Exhibit 17. Single Family and Multi-Family Housing Permits, Milwaukie, 1990 to 2012



Source: HUD State of the Cities Data Systems.

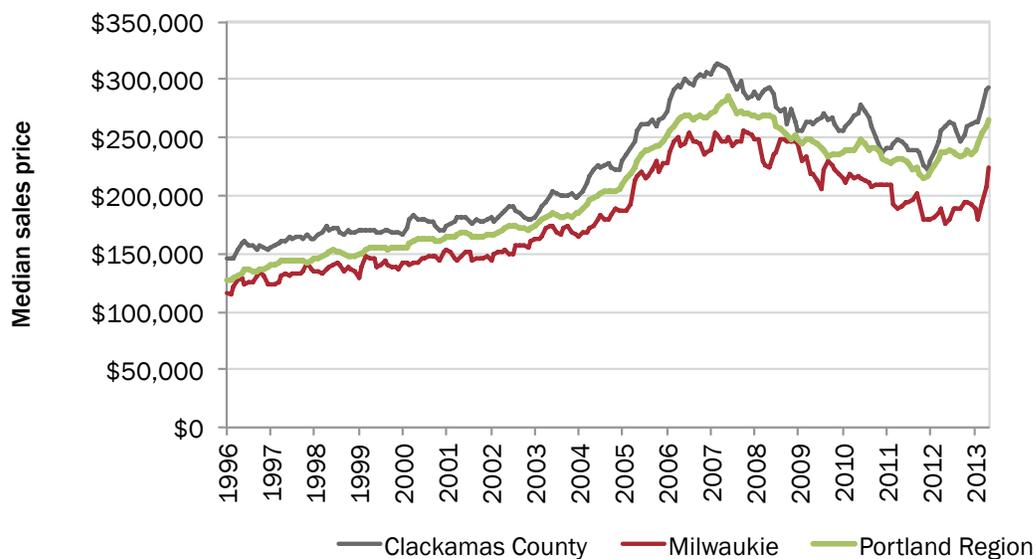
In the 1990s, the annual average number of single-family permits issued in Milwaukie was 48 and the average number of multi-family permits was 39. From 2000 to 2007, the City permitted an average of 21 single-family units per year and 8 multi-family units per year. Since 2008, the annual average number of single-family permits has been two, and zero for

multi-family units. Between 2008 and 2012, the City has issued permits for only 13 dwelling units.⁴

City staff report that the low amount of new construction is explained by the lack of buildable land in Milwaukie. There are very few vacant lots and there are few lots that are large enough to subdivide. In the early 2000s, developers subdivided some properties, but the remaining parcels lack interested sellers or the cost of bringing urban infrastructure to new plats exceeds the economic value of a new parcel.

Exhibit 18 shows the median sale value for single-family homes in Milwaukie, Clackamas County, and the Portland region. The data show that the three geographies show very similar trends—prices peaked in the first half of 2007 and declined through the end of 2011. Prices began to increase in Clackamas County and the Portland region in the beginning of 2012, and did not see an increase in Milwaukie until early 2013.

Exhibit 18. Median Sale Price, Single-Family Homes, Portland Region, Clackamas County, Milwaukie, 1996 to 2013



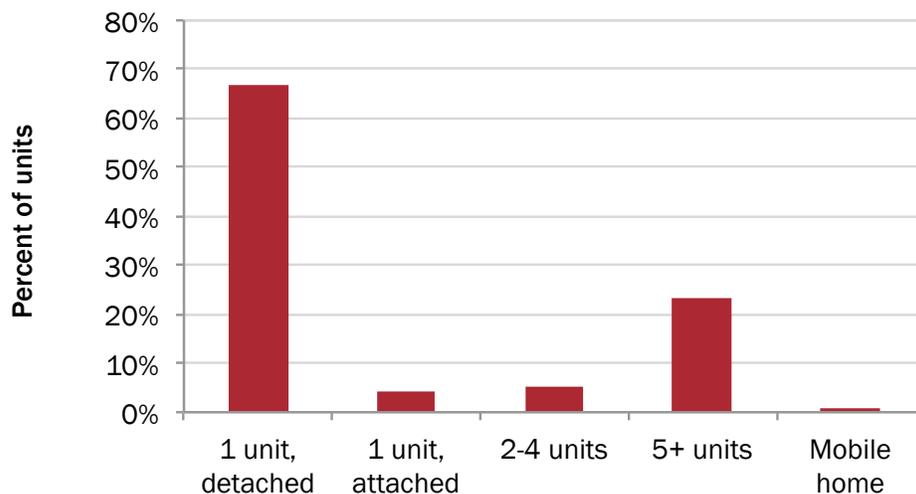
Source: Zillow.com.

Although the three geographies follow very similar trends, median values are consistently higher in Clackamas County than in the Portland Region, and median values in Milwaukie are consistently lower than in Clackamas County and, therefore, the Portland Region. Milwaukie's median sale price was about \$16,000 less than the region-wide median in 2000; the gap has widened to about \$48,000 in 2012 and 2013.

⁴ ECONorthwest relied on permit data from the U.S. Department of Housing and Urban Development (HUD) for this analysis. We confirmed with City staff that the numbers are generally accurate in their depiction of Milwaukie's permit activity.

Exhibit 19 shows the mix of housing types in Milwaukie. The data show about 66% of Milwaukie's housing units are single-family detached dwellings. Another 25% of the housing units are in multi-family properties with five or more units. The remaining 9% is a mix of attached single-family units (i.e., rowhouses), duplexes, tri-plexes, quads, and mobile homes.

Exhibit 19. Housing Type by Number of Units in Structure, Milwaukie, 2011



Source: U.S. Census Bureau, 2009-2011 American Community Survey 3-Year Estimates.

Exhibit 20 shows the projected housing demand in Milwaukie by income brackets and ownership status. The analysis is based on population projections generated by Nielsen/Claritas, a firm that provides demographic data and projections.

The Nielsen/Claritas projections estimate that Milwaukie will grow by just fewer than 60 households per year, or approximately 300 households total, over the next five years. The expected incomes of new households ranges from very low (less than \$15,000 per year) to over \$125,000 per year. About one-fifth of new households are expected to be in the \$50,000-\$75,000 annual-income range. We estimate that about 60% of new households will own their homes and 40% will rent.

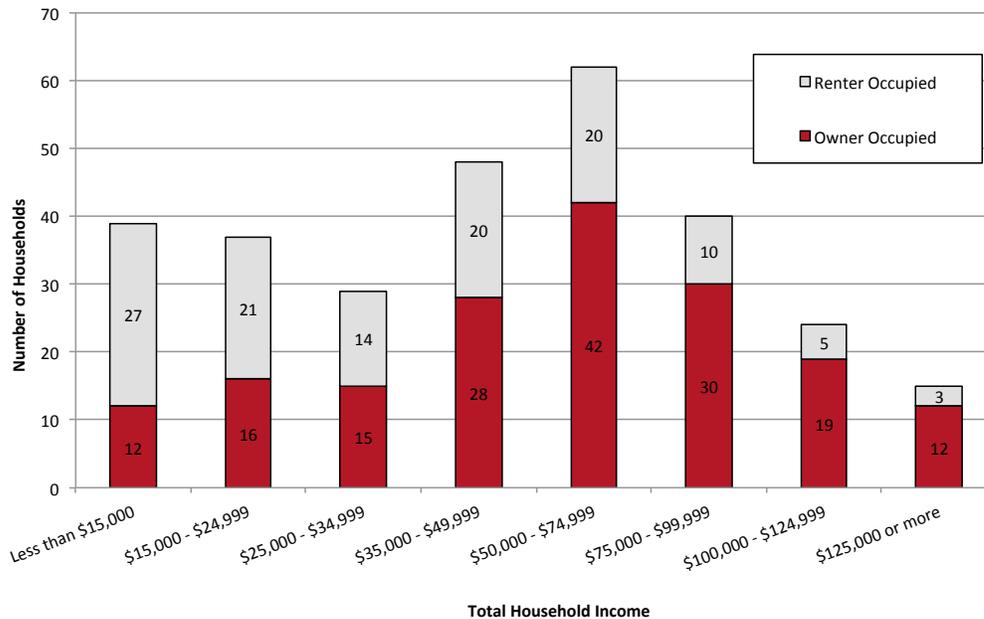
The projection of housing demand focuses on income and tenure (e.g. rented or owned). It does not attempt to estimate demand for housing type (i.e., single-family detached vs. multi-family). However, national shifts in the housing market and demographics indicate an increased share of total demand will be for multi-family units, for both the ownership and rental markets.

- Recent dramatic changes in the housing market have caused an increase in the number of rented single-family detached houses, as banks and investors have acquired homes as the price collapsed and then rented those homes. That trend is likely to shift, as the cost of managing individual rental properties is greater than the cost of managing rental properties in a larger multi-family development. Over the long-term, investors will sell those properties and the most likely buyers will be

homeowners. As the single-family houses exit the rental market, the primary rental market will be in multi-family properties.

- As the baby boom generation ages, some of those households will choose to downsize and seek a higher density unit, such as a rowhouse or flat. Many of these households have owned their home in the past, and will continue to own their home.

Exhibit 20. Projected Housing Demand, Milwaukie, 2013 to 2018



Source: Nielsen Claritas and ECONorthwest.

Metro, the Portland area regional government, produces population forecasts for purposes of regional planning. Metro forecasts the number of new housing units in each city and county in the region for the years 2025, 2035, and 2040.⁵ Metro forecasts an average of 75 new Milwaukie households per year from 2010 to 2025, reducing to an average of 29 households per year from 2025 through 2040, totaling 1,561 new households in Milwaukie between 2010 and 2040. This forecast amounts to an average annual rate of 0.1% from 2010 to 2040. In contrast, Metro forecasts the growth rate for Clackamas County and the tri-county region to be 1.0% per year, which is 10 times faster growth than is forecast for Milwaukie. Metro forecasts that 1,244 (or 80%) of new households in Milwaukie would be accommodated in single-family units, and 317 (20%) would be multifamily units.

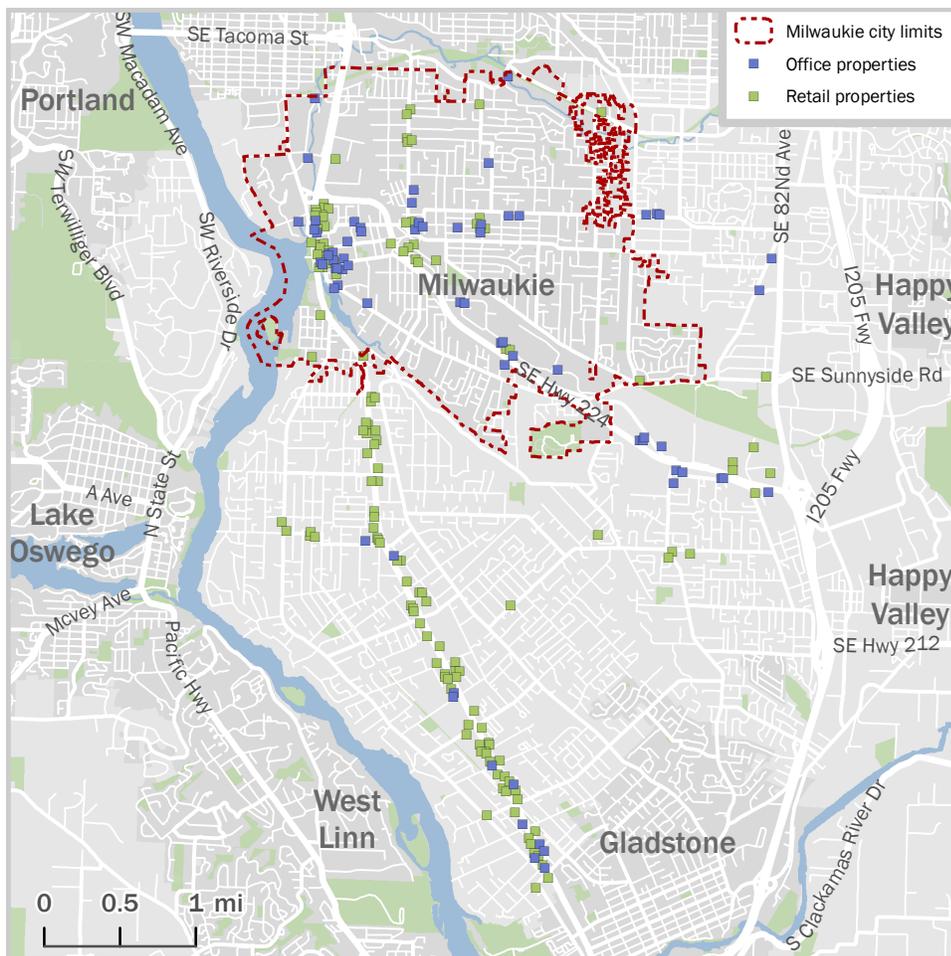
While Metro and Nielsen/Claritas use different methods, and have different forecasts for the number of units for different time periods, both the Nielsen/Claritas and Metro forecasts paint a similar picture for Milwaukie. Both of these forecasts call for relatively slow growth in new households for the short- and long-term.

⁵ Metro 'Gamma' Forecast Distribution Profiles by City and County 2025 / 2035 / 2040. Published 11/2/2012.

3.4 Commercial Uses

The analysis of commercial and retail uses focuses primarily on the “Milwaukie commercial market area.” This area does not have a physical geographic boundary, but is defined as all properties with a Milwaukie mailing address. It is important to note that this area includes many buildings in unincorporated areas outside of Milwaukie’s official city limits. Exhibit 21 shows a map of the commercial buildings included in the Milwaukie commercial market area used in this analysis.

Exhibit 21. Map of Milwaukie commercial market area



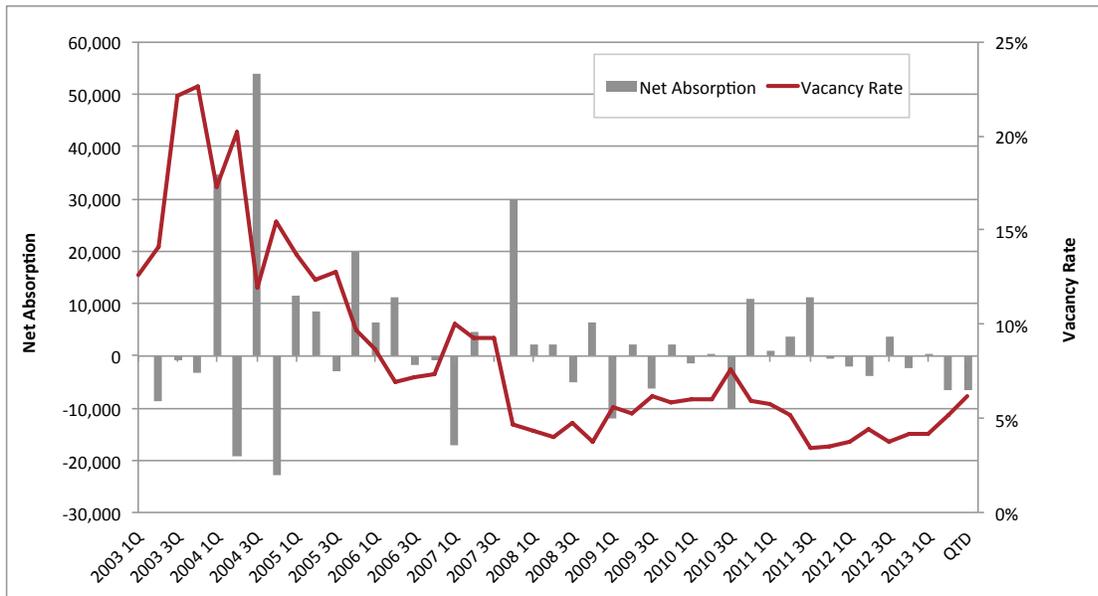
Source: ECONorthwest and CoStar

For the purposes of this analysis, commercial uses include both retail and office space. The key factors that affect the demand for retail space are visibility, access, and competing supply. Office space has different demand factors, including proximity to complementary services (such as government offices) and proximity to potential employees. Service-oriented office uses, such as financial services and medical offices, locate near population centers so that customers can access the facilities easily. Service-oriented offices often use retail space.

1.1.5 Office Trends

The office space market in the Milwaukie commercial market area has experienced positive trends since 2004. Exhibit 22 shows the vacancy rate (right axis) and the net absorption (left axis). In the middle of 2003, office space in the Milwaukie commercial market area had a vacancy rate of over 20%. The market absorbed (i.e., rented) large quantities of office space in 2004, causing the vacancy rate to quickly drop to just over 10%. The vacancy rate has steadily declined, with the most recent data in the third quarter of 2013 showing a vacancy rate of 6.2%. The amount of office space (i.e., total square footage) on the market has not changed since mid-2003.

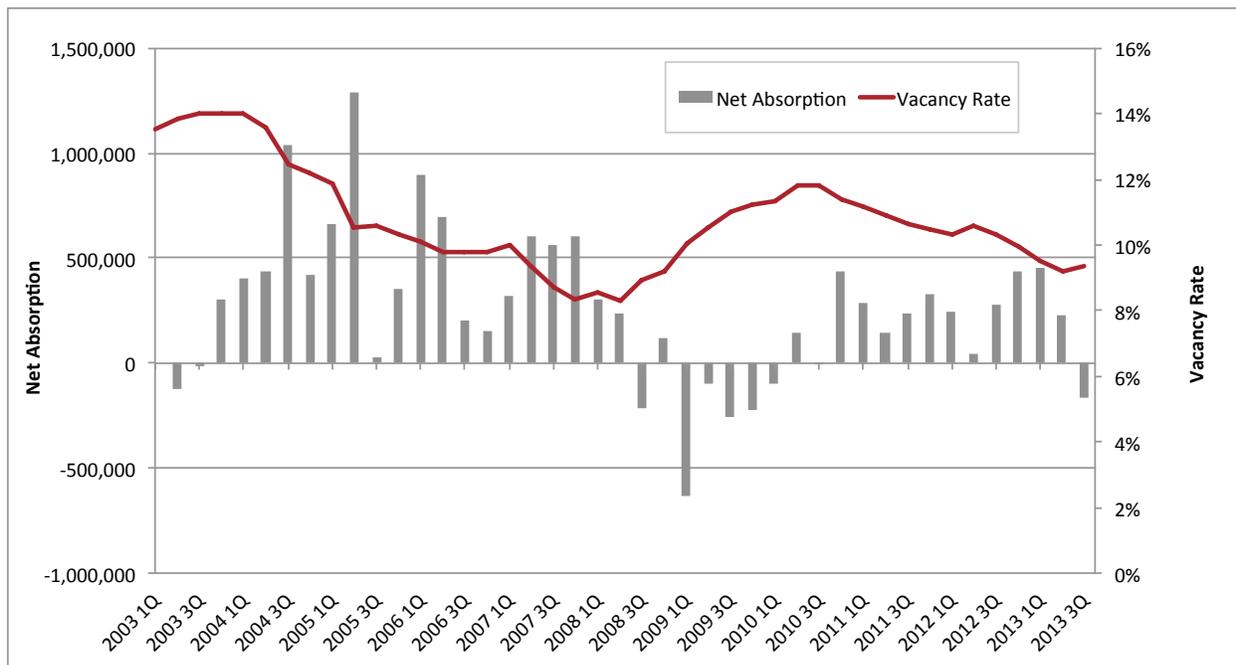
Exhibit 22. Milwaukie Market Area, Office Absorption and Vacancy, 2003 to 2013



Source: ECONorthwest and CoStar.

Exhibit 23 shows the same data for the entire Portland metropolitan region. The region has experienced much higher vacancy rates than the Milwaukie commercial market area. Milwaukie’s vacancy rate has been consistently lower than 10% since 2005 and is less than 7% in the 3rd quarter of 2013. The region’s overall vacancy rate exceeded 10% from 2009 to 2012, and is 9% in the 3rd quarter of 2013.

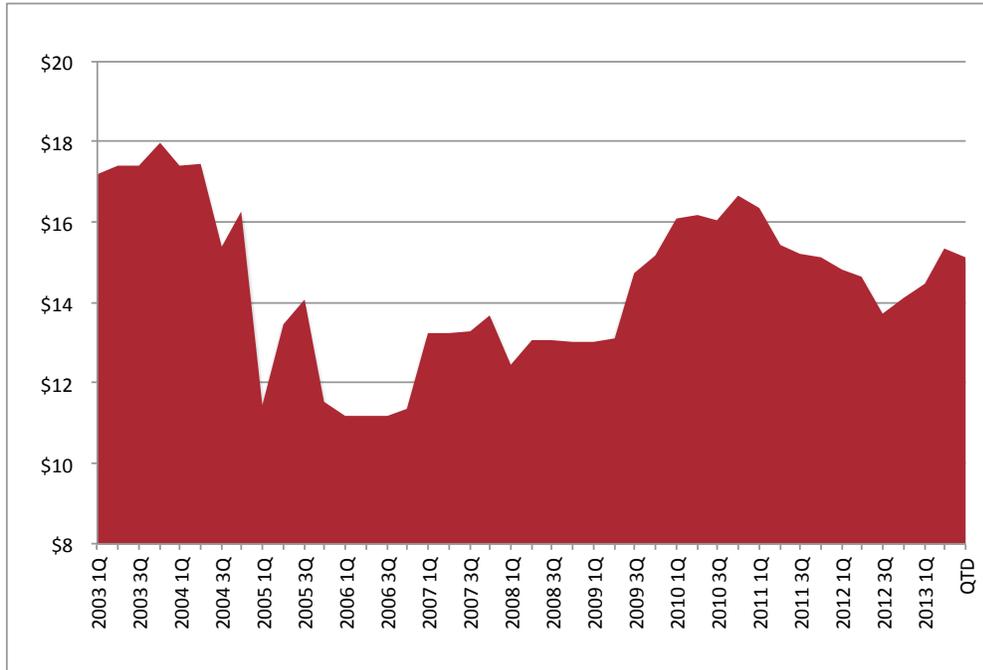
Exhibit 23. Portland Metropolitan Region, Office Absorption and Vacancy, 2003 to 2013



Source: ECONorthwest and CoStar.

Office rents in the Milwaukie commercial market area range between \$14 and \$15 per square foot (triple net rents, noted as NNN), as reported by commercial real estate brokers (see Exhibit 24). Rents dropped from \$17 per square foot at the same time that vacancy rates dropped. It is likely that a large tenant was able to negotiate a lower rate. Average rents dropped to about \$11 per square foot in 2006 and increased up to \$16 per square foot in 2011. Rents have declined since 2011.

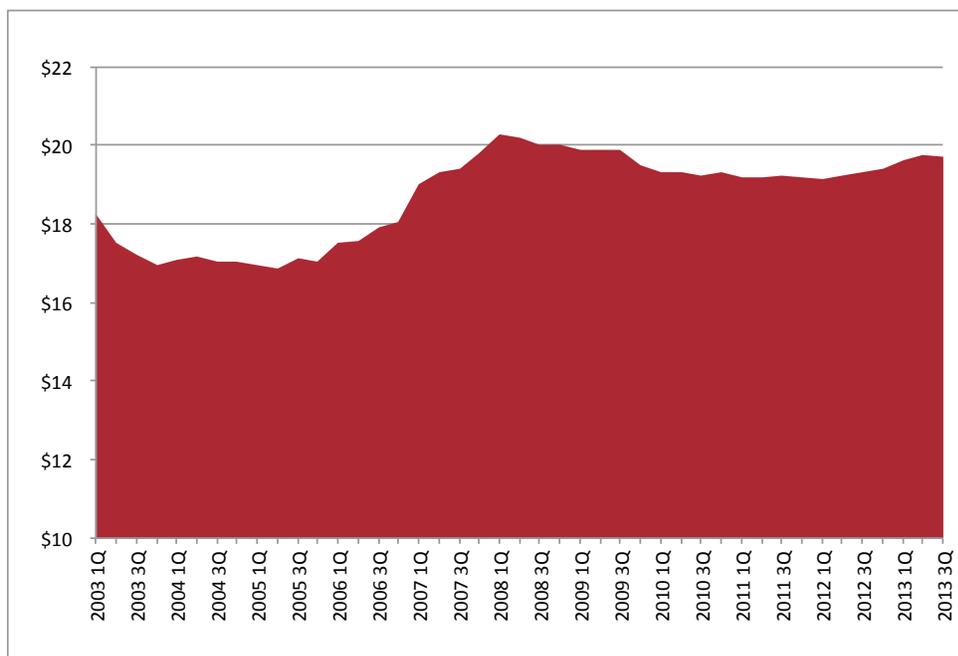
Exhibit 24. Milwaukie Market Area Office Rents, 2003 to 2013



Source: ECONorthwest and CoStar.

Exhibit 25 shows average rents for office space across the Portland metropolitan region. Across the region, rents are much more stable. This is because the Milwaukie market area has a smaller number of properties, so a property change can greatly influence the average in the market area. The regional market has many properties, so individual changes do not greatly influence the average. The average rent in the Portland region is almost \$20 per square foot, about \$5 higher than in the Milwaukie market area.

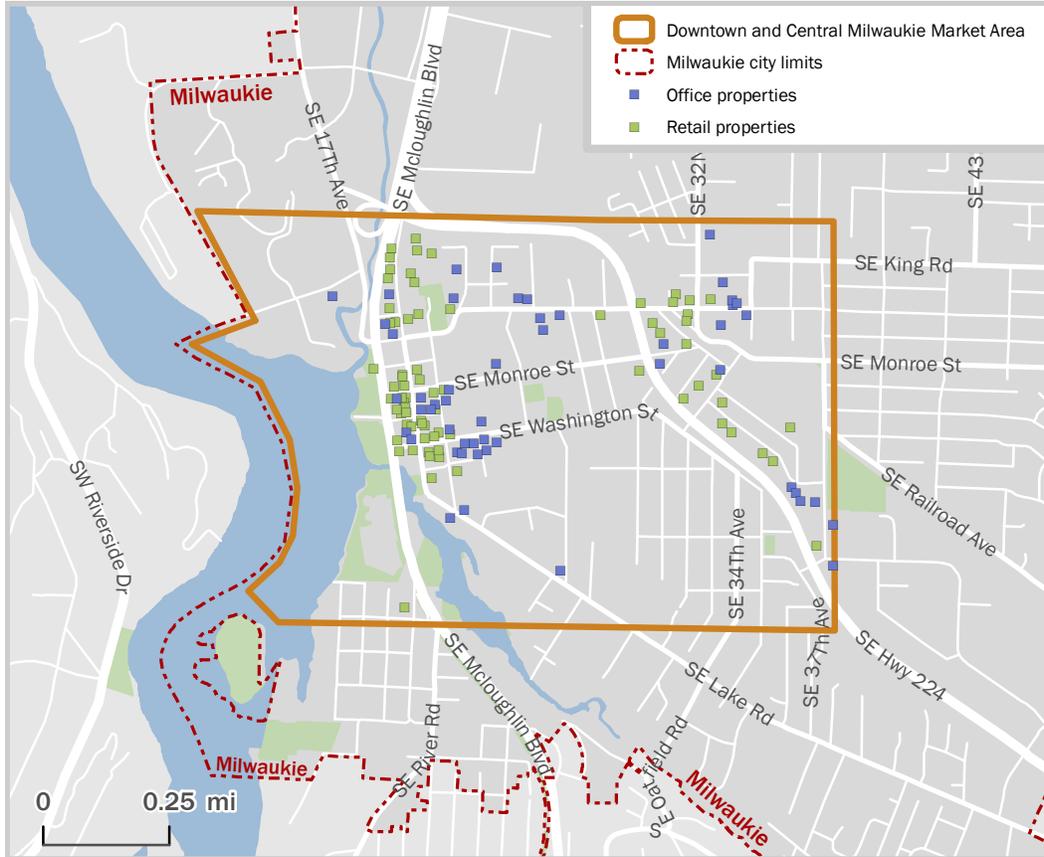
Exhibit 25. Portland Metropolitan Region Office Rents, 2003 to 2013



Source: ECONorthwest and CoStar.

ECONorthwest also analyzed rents in the Downtown and Central Milwaukie market area. Exhibit 26 shows a map of the properties included in the Downtown and Central Milwaukie market area.

Exhibit 26. Map of Downtown and Central Milwaukie market area



Source: ECONorthwest and CoStar

The office vacancy rates in the Downtown and Central Milwaukie market area have followed very similar trends to the whole Milwaukie commercial market area, with current vacancy at just over 6%. Average rents in the Downtown and Central Milwaukie market area have increased since 2004 from about \$11 to almost \$15 per square foot.

ECONorthwest compared the Downtown and Central Milwaukie market area with small, specific market areas identified as positive markets by the Project Advisory Committee (see Exhibit 27). As shown in Table 4, the Downtown and Central Milwaukie market area has a lower average rent than the comparison areas, with the exception of Oak Grove and Woodstock.⁶ Oak Grove and Woodstock are also unique because they have the fewest number of office properties (nine and eight, respectively), which suggests that they are not significant

⁶ The Oak Grove area is a sub-market of the more broadly defined Milwaukie commercial market area.

office markets. Downtown Milwaukie has a lower vacancy rate than all the other areas except for the Sellwood area, which has an exceptionally low vacancy rate of 0%.

Exhibit 27. Average Office Rents and Vacancy Rates in Comparison Markets, 4th Quarter, 2013

	Number of properties	Average Rent	Difference from DT Milwaukie	Vacancy Rate	Difference from DT Milwaukie
Downtown and Central Milwaukie	51	\$14.90		6%	
Milwaukie Market Area	70	\$15.16	\$0.26	6%	0%
Clackamas Town Center	17	\$22.73	\$7.83	19%	13%
Mississippi Ave	18	\$18.00	\$3.10	10%	4%
Oak Grove	9	\$12.59	-\$2.31	17%	11%
Oregon City	134	\$15.79	\$0.89	7%	1%
Sellwood	62	\$16.54	\$1.64	0%	-6%
Woodstock	8	\$13.44	-\$1.46	11%	5%

Source: ECONorthwest and CoStar.

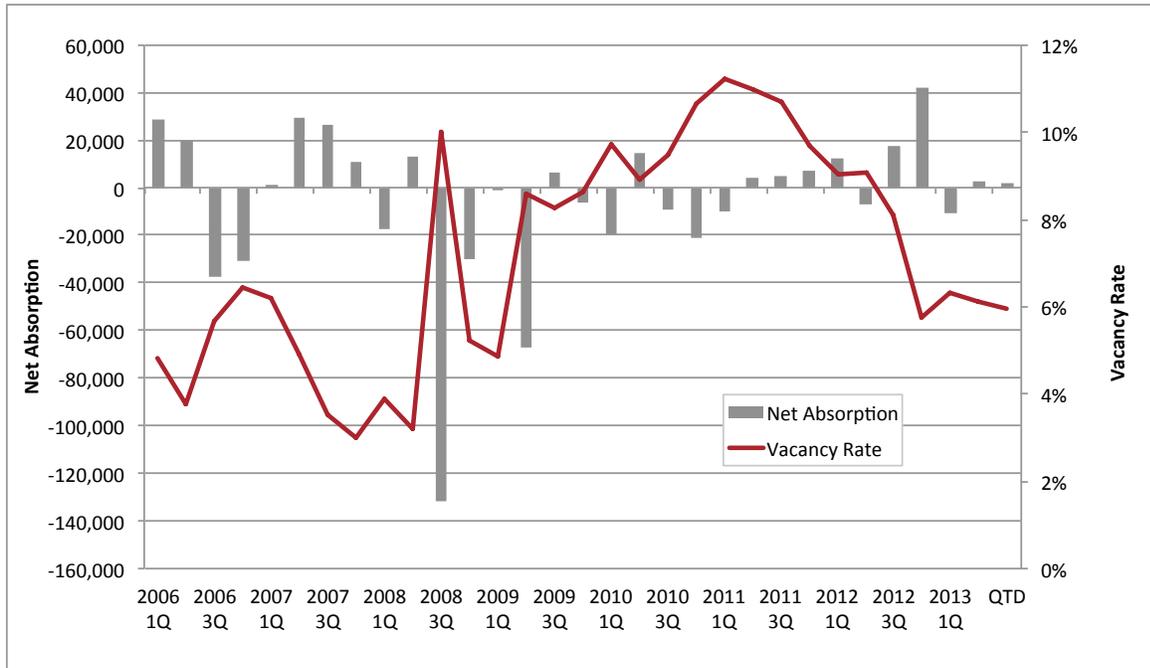
1.1.6 Retail Trends

The retail space market in the Milwaukie commercial market area has had relatively low vacancy rates since 2006 (see Exhibit 28).⁷ Vacancy rates spiked in the third quarter of 2008, when about 130,000 square feet of retail space were vacated. Vacancy rates promptly dropped the next quarter, with no corresponding positive absorption. The drop in vacancy rates was caused by the demolition of 129,000 square foot Costco building (located outside of Milwaukie city limits, but with a Milwaukie mailing address). Removing it from the market caused the overall amount of rentable retail space to drop, and the vacancy rate returned to about 6%.

Vacancy rates increased during the recession of 2008-2009, peaking at 11.2% in the first quarter of 2011. They have dropped steadily and in the third quarter of 2013 are 6.0%.

⁷ In this discussion, the boundaries for the Milwaukie market include properties that are outside the Milwaukie City limits, but the mailing address is Milwaukie.

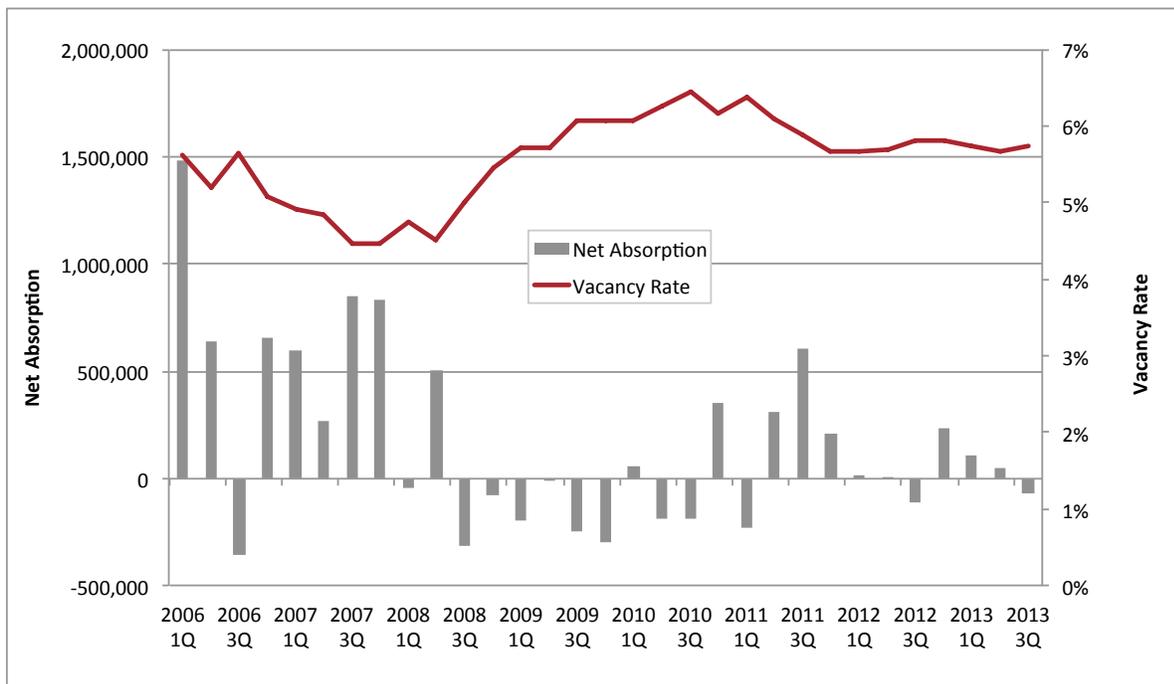
Exhibit 28. Milwaukie Commercial Market Area Retail Absorption and Vacancy, 2006 to 2013



Source: ECONorthwest and CoStar.

Exhibit 29 shows the same data, but for the whole Portland metropolitan region. The region has experienced much steadier vacancy rates than the smaller Milwaukie commercial market area, hovering close to 6% since 2008. Vacancy rates in the Milwaukie commercial market area dropped to 6% in late 2012, similar to the region-wide average.

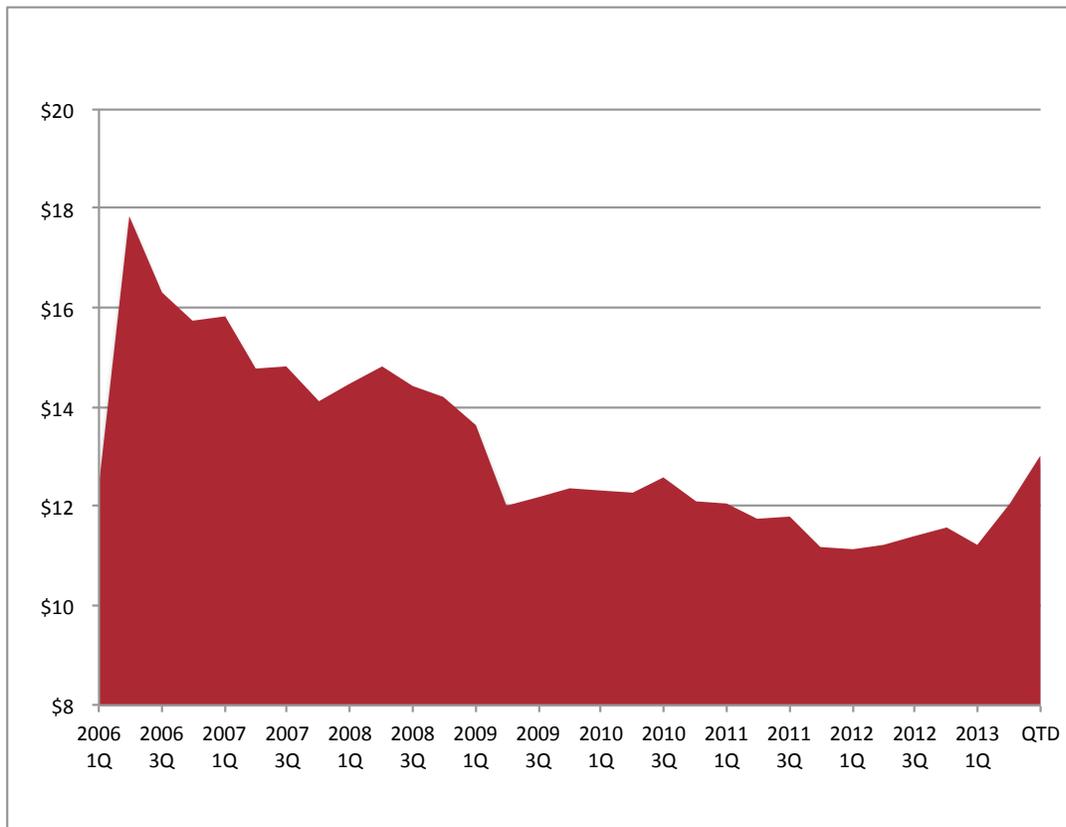
Exhibit 29. Portland Metropolitan Region, Retail Absorption and Vacancy, 2006 to 2013



Source: ECONorthwest and CoStar.

Exhibit 30 shows triple rent (NNN) rents in the Milwaukie commercial market area, as reported by commercial real estate brokers. Rents have dropped from a peak of about \$17 per square foot in early 2006 to under \$12 per square foot for 2011 through the first quarter of 2013. In 2013, rents have been increasing and are currently about \$13 per square foot.

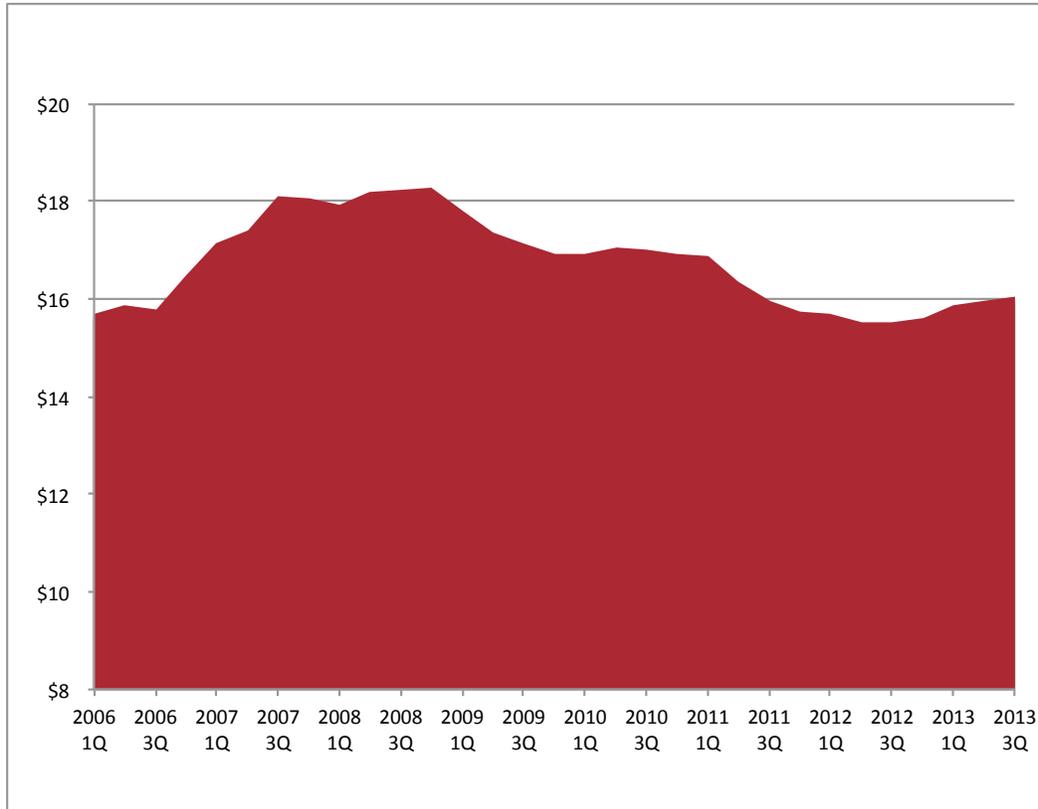
Exhibit 30. Milwaukie Market Area Retail Rents, 2006 to 2012



Source: ECONorthwest and CoStar.

Exhibit 31 shows average rents for retail space across the Portland metropolitan region. Across the region, average retail rents have held close to \$16 per square foot since 2006, higher than the \$12 to \$13 per square foot in the Milwaukie commercial market area.

Exhibit 31. Portland Metropolitan Region Retail Rents, 2006 to 2013



Source: ECONorthwest and CoStar.

ECONorthwest also analyzed vacancies and rents in the Downtown and Central Milwaukie market area. The vacancy rates in the Downtown and Central Milwaukie market area have generally been lower than across the whole Milwaukie commercial market area. At the beginning of the 2008-2009 recession, vacancy was less than 3%. Vacancies peaked at just over 8% in at the end of 2011, before starting to decline. Current vacancy rates in the Downtown and Central Milwaukie market area are only 5%.

Retail rents in the Downtown and Central Milwaukie market area have held steady at about \$14 per square foot since 2009. A few buildings in the Downtown and Central market area are asking rents substantially higher than the market area average.

10833 SE Main Street, at the corner of Main Street and Monroe Street in downtown Milwaukie, is asking more than \$30 per square foot for a vacant 240 square foot storefront. Current tenants include Enchante (a candy store) and ROXR Software. This building in the downtown core has the highest retail rent in the Milwaukie commercial market area.

Exhibit 32. Photo of 10833 SE Main Street

Source: CoStar. Accessed October 8, 2013.

10843 SE Oak Street, near Highway 224, is asking \$24 per square foot for a currently available retail space. Current tenants of the building include Dotty's and FedEx.

Exhibit 33. Photo of 10843 SE Oak Street

Source: CoStar. Accessed October 8, 2013.

ECONorthwest compared the Downtown and Central Milwaukie market area with small, specific markets identified as positive markets by the Project Advisory Committee (see Exhibit 34). The Downtown and Central Milwaukie market area has a lower average rent than the comparison areas. All the comparison areas have a low vacancy rate, with the exception of the Oak Grove area⁸

Exhibit 34. Average Retail Rents and Vacancy Rates in Comparison Markets, 4th Quarter, 2013

	Number of properties	Average Rent	Difference from DT Milwaukie	Vacancy Rate	Difference from DT Milwaukie
Downtown and Central Milwaukie	74	\$14.08		5%	
Milwaukie Market Area	151	\$15.55	\$1.47	6%	1%
Clackamas Town Center	63	\$22.78	\$8.70	4%	-1%
Mississippi Ave	38	\$26.23	\$12.15	1%	-4%
Oak Grove	84	\$16.26	\$2.18	11%	6%
Oregon City	226	\$18.12	\$4.04	6%	1%
Sellwood	165	\$14.44	\$0.36	1%	-4%
Woodstock	51	\$18.00	\$3.92	5%	0%

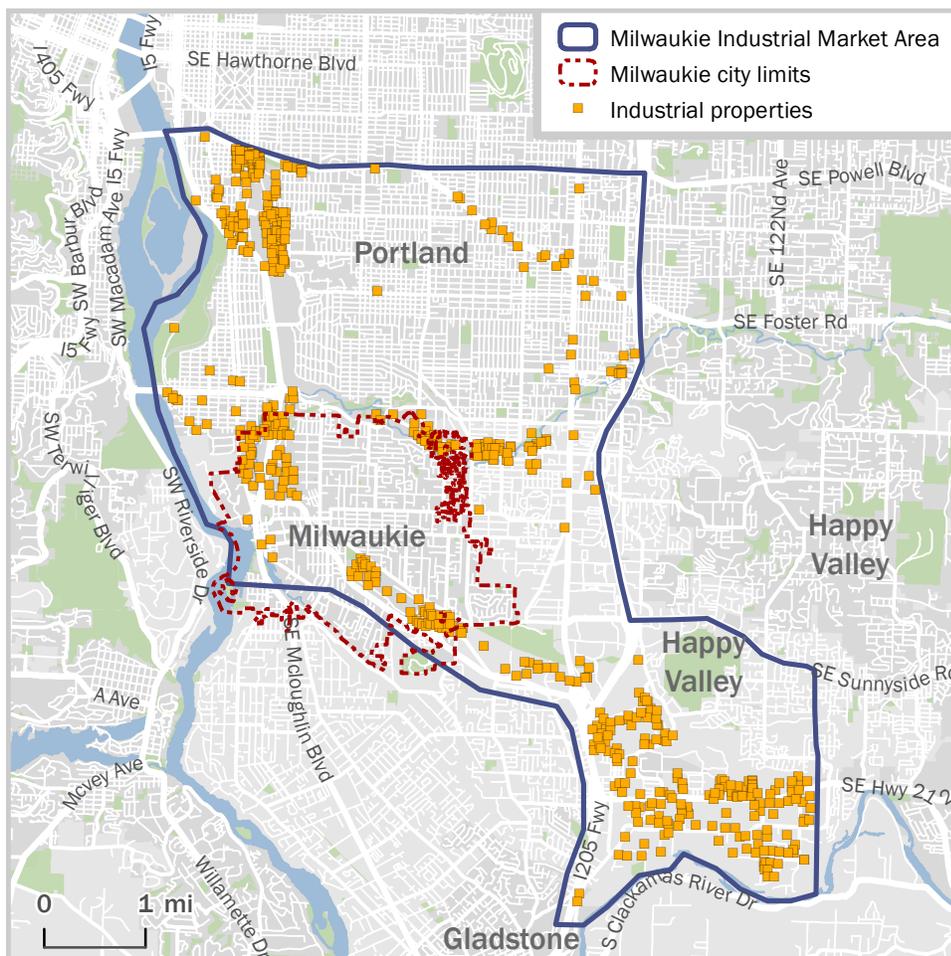
Source: ECONorthwest and CoStar.

⁸ The Oak Grove area is a sub-market of the more broadly defined Milwaukie commercial market area.

1.1.7 Industrial Trends

The Milwaukie industrial market area is larger than its commercial area. Input from City staff and a developer “roundtable” discussion suggested that industrial space in Milwaukie competes with industrial properties in a larger geographic area, stretching north to the Portland Central Eastside Industrial Area, south along McLoughlin Boulevard into unincorporated Clackamas County, and east along Hwy 224 past Interstate 205. Exhibit 35 shows a map of the Milwaukie industrial market area. Note that for the purposes of our analysis, we excluded much of the Central Eastside Industrial District in Portland (all property north of Powell Boulevard), due to the fact that demand for non-residential uses in this area may be putting pressure on industrial rents, making them not applicable to the Milwaukie market. As land values rise for property zoned for industrial use in Portland and elsewhere in the region, due to pressure to convert to non-industrial uses, it could result in increased demand for industrial land in more affordable locations, like Milwaukie.

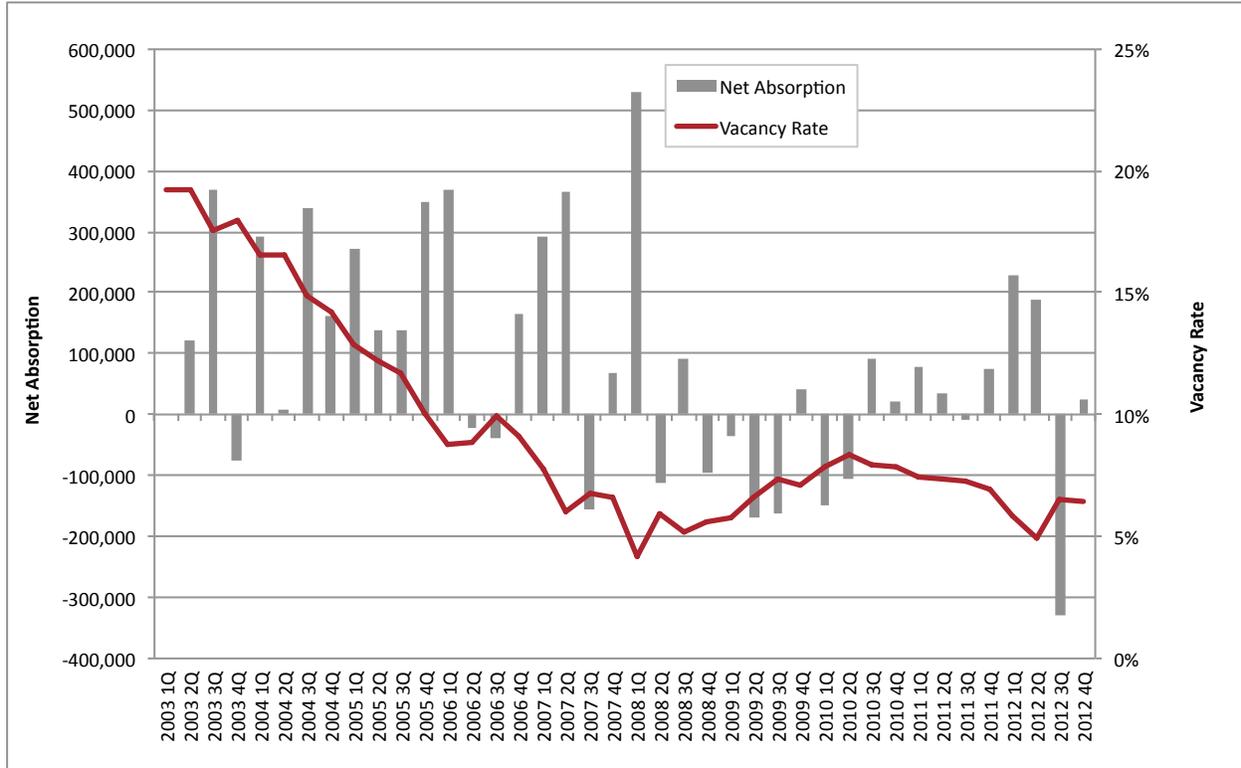
Exhibit 35. Map of Milwaukie industrial market area



Source: ECONorthwest and CoStar

The Milwaukee industrial market area has experienced declining vacancy rates since 2003. The rates have dropped from almost 20% to about 7% over the past ten years (see Exhibit 36). Absorption has been positive in most quarters and the total rentable space has grown by nearly a million square feet. Vacancy rates increased during the recent recession, peaking at 8.4% in the second quarter of 2010. They have declined since that period and are currently at 6.4%.

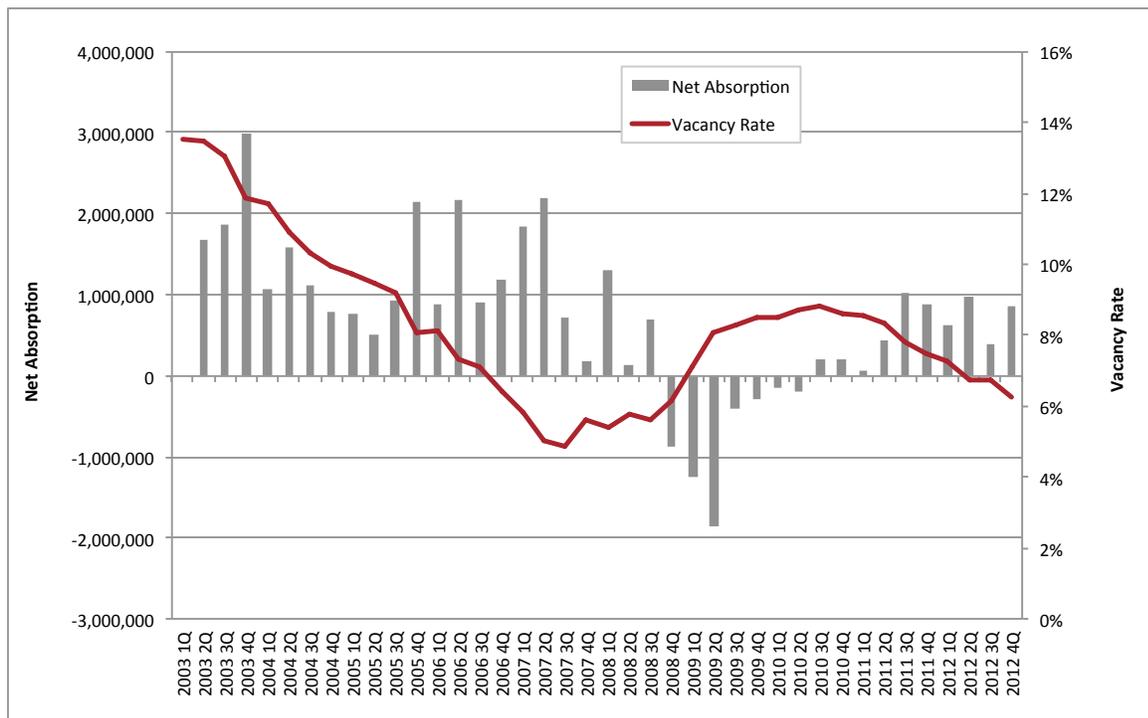
Exhibit 36. Milwaukee Industrial Market Area Absorption and Vacancy, 2006 to 2013



Source: ECONorthwest and CoStar.

Exhibit 37 shows the same data, but for the whole Portland metropolitan region. The region has experienced similar trends to the Milwaukie industrial market area. Vacancies have declined since 2003, but the recent recession caused a temporary rise in the vacancy rate. As noted earlier, total rentable industrial square footage has increased by nearly a million square feet in the ten-year period, which may contribute to this recent rise.

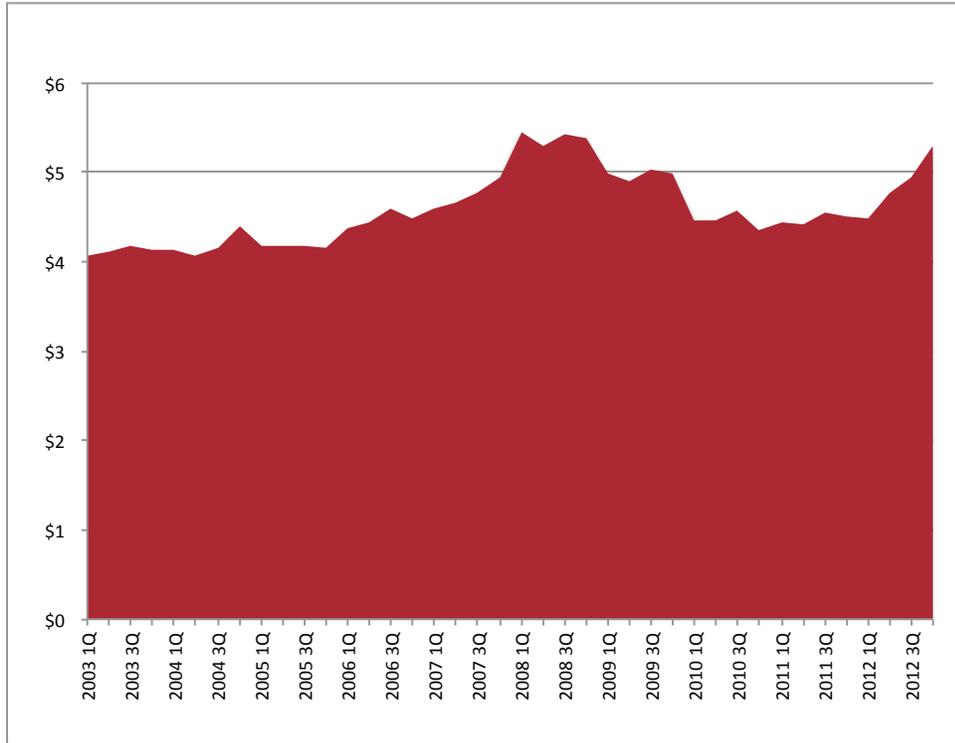
Exhibit 37. Portland Metropolitan Region, Industrial Absorption and Vacancy, 2003 to 2013



Source: ECONorthwest and CoStar.

Exhibit 38 shows triple rent (NNN) industrial rents in the Milwaukie industrial market area, as reported by commercial real estate brokers. Rents have fluctuated between \$4.00 and \$5.50 per square foot between 2006 and 2012. In the third quarter of 2013 they have increased to about \$5.30 per square foot.

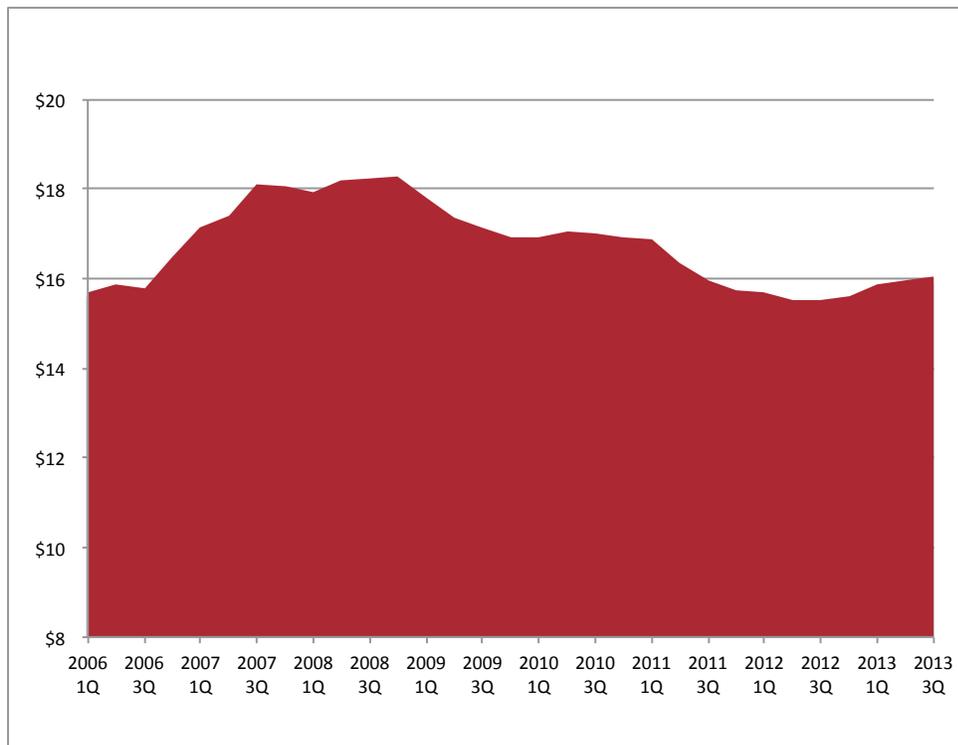
Exhibit 38. Milwaukie Industrial Market Area Industrial Rents, 2006 to 2012



Source: ECONorthwest and CoStar.

Exhibit 39 shows average rents for industrial space across the Portland metropolitan region. Average industrial rents have held close to \$16 per square foot since 2006, higher than \$12 to \$13 per square foot in the Milwaukie market area.

Exhibit 39. Portland Metropolitan Region Industrial Rents, 2003 to 2013



Source: ECONorthwest and CoStar.

3.5 Key trends and findings from the demographic and market data

The demographic and market data presented in this memorandum provide broad context for redevelopment opportunities in Milwaukie. This section summarizes ECONorthwest's preliminary assessment of key trends related to housing and income and office, retail, and industrial markets.

- Milwaukie is part of the larger Portland region economy. The economy is generally expanding, although it has not yet fully recovered from the 2008-2009 recession.
- Most residents of Milwaukie do not work in Milwaukie, and workers in Milwaukie do not live in Milwaukie. As in most parts of a large metropolitan area, workers commute to their jobs. This could be seen as an opportunity to provide more housing to employees of Milwaukie businesses, or an opportunity for more employment.
- Milwaukie is growing at a very slow rate and actually shrank slightly between 2000 and 2010. The population over the age of 55 has increased and the portion of children has decreased.

- Household incomes in Milwaukie tend to be low. Half of all households have an annual income less than \$50,000.
- Almost two-thirds of households in Milwaukie own their own homes and about two-thirds of housing units are single-family detached dwellings.
- Rental rates for office and retail property in Downtown and Central Milwaukie are lower than the broader Milwaukie commercial market area, and lower still than the region as a whole. These low rental rates suggest a lack of demand for retail and office space in Milwaukie, and is an obstacle to new development in Milwaukie. Vacancy rates, however, are also low, suggesting that there is healthy demand in the area, which may justify higher rents, if higher quality space is available.
- McLoughlin Boulevard and Hwy 224 are popular corridors for industrial development. Rental rates for industrial property in the Milwaukie industrial market area are on par with rental rates for industrial property region-wide.
- In 2013, rental rates for office, retail, and industrial space in the Milwaukie area have increased, which is evidence that the local economy is improving, and may signal an opportunity for new development in the area if the economy continues to strengthen.

4 Development Roundtable Feedback

On September 17, 2013, City of Milwaukie staff, Mayor Jeremy Ferguson, and the ECONorthwest consultant team participated in a Development Roundtable conversation with a panel of experienced developers from around the Portland region. Developers represented successful firms that have completed a range of development projects, including small- and large-scale, mixed-use, infill, industrial, residential (affordable and market rate), and adaptive reuse projects. The purpose of this roundtable meeting was to introduce developers to Milwaukie, to review the Opportunity Sites, and to solicit their input on how Milwaukie can achieve their development goals.

Participants in the Development Roundtable included:

- Matt Brown – Williams & Dame
- Greg Specht – Specht Development
- Mary Hanlon – Hanlon Development
- David Hassin – Terrafirma
- Dwight Unti – Tokola Properties
- Jodi Enos – Northwest Housing Alternatives

The Development Roundtable conversation lasted three hours, including a walking tour of Downtown Milwaukie. In this section of the report, we summarize some of the key feedback received at the Development Roundtable. See Attachment A for complete meeting notes from the Development Roundtable discussion.

4.1 Citywide challenges

The developers shared their thoughts on large-scale challenges that affected development feasibility throughout Milwaukie. These challenges included:

- Low rental rates. The developers were concerned with the preliminary results of the market study that showed average rental rates for commercial and retail spaces below the regional average. Developers want to know that they can make a profit on new development, and it's risky if there aren't other buildings in the vicinity that are charging rental rates high enough to justify new construction. The developers said that they would like to see rental rates as high as \$25 per square foot for retail to know that a project will "pencil-out" financially. Some newer properties in Milwaukie are asking for up to \$24 per square foot, which suggests that it may be possible for developers to achieve desired rental rates. However the majority of properties in Milwaukie rent for significantly lower rates, which may constrain the confidence of developers and investors in their ability to achieve these rents.
- Lack of recent comparables ("comps"). The developers noted that the first new project in a market is going to be risky, because no one else has proven that development can work

in the area. Milwaukie suffers from a lack of recent, market-rate development. The North Main Village project is encouraging, but it includes a mix of affordable and market-rate housing units, which doesn't make it comparable for new market rate development.

- The scattered nature of Opportunity Sites downtown. Ideally, the developers would like to see a collection of adjacent parcels that have opportunity for redevelopment. That way, a developer can take control of an area and ensure that it is developed with a unifying vision, creating a critical mass of high-quality development. Because the Milwaukie Opportunity Sites are more scattered, a developer will have to take on more risk, not being able to control the adjacent properties. It is worth noting that the South Downtown area actually does have several adjacent blocks with development potential, which could be attractive to developers, even though not all of these properties have been identified as “opportunity sites.”

4.2 Citywide opportunities

- Good “bones” Downtown. There was consensus that Downtown Milwaukie had good “bones,” including the streetscape, sidewalks, and building facades. Other neighborhoods around the region that have seen recent redevelopment typically have good bones, and this bodes well for potential redevelopment in Downtown Milwaukie.
- Senior housing. Milwaukie’s population is somewhat older than the rest of the Portland region. Several developers thought that this could provide an opportunity for new housing development targeted at seniors. Many seniors are deciding to move from single-family homes to higher-density developments targeted specifically at seniors. This would have the added benefit of allowing seniors in Milwaukie to continue living in a city that they love, while opening up single-family homes for new families to move into.
- Housing Affordability. Milwaukie’s population has somewhat lower incomes than the rest of the Portland region. While this can make it challenging for developers to build high-end, market-rate residential development, it should make Milwaukie an attractive location for young families and first-time homebuyers in the Portland region.
- Accessibility. The proximity to Downtown Portland and the multiple transportation connections in Milwaukie were viewed as strong assets. McLoughlin Blvd, Hwy 224, and the soon-to-be-completed MAX light rail line are all viewed as strengths by the development community.
- Access to water, parks, and open space. Mayor Ferguson described the proposed Riverfront Park improvements and the Kellogg-for-Coho Initiative. The developers were impressed by these projects, and found that they would enhance already existing assets for Downtown Milwaukie.
- Family-friendly. Overall, the City was viewed as being family-friendly, including a perception of safety, a small-town feel, good schools (including the Waldorf School and Milwaukie High School), and quiet neighborhoods. The developers agreed that Milwaukie has many of the ingredients that are attractive to families.

- Mixed-use Downtown development. The developers agreed that mixed-use development would be the preferred use for each of the downtown opportunity sites, with the exception of the Graham Site, which the developers agreed would be most appropriate as adaptive reuse for commercial tenants. They universally supported ground-floor restaurants or retail for new buildings Downtown, with residential uses (or possibly offices) above.

4.3 Site-specific observations

1.1.8 Texaco Site

- Several developers identified the Texaco Site as the most attractive of the Opportunity Sites because of its size.
- The preferred use for the site was mixed-use residentially intensive development.
- Advantages of the site include: public ownership, good visibility, good accessibility to McLoughlin Boulevard, nice view of the Willamette River and Riverfront Park. Proximity to North Main Village was also viewed as an advantage.
- Disadvantages of the site include: it might be too large of a site to develop in the immediate future, given Milwaukie's slow growth, and replacement parking would be expensive.

1.1.9 Dark Horse Site

- One developer mentioned the Dark Horse Opportunity Site as perhaps being the most attractive Opportunity Site, due largely to its small size, which would make development of the site less risky.
- The preferred use for the site was mixed-use residential development.
- Advantages of the site include its quiet location on SE 21st Ave., and the small-town feel provided by the Milwaukie Lumber Yard across the street.
- Disadvantages of the site include the difficulty of providing off-street parking on such a small site, as well as the lack of an aesthetically pleasing streetscape on 21st Ave.

1.1.10 Graham Site

- The Graham Site had not officially been identified as an Opportunity Site prior to the Development Roundtable, and therefore did not receive as much discussion as the other Opportunity Sites. Nonetheless, several developers were interested in the potential of the site, and likened the building to other spaces that became cool restaurants in the Portland region.
- The preferred use for the site was as a restaurant, retail, or office space.
- One developer that specializes in adaptive reuse of existing buildings was particularly interested in the Graham Site.

- Advantages of the site include its proximity to the future MAX light rail station, and the potential to remodel the building for a lower cost than new construction.
- No major disadvantages of the site were identified.

1.1.11 Cash Spot Site

- One developer identified the Cash Spot Site as the most attractive Opportunity Site for new development.
- The preferred use for the site was mixed-use residential development above a multi-story parking garage.
- Advantages of the site include: public ownership, view of the Willamette River and Kellogg Creek, proximity to the MAX station, and ease of building multiple floors of structured parking due to natural slope.
- No major disadvantages of the site were identified.

1.1.12 Triangle Site

- No developer identified the Triangle Site as the most attractive Opportunity Site.
- Advantages of the site include its public ownership and proximity to light rail and the high school.
- The preferred use for the site would be small retail shops or food carts, primarily intended to serve transit riders and high school students.
- Disadvantages of the site include its small size, irregular shape, and inability to accommodate parking on the site.
- Several developers expressed opinions that this site would be unconventional development and would probably require waiving any parking requirements and offering the land to the developers at a steep discount to encourage development activity.
- One developer suggested that market demand for the site would be unknown until the light rail line was up and running and counts of daily transit ridership were known.

1.1.13 Murphy Site

- One developer identified the Murphy Site as the most attractive Opportunity Site. This developer is already involved with the property owner to explore development opportunities.
- The preferred use for the site was undetermined. While developers understood the benefits of developing the site as residential (potentially senior housing or affordable housing), the site was viewed as less competitive for these uses than the Downtown Opportunity Sites. Given market conditions, it was speculated that light industrial, flex space development might be the only feasible use for the site in the foreseeable future.

- Advantages of the site include its large size, ownership by one property owner, and close proximity to Hwy 224, heavy rail (for industrial uses), and Providence Hospital.
- Disadvantages of the site include the lack of immediate access to Hwy 224, the proximity of the heavy rail line (for residential uses) and Housing Authority of Clackamas County Hillside site, and the lack of a clear use for the site.

1.1.14 McFarland Site

- No developers identified the McFarland Site as the most attractive Opportunity Site.
- The preferred use for the site was undetermined. The large size, potential rail access, proximity to Hwy 224, and perceived weak market demand for other uses led some developers to suggest that the site would be most appropriate for light industrial development. However, the adjacent single-family homes, the planned “quiet zone” for the railroad, and proximity to retail shopping opportunities along Hwy 224 led other developers to suggest the site would be most appropriate for residential development.
- Advantages of the site include its large size, single ownership owner, and close proximity to Hwy 224.
- Disadvantages of the site include the lack of a clear use for the site, and the fact that one side of the site borders railroad tracks with a view of the backend of a shopping mall, which would provide an unattractive view for potential residential development.
- Site has received a statement of No Further Action from the DEQ, but it is unclear what the implications of the previous contamination for future site development may be.

4.4 Other observations

The developers were all very thankful to have the opportunity to get to know Milwaukie better. The low market rents in the area are a clear obstacle, but the developers felt that Milwaukie had a lot of positive attributes that could make it attractive for development if the public and private sectors can work together to bridge the gap in rents.

The developers stressed the importance of strong community support, staff support, and support from elected officials to make development happen. The developers were all appreciative that Mayor Ferguson participated actively in the roundtable discussion.

All developers expressed a willingness to stay involved in the process, and several were eager to continue exploring potential development in Milwaukie. After the Development Roundtable, one of the developers commented, “I was looking at Gresham and Hillsboro, but after today, I will look to do projects in Milwaukie.”

5 SWOT Analysis Results

As part of this project the ECONorthwest/Fregonese Associates team is conducting a SWOT Analysis that will assess the strengths, weaknesses, opportunities, and threats for each of the seven Opportunity Sites. The SWOT analysis will be a stand-alone document. When this SWOT analysis is complete, its results will also be summarized in this Market Study, and will influence our identification of the highest and best use for each of the Opportunity Sites.

The Moving Forward Milwaukie: Opportunity Site SWOT analysis is included with this Market Study as Attachment B. A SWOT analysis is a standard evaluation tool to assess strengths, weaknesses, opportunities and threats. In this case, the SWOT analysis approach is being applied to each of seven opportunity sites. The SWOT analysis includes information on accessibility, compatibility of adjacent uses, public perception, infrastructure, City plans and code, parcel shape, size, and slope, and soil quality, among other relevant factors. In this section, we summarize the key findings of the SWOT analysis.

5.1 Classification of characteristics: strengths, weaknesses, opportunities, and threats

- **Strengths** are the characteristics of a site that make it more desirable for development. The strengths of a site are assessed from an internal perspective as well as through the eyes of outside investors or other economic agents.
- **Weaknesses** are the characteristics of a site that make it less desirable for development. Weaknesses can be categorized as real, perceived, or unknown areas of weakness.
- **Opportunities** are external factors that a site could take advantage of to achieve more successful development outcomes. The opportunities of a site in the future are approached broadly and strategically.
- **Threats** are external factors that could limit the ability of a site to achieve successful development outcomes. Threats to a site can be categorized as real, perceived, or unknown. Understanding the underlying issues and causes of a threat, as well as minimizing their impacts are methods by which to mitigate their damage to a site.

5.2 Downtown Milwaukie neighborhood characteristics

Describe

5.3 Central Milwaukie neighborhood characteristics

Describe

5.4 Texaco Site

Describe

5.5 Dark Horse Site

Describe

5.6 Graham Site

Describe

5.7 Cash Spot Site

Describe

5.8 Triangle Site

Describe

5.9 Murphy Site

Describe

5.10 McFarland Site

Describe

6 Implications of Market Analysis for individual Opportunity Sites

In this section we apply our findings from the previous sections to identify viable use(s) for each site. Additionally, we identify key implications for development of each site. Note that these findings are based on quantitative research into demographic and market data, along with qualitative input from a Development Roundtable conversation with local developers and community feedback and input into a SWOT analysis. Using these multiple methods of evaluation, we achieve a more complete picture of the development potential for these Opportunity Sites.

6.1 Texaco Site

A potentially viable use for the Texaco Site is mixed-use residential development with ground-floor retail. This is consistent with the feedback received from developers at the Development Roundtable and feedback received at the October 3, 2013, Kickoff Event⁹. Public feedback overwhelmingly supported demand for more restaurants and retail space downtown, particularly on the ground-floor of buildings.

Another potential use for the site is a public plaza. As stated in the SWOT analysis, several members of the Project Advisory Committee stated their preference for a public plaza as the best use of the site.

The site could be attractive for development in the short-term, as it can build off of the momentum of the North Main Village project, and provide an attractive “gateway” project for Downtown Milwaukie on McLoughlin Boulevard.

Development on the site, however, is not without challenges. The community is divided over exactly what good development looks like, with little consensus on the appropriate number of stories. Additionally, the community has concerns and questions about affordable housing and senior housing, which may be attractive for developers, given the lack of a proven market in Downtown Milwaukie for successful, market-rate residential development.

Finding a way to replace the current uses on the site is a challenge, as the community strongly supports the Farmers’ Market, and the site provides a substantial portion of Downtown’s public off-street parking. That means that development of this site will depend upon implementation of the South Downtown Plan, specifically the construction of a public plaza that can be a new home for the Milwaukie Farmers’ Market.

⁹ Feedback at the kickoff event was regarding downtown in general and not specific to individual opportunity sites, but strongly supported active ground floor uses, including retail and restaurants, and (to a lesser degree) additional housing Downtown.

Most likely, successful development of the site will require structured parking (most likely on-site, but possibly at an adjacent or nearby location), both to replace the existing parking, and to accommodate the new retail and residential development on-site. The cost of structured parking, coupled with the relatively low rents in Milwaukie, will provide a substantial challenge to achieving short-term implementation of development on the site. If future phases of this project identify a financing gap for development concepts on this site, then it will be critical for the City to identify public-private partnerships to bridge this gap.

Potential strategies include transferring the land to private developers for a low price, and/or for the City to take responsibility for funding construction of the structured parking garage (either on site or on the adjacent city-owned half block directly south of the Texaco Site). These strategies, however, may require a large financial investment from the City, and City Council and the residents of Milwaukie will naturally want to have an earnest discussion of the benefits and costs of any public investment in these development efforts.

The intention of this market study is not to answer all of these questions, but simply to identify that mixed-use residential development is a potentially viable use for this site. During the next phase of the project, the ECONorthwest Team will create several potential Development Concepts for the site, and test the financial feasible and community support for those concepts. It is during that phase of the project that the City will home in on these challenges and consider potential strategies to overcome them.

6.2 Dark Horse Site

A potentially viable use for the Dark Horse Site is mixed-use residential development with ground floor retail. As with the Texaco Site, this use is consistent with feedback from developers and the general public.

While the Texaco Site has potential for other uses (potentially office, potentially structured parking), the Dark Horse Site is perhaps more specifically suited for residential above retail. SE 21st Ave is perceived as a quieter and calmer street than SE McLoughlin Blvd, which is attractive for many households. Additionally, the narrow shape of the parcel makes a structured parking garage on the Site more challenging.

The presence of Milwaukie Lumber across the street from the Dark Horse Site was considered as a potential challenge for residential development, but feedback from the Development Roundtable and the Project Advisory Committee suggested that the lumber yard should not hurt demand for residential development on the site. Not only is the lumber yard a well recognized local business, but it lends to the small town feel of the site, and conducts business during regular business hours.

6.3 Graham Site

A potentially viable use for the Graham Site is adaptive reuse of the existing building for a commercial use. Although a restaurant is the preferred use at this time, retail services or office space could potentially work on the site.

Because the Graham Site had not been selected as an official Opportunity Site at the time that the Development Roundtable occurred, we received limited input on the site from developers. A site visit is currently being scheduled, and one or more interested developers will be invited to inspect the inside of the building, and provide additional input on the possibilities for adaptive reuse.

In many communities across the Portland region, achievable rents are too low to justify the risk of new construction. A popular solution to this problem is adaptive reuse of existing buildings. This creates high-quality space for a relatively low cost, and allows developers to test the market potential. In areas within Portland like the Alberta, Mississippi, Sellwood, and St. Johns commercial districts, adaptive reuse has rejuvenated once-struggling commercial areas, and has started to give way to new development.

Milwaukie could pursue a similar strategy, with adaptive reuse projects prioritized over new development in the near future. The Graham Site offers great potential to transform an existing vacant building into an attractive commercial space.

6.4 Cash Spot Site

A potentially viable use for the Cash Spot Site is “ground floor” retail on Main Street, with mixed-use residential above and structured parking along the McLoughlin Blvd frontage.

The slope of the site makes a structured parking garage a compelling component of development on the site, as one or two floors of parking could be provided between the change in elevation from McLoughlin Blvd to Main St. Above the parking, ground floor retail at the Main St level would be desired. This retail would benefit from great views of the Willamette River and Kellogg Lake, as well as the proximity to the planned public plaza at the intersection of Main St and Adams St, and proximity to the light rail station. Multiple levels of residential, or potentially office space, would make sense to develop above the retail space. This mix of uses was the consensus preferred use from the Development Roundtable.

Previous planning efforts for this area culminated in the South Downtown Plan, which called for an “L” shaped building on the site, and a pedestrian bridge to cross McLoughlin Boulevard. The viable uses we have identified for the site do not preclude these elements of the South Downtown Plan, nor do they require these elements. For example, the “L” shaped building requires acquisition of privately-owned parcels at the corner of the site, and demolition of the existing buildings there. While this would be ideal from the perspective of new development, feedback from the Development Roundtable stated that this was unnecessary for new development to occur on the site. Similarly, a pedestrian crossing over McLoughlin Boulevard

would be desirable, but potentially very expensive, and again is not an essential project element from the perspective of private developers.

One alternate possibility for the site would be to develop it entirely as a structured parking garage, providing multiple stories above and below the Main Street level. Community members – both during the Project Advisory Committee meetings and the Kickoff Event – articulated concerns over the lack of parking near the light rail station. This site could potentially allow for a relatively large parking garage to serve all of downtown, without much of the expensive cost of excavation for below-grade parking, and without building a structure that towers many stories above Main Street.

Developing the site as solely a parking garage would have a few challenges. No private developer would develop a freestanding parking garage, which means it would require substantial public funding. The site would have limited or prohibited access from McLoughlin Blvd and Washington St, but access on Main St could clash with the proposed public plaza and the desired retail uses. Additionally, parking garages are typically less attractive than commercial or residential development, which means careful attention would need to be paid to the building façade, to ensure an attractive building on the site. It is unlikely that ODOT would permit access to the site from McLoughlin Blvd, which would require access from Washington St or Main St. Lastly, the site has great views of the Willamette River and Kellogg Lake, and those views would largely be squandered with development of a parking garage instead of other uses.

6.5 Triangle Site

A potentially viable use for the Triangle Site is transit-oriented retail space or a food cart pod.

Traditional uses (office, residential, retail, industrial) would be very challenging to build on the site, due to its small size and unique shape. The site offers virtually no space for parking, which would be required to support any traditional uses. While the City could potentially waive the regulatory requirements to provide parking, some parking may still be viewed as necessary from a market perspective.

Given these challenges, feedback from the Development Roundtable was to focus on small-scale development that could be accommodated on the site without parking and would focus on serving passengers of the new light rail station. Potential uses could include a coffee shop, café, or bicycle shop, or other “micro scale” retail, all of which would be consistent with previous plans and development concepts considered for the site. These businesses could potentially cater to students of nearby Milwaukie High School as well as light rail passengers.

Another potential use for the site would be a food cart pod. However, at the October 3, 2013, Kickoff Event, members of the public had mixed responses to a question of whether or not they wanted food carts in Downtown Milwaukie. More attendees were opposed to food carts than supported them, and a large portion of the audience was undecided.

It is possible that food carts could serve as a temporary use on the site until transit ridership patterns have been established and other public improvements (like the proposed plaza) have been made in the area. Then, in the future, a more permanent development could occur on the site.

6.6 Murphy Site

Viable uses for the Murphy Site are undetermined at this time. While developers understood the benefits of developing the site as residential (potentially senior housing or affordable housing), the site was viewed as less competitive for these uses than the Downtown Opportunity Sites. Given market conditions, it was speculated that light industrial, flex space development might be the only feasible use for the site in the foreseeable future.

The property owner for the site is actively participating in the Moving Forward Milwaukie project, and is eager to explore any and all realistic opportunities for development. Currently, however, there is no clear consensus on potentially viable uses, as City plans, community vision, surrounding uses, and market trends all suggest different uses for the site.

City plans have long identified the site as a location for high-density institutional/employment uses due to its proximity to Providence Hospital. Those plans may need to be revisited as they also assumed the location of a light rail transit station on the site. Also, market demand for office and retail space in the Milwaukie area is insufficient to develop a site as large as the Murphy Site. Industrial uses are more feasible based on market conditions, but heavy industrial uses would be inconsistent with the nearby residential uses, and light industrial uses (like warehouses) have relatively low density of employment (jobs per acre).

Additional feedback from the City Council and the general public, as well as ongoing conversations with the property owner will be necessary to identify potentially viable uses for the site. An interview with the property owner is scheduled for October, and the public will have an opportunity to provide input during a public workshop scheduled for October 29, 2013.

6.7 McFarland Site

Viable uses for the McFarland Site are undetermined at this time. Feedback from the Development Roundtable called out the large size, potential rail access, proximity to Hwy 224, and perceived weak market demand for other uses as reasons that the site would be most appropriate for light industrial development. However, the adjacent single-family homes, the planned “quiet zone” for the railroad, and proximity to retail shopping opportunities along Hwy 224 led other developers to suggest the site would be most appropriate for residential or mixed-use development.

City plans have long identified the site as a location for high-density residential with structured parking and limited retail. Feedback from the Project Advisory Committee suggested that the adjacent residential areas are one of the quietest neighborhoods in Milwaukie, and therefore residential development on the site could be the most appropriate use.

Additional feedback from the City Council, the general public, and the property owner will be necessary to identify viable uses for the site. We are in the process of scheduling an interview with the property owner, and the public will have an opportunity to provide input during a public workshop scheduled for October 29, 2013.

Attachment A:
Development Roundtable #1 – Meeting Notes

Meeting Notes
Moving Forward Milwaukie: Developer Roundtable #1
Milwaukie City Hall, 10722 SE Main St
September 17, 2013, 9:00am-12:00pm

Attendees

Developers:

- Matt Brown – Williams & Dame
- Greg Specht – Specht Development
- Mary Hanlon – Hanlon Development
- David Hassin – Terrafirma
- Dwight Unti – Tokola Properties
- Jodi Enos – Northwest Housing Alternatives

City of Milwaukie:

- Jeremy Ferguson, Mayor
- Steve Butler, Community Development Director
- Li Alligood, Project Manager - Associate Planner
- Ryan Marquardt, Senior Planner

Consultants:

- Nick Popenuk, Project Manager - ECONorthwest
- Scott Fregonese, Project Manager – Fregonese Associates
- Abe Farkas - ECONorthwest
- Tessa Krebs – ECONorthwest
- John Fregonese – Fregonese Associates
- Leila Amman – Fregonese Associates

Other:

- Meganne Steele, Metro
- Megan Gibb, Metro

Downtown Opportunity Sites

- **Large-scale Challenges**
 - Low rental rates and housing prices in Milwaukie
 - Can't build anything with current retail rates (Mary)
 - Median housing prices are so low. Cannot see how anyone can build without financial incentives. Current rents will not yield high-quality new development. (Mary)

- Rents low and vacancy rates low, which is an anomaly. Older units bringing down rent rates. (Jodi)
- “Affordable” housing prices are the same as median housing prices in Milwaukie. Residents of affordable housing are workforce people. (Mary)
- Question from Nick: What would the rental rate have to be for development here to pencil out?
 - Rates would have to be around \$25/sq. ft. or more for commercial. (Dwight)
 - Yield on cost: 8%. Just depends on what you build, what the permit costs. 8% is probably the floor. If you’ve got a credit tenant¹ and employment use you might be able to get below that. (Greg)
- High construction costs with low rental rates create a gap; need financial tools available to fill it. (Matt)
- Private property owners sometimes want to hold out; that is dangerous. The danger of a “legacy” project for private property owners is that they’ll hold out to be the last person in to make the most money. City cannot bank on getting a lot of money from developing these sites. (Matt)
- Scattered Nature of Properties
 - Any project will be pioneering. Scattered nature of properties could be a challenge to create your own market. Can’t set the tone for the neighborhood. They’re infill projects, so you’re counting on the stuff around them. Would be better if all sites next to each other. (Matt)
- Existing Buildings in Downtown
 - I think it’s great that the City is looking into these. I always felt Milwaukie had a sense of place and community. I’m not a new construction, large developer. But I do understand the ability to rent or sell at market rate is critical. If I look at the stuff I’ve been involved in: medium-density infill in close-in neighborhoods in Portland. Looking into cool, hip, interesting lots around the central core. That will bring in the interesting retail that services those individuals, and helps to buoy the core. Look at Mississippi District, young families move in, then retail and coffee shops move in, and then lease rates come up. Mississippi was \$12 per SF, and now Trammell Crow built something new and the rents are equivalent to the Pearl. It’s a groundswell – residential and retail drive each other and will help to drive up rental rates. Existing buildings: working with owners to bring in services. Have

¹ A tenant with the size and financial strength worthy enough of being rated as an investment grade by one of three major credit agencies: Fitch, Moody’s, or Standard & Poor’s. An investment grade rating is seen as a good sign that the tenant will be able to pay rent, even in economic downturns or specific market slumps. (Definition from www.investorwords.com).

people want to buy houses and property downtown. Opportunities to do new construction are greater after that. (David)

- **Larger-scale Opportunities**

- Good template with streetscape, good bones of the community. Riverfront shows creativity and that you are seriously interested in the development of downtown. (David)
- Opportunity for mix of generations. Milwaukie older residents want to stay and be a part of community. Urban living for long-time residents. They can afford the higher prices/rates. (Dwight)

- **Opportunities and Challenges for each of the sites**

- Site 1: Texaco (McLoughlin & Harrison)
 - Most potential for development if both parking lot properties [including the Texaco Site and the City-owned half block on McLoughlin south of Jackson St] could be developed together. This would be the first site to develop. (Matt)
 - Capitalize on large piece of land and the fact that City owns it and doesn't have to purchase. (Greg)
 - You're adjacent to the North Main Village. That is strength of the site. (Matt)
 - Visible from McLoughlin Blvd. for attracting people driving through. Proximity and view of the riverfront. (David)
 - There's mass there that works. Having said that, that's a big project for Milwaukie, that's a lot of money. (Greg)
- Site 2: Cash Spot (McLoughlin & Washington)
 - Concern about private owner on northeast corner of property. Ideally, would want to develop the entire property, but not impossible. (Greg)
 - Isolated right now from others. (Matt)
 - Grade is very attractive. A lot easier to develop parking structure on that site. (Matt)
 - Proximity to the light rail, access to the river, next to the lake. You have a great opportunity to get people to the water. (David)
- Site 3: Triangle (21st & Lake)
 - Potential for a one-story building such as service retail, food vendors, coffee, etc. (Matt)
 - I love the small retail that collects around transit. People get off and buy their bread and vegetables. (David)
 - Need to know what ridership at station will be before know exactly what type of retail to put there. (Matt)

- Suggest that the City waive all fees, give land to someone to do something really cool and unique. (Greg)
- Drawbacks: Not the size as shown on the map. It's about 1/3 of that. Can't do it right away. Not good for mixed-use. (Matt)
- MAX
 - Concern about lack of parking at the Main St. station. (Matt)
 - Residential around the MAX will drive ridership. I wonder how light rail works when you don't have parking? Do you need more residential within walking distance from light rail station? (David)
- Site 4: Dark Horse Properties (21st between Jefferson and Monroe)
 - Good that it is owned by just one person, which makes it easier to deal with, but bad that it faces a lumberyard and concern about the price of the property. (Greg)
 - Need activation of retail on both sides. (Mary)
 - Lumber yard isn't necessarily a killer, but why would people go back there? I think it's a mixed-use. (Mary)
- Site 5 is to be determined.
- **Uses for the sites**
 - Mixed-Used
 - I would have all mixed use here. (David)
 - If you're going to do it in a mixed-use format, we find it hard to get financing if office is 15% or more of the proposed revenue. We've created some micro spaces for garage storefront. It's 365 SF. I wish we had 10 of them. (Dwight)
 - Grocery store
 - Challenging economic formula. Downtown grocer would work, 5,000 SF or less, but still full-service, however small. Not going to get a trendy, organic store like New Seasons or Trader Joe's. We look at grocery stores as a loss leader to attract residential, similar to how clubhouses used to function in gated communities. (Dwight)
 - City could build and lease to grocer. (Greg)
 - Starting to see more small grocery stores. Green Zebra. (David)
 - Ground-floor retail
 - Will also be a loss leader, but attracts renters to the area and consequently residential development. If you've got 100+ units on the site, you can afford to carry the ground floor retail for a while. You'll need to carry it for the first 5-years. You need those amenities. (Matt)

- Will create a cool street life with interesting businesses. If you can't shop, residents won't want to live in a downtown area. (David)
- Housing: senior or for younger renters
 - My experience is that Milwaukie is competing against other areas with mixed-use development. The young people are mobile and can live anywhere they want. On the flip side, when you look at Milwaukie, you have quite a few people who are older. You're going to lose these people if you can't provide them with senior housing. The solution is: gated parking, elevator service. You need a welcoming environment where they can feel safe and secure. (Dwight)
- Affordable urban project style: tuck-under parking, 2-story does make it cheaper to build. A 1:1 ratio of parking to housing unit. (Dwight)
- Office capacity
 - Part of mixed-use building, but not the center point. Just finishing a 35,000 SF project in NW. We tried small spaces (450-700 SF), very autonomous with their own bathrooms and HVAC systems. Ones that have character and historic feeling. People like autonomy. But it cost us more to develop those smaller spaces. But they leased quickly, and the lease rates are \$30 (modified NNN). (David)
 - Hard to get financing with more than 15% of revenue being generated from commercial space. (Greg)

Central Milwaukie Opportunity Sites

- **Surrounding Amenities**
 - Milwaukie Marketplace developed in 1989; LA company is the owner. Functions for residential shopping: Albertsons, Starbucks, discount shopping stores. (Mayor)
 - Transit: bus on 32nd frequent service. #75 to Hollywood, City of Milwaukie. 31st will go to frequent once Max is in. 28 is local bus route. (Mayor)
- **Opportunities and Challenges for Each of the sites**
 - Site 6: McFarland
 - Background
 - 7.5 acres
 - Surrounded by residential, retail and railroad tracks. Property used to be fence-post treatment plant. (Mayor)
 - Still trying to contact the McFarland property owner (from Tacoma, WA) for an interview. (Nick)
 - Current zoning: Residential (Ryan)
 - McFarland is probably a seller, not a developer. (Greg)

- Uses
 - Housing
 - Housing logical, but interconnect with retail. Potential to create a grid with both. Good parallel to a project in Alexandria, VA. (Mary)
 - City's feeling about more affordable housing is that as long as its good, then it is fine. City doesn't want more development like the other affordable housing units North of the Murphy site – built in the 1940s [Hillside Park and Hillside Manor]. (Mayor)
 - Property is on the back end of retail, but people will drive to it anyway. (Mary)
 - A pedestrian overpass might be needed, but that would be expensive. It could just not be any way connected to the shopping center, but totally separate. (David)
 - McFarland is better for housing than the Murphy site, because you've got the retail right there. (Greg)
- Industrial
 - There is no rail spur. (Mayor)
 - If a spur could be put in, it could attract an industrial company. (Greg)
 - Distribution or manufacturing plant that uses rail – Wilsonville is a good example of similar uses. Industrial use is a viable market. Industrial land values: \$5-8 per foot in area. (Greg)
 - There are significant cost efficiencies with bigger buildings. (Greg)
 - The City will get a lot of flack for industrial property development. Could market it as generating jobs in the area, especially light industrial. Not really high paying, most warehouse jobs are "family wage" but not "high end" and low employment density. (Greg)
- Flex Space
 - Could see potential for industrial use, but also little spaces. Flex space for entrepreneurs that are lower cost. Could be appealing to business looking for lower rental rates, but their own space. (David)
 - It's hard to get a yield that works if its 100% warehouse space, so getting some office mix improves the yield. (Greg)
- Potential Challenges
 - Noise
 - The City is implementing a quiet zone in this area. (Mayor)
 - If train is quiet zone, then not a big problem. Noise impediment is not that big of deal. (Matt)
 - In so many places, there is residential right next door to rail. (David)

- Remediation issue: it is not a brownfield, and no further action is required per DEQ (NFA). More information is needed, but good news that there is NFA associated with property. (Nick)
- Land values around the region for industrial uses are \$5 to \$6 per SF, with a high end of \$8 per SF. (Greg)
- Depends on the occupancy in these submarkets. Rent levels are trending up around the region. But if you're building speculative product, you need to underwrite it. Need to underwrite with absorption with an 8/8.5% [related to the 8% yield discussed earlier]. (Greg)
- Difficult to get public subsidy on light industrial projects. (Greg)
- o Site #7: Murphy
 - Background
 - 6 acres
 - Met with Steve Butler and Bill Monahan. I figured we would go through the huge rezoning exercise on our own. And now we're going to go through it together with the City. (Greg)
 - Former saw mill. Current zoning is funky, but would like to change. To the north of property are a low-rise, housing authority property from the 1940s and a tower from the 1960s. (Ryan)
 - Providence Hospital is not interested in purchasing the space, but we would like to talk more with them. Murphy will do whatever – lease or sell. Murphy does not own corner lot on Harrison and 32nd and that piece is not available for sale. (Greg)
 - Next to the train line - UP main line. A proposed high-speed rail could add 6-12 trains a day that would begin in a few years. The proposal would double-track this line. This is part of the quiet zone. (Mayor)
 - Uses
 - Industrial
 - o Industrial land should not be converted to other uses. Can see this property as light or medium industrial with employment. City should make the property attractive for industrial employer. Probably not a residential or retail site. Worth somewhere around \$5-7 per SF. (Greg)
 - o Reduce minimum FAR. Similar situation on another 6-acre spot near west side light rail. Industrial buildings taking up 40% of land area is barely ok, but is better to be less. (Greg)
 - o I wish that Murphy was a good retail site, so that we could get \$25 per SF, but it's not. (Greg)
 - Medical Related

- Some kind of senior housing or medical facility. Doctor offices are also close-by. Does Providence have interest in campus expansion? Because it is on a bus route and adjacent to Clackamas County low-income site. (Mayor)
- It could be a senior housing site, and it could be a low-income housing site. (Greg)
- Potential Challenges
 - You would need minimum parking ratio of 2.5 or 3.0 per 1,000 SF for industrial. many jurisdictions don't like parking. We own a 50-acre park on the light rail line in Beaverton. Six acres right next to a light rail station that's still vacant. (Greg)

Riverfront Park

- **Plans:** build amphitheater, boat access and visitor parking (Mayor).
- **Wastewater treatment:** fund is in place that will be used to purchase trees, plants, and ways to hide plant. Also will use money for odor control to reduce smell on waterfront. The problem is primarily with the residents to the south of the facility. Noise abatement as well. There is no odor problem in downtown (Mayor).

What is Already In Milwaukie

- **Health Care:** Providence Hospital about a mile away from Downtown; across the street from affordable housing units on 32nd Ave. (Steve)
- **Demographics:** Although the numbers show an aging population, the trend seems to be younger population, primarily from the influence of the Waldorf school relocation, which is bringing higher incomes and families with school-aged children. The Waldorf parents are either moving to Milwaukie or coming to drop off kids. Many young people are trying to come to Portland from around the country. Young people are starting to look for places to settle down with lower house prices and shorter commute to Portland. (Steve)
- **Waldorf School:** Relocated to Milwaukie in 2006. Parents serve on Council and government boards, and want to be a part of the community. The school has 125 K-12 students. (Mayor)
- **Grocery:** Old Albertsons was at 32nd and Harrison [site of the Public Safety Building], now is on the east side of 224 near the McFarland site. Safeway is NE of the Albertsons; on the same side of 224. (Mayor)

Personal Interest in Any Site

- This has been very useful. It's great information. I think you're asking the right questions, rather than handing people a completed plan. Land prices must be higher. And you'll still have a five-year loss leader. The City is in a good position because they own land, so they are in a much stronger position to build something. The

barriers of government support, zoning, and community reaction have been overcome, but still barriers in low rates. (Mary)

- Potentially interested in sites 1 and 2. Would be more interested if his firm did not have to put out a bunch of money into an RFP, but rather be selected by the City based on qualifications and work with City to get what is best. Biggest concern is how the process will unfold and must see 100% commitment from government. (Dwight)
- Potentially personally interested if get help with financial tools. The cost to develop depends on the standard of the building and what they can get in rents. Right now in Milwaukie, there is a gap and how can we fill that gap? Need tools available to fill the gap. Developers will not extend themselves to fill the entire gap. What are the tools I can work with to reduce that? You won't get all the way there, and there will still be some risk from the developer. The City is doing a good job at demonstrating political will with private sector. I would agree with Dwight to select someone on qualifications rather than a detailed and costly RFP. I would ask for RFQ and not RFP. Select someone based on qualifications and give them a period of time to put together a deal. (Matt)
- In other jurisdictions, bureaus skew the whole project. The City must be in communication with the bureaus to make the process smoother. Needs commitment from government and availability of tool box is very important. Look for solutions, not problems. (David)
- Solution to permitting. Efficient permitting does not mean you should be too lenient; goal should be efficiency, objective, predictable, but also stringent. (Matt)

Suggestions/Questions for ECONW

- Pay design firms \$15,000 to \$20,000 to come up with specific idea for site. (Greg)
 - Fregonese will make 2-3 alternatives for each site. Construction and developer costs, floor plans, parking plans. Fregonese: take best site and that's the one that the City can get detailed architectural designs for. (John)
- What are the highest retail rents? (Dwight)
 - Nick to follow-up.
- Market study: where are flex rates for light industrial on Hwy. 224, what is market like for that area? (Greg)
 - ECO to include in market study
- What is the demand for industrial space? (Greg)

Suggestions to City of Milwaukie

- Tools to use

- Tools that City should consider: Transit oriented development (TOD) easement program, reduction in traffic impact fees, waivers of permits, land write-down, urban renewal area (URA), and SDC reduction tools. (Dwight)
- City needs to get fee waivers, expedited land use, permit processing and other ways to get private developers to come in. (Greg)
- Reduced SDCs and expedited permitting. (David)
- Is it valuable to see quotes from City Council to back up work from staff? (Mayor)
 - Actions are the most important, not the quotes. Must get support from community, because elected leaders change. Analysis is in understanding the will of the community, to bring private sector and development to the community. (Matt)
 - Quotes are great! Regulatory process is important, too. Framework is in place on the ground. (Greg)