



Regular Session

RS

Milwaukie City Council

COUNCIL REGULAR SESSION

AGENDA

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

JUNE 6, 2023

Council will hold this meeting in-person and through video conference. The public may attend the meeting by coming to City Hall or joining the Zoom webinar, or watch the meeting on the [city's YouTube channel](#) or Comcast Cable channel 30 in city limits. **For Zoom login** visit <https://www.milwaukieoregon.gov/citycouncil/city-council-regular-session-350>.

To participate in this meeting by phone dial 1-253-215-8782 and enter Webinar ID 831 8669 0512 and Passcode: 023745. To raise hand by phone dial *9.

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

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

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1. **CALL TO ORDER** (6:00 p.m.)
 - A. **Pledge of Allegiance**
 - B. **Native Lands Acknowledgment**

2. **ANNOUNCEMENTS** (6:01 p.m.) **2**

3. **PROCLAMATIONS AND AWARDS**
 - A. **Pride Month – Proclamation** (6:05 p.m.) **4**
 Presenter: Lisa Batey, Mayor
 - B. **Juneteenth – Proclamation** (6:15 p.m.) **5**
 Presenter: Desi Nicodemus, Council President

4. **SPECIAL REPORTS**
 - A. **None Scheduled.**

5. **COMMUNITY COMMENTS** (6:25 p.m.)
 To speak to Council, please submit a comment card to staff. Comments must be limited to city business topics that are not on the agenda. A topic may not be discussed if the topic record has been closed. All remarks should be directed to the whole Council. The presiding officer may refuse to recognize speakers, limit the time permitted for comments, and ask groups to select a spokesperson. **Comments may also be submitted in writing before the meeting, by mail, e-mail (to ocr@milwaukieoregon.gov), or in person to city staff.**

6. **CONSENT AGENDA** (6:30 p.m.)
 Consent items are not discussed during the meeting; they are approved in one motion and any Council member may remove an item for separate consideration.
 - A. **Approval of Council Meeting Minutes of:** **8**
 1. **May 2, 2023, work session,**
 2. **May 2, 2023, regular session,**
 3. **May 9, 2023, study session, and**
 4. **May 16, 2023, work session.**
 - B. **Reappointment of Board and Committee Members – Resolution** **16**

6. CONSENT AGENDA (continued)	
C. Adoption of the Elk Rock Island Workplan for 2023-2024 – Resolution	21
D. Approval of Amendments to the Library Board Bylaws - Resolution	30
E. Authorization of a Contract for the New City Hall Artist – Resolution	42
F. Authorization of a Contract for the Supervisory Control and Data Acquisition (SCADA) System Update – Resolution	45
G. Authorization of a Contract for SCADA Construction Management Services – Resolution	70

Agenda Order Note: Council will conduct the public hearing items 8. A. and 8. B. before the business item 7. A. The estimated times noted below reflect this change in the agenda order.

8. PUBLIC HEARINGS	
A. Supplemental Budget Adjustment – Resolution (6:40 p.m.)	78
Staff: Toby LaFrance, Finance Director, and Michael Osborne, Assistant Finance Director	
B. Housing Capacity Analysis (HCA) / Housing Production Strategies (HPS) Adoption – Ordinance and Resolution (7:00 p.m.)	82
Staff: Joseph Briglio, Community Development Director, and Laura Weigel, Planning Manager	

7. BUSINESS ITEMS	
A. Design and Landmarks Committee (DLC) – Update (8:00 p.m.)	74
Staff: Brett Kelper, Senior Planner	

9. COUNCIL REPORTS	
A. Legislative and Regional Issues – Discussion (9:00 p.m.)	
Staff: Scott Stauffer, City Recorder	

10. ADJOURNMENT (9:30 p.m.)

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

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

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

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

Executive Sessions

The City Council may meet in executive session pursuant to Oregon Revised Statute (ORS) 192.660(2); all discussions are confidential; news media representatives may attend but may not disclose any information discussed. Final decisions and actions may not be taken in executive sessions.



RS Agenda Item

2

Announcements

LEDDING LIBRARY LECTURE SERIES

120 YEARS OF INCORPORATION
THE MAYORS



Mayor's Announcements – June 6, 2023

- **Ledding Library Lecture Series – The Mayors – Wednesday, June 7 (6 PM)**
 - Guests include Mayor Jim Bernard (2001-2009) and Mayor Carolyn Tomei (1998-2001)
 - Join in person, on Zoom, or watch later on Comcast Channel 30 or YouTube
 - Ledding Library, 10660 SE 21st Ave.
- **Bulky Waste Collection - Saturday June 10 or 17 Depending Upon Home Address**
 - Milwaukie's garbage and recycling collectors offer a **curbside pickup for large, bulky items** that do not fit in the weekly collection containers annually.
 - Reach out to your hauler with questions regarding eligible items or other concerns.
 - For more information, visit www.milwaukieoregon.gov/bulkywaste
- **Watershed Discovery Day – Saturday, June 10 (9 AM – 2 PM)**
 - Learn more about what a watershed is and what you can do to improve the water quality in one.
 - Kellogg Creek Park, 11525 SE McLoughlin Blvd.
 - For more information, visit www.jcwc.org/events/watershed-discovery-day.
- **Juneteenth Celebration – Saturday, June 17 (11 AM – 3 PM)**
 - Save the date for a community-led gathering to celebrate, reflect and amplify Black voices in the city.
 - Event takes place at Water Tower Park, 9890 SE 40th Ave.
- **Pride Celebration – Saturday, June 24 (10 AM – 12 PM)**
 - Save the date for a community-led festive gathering to celebrate Pride month with food, activities, booths and more.
 - Event takes place at Scott Park (Next to Ledding Library), 10660 SE 21st Ave.
- **LEARN MORE AT WWW.MILWAUKIEOREGON.GOV OR CALL 503-786-7555**



RS Agenda Item

3

Proclamations & Awards

PROCLAMATION

WHEREAS the fight for equality continues for lesbian, gay, bisexual, transgender, queer, questioning, intersex, asexual, and other historically marginalized members of our community (LGBTQIA+), and the responsibility falls on all of us to form a more inclusive and equitable society, and

WHEREAS June 28, 2023, marks the fifty-fourth anniversary of the Stonewall Uprising, six days of demonstrations sparked by the targeting and arrest by police of gay, lesbian, and transgender bar patrons in violation of their civil rights, an event widely recognized as the beginning of the modern gay rights movement, and

WHEREAS history has failed to properly recognize the role of the leaders of the Stonewall Uprising, including Marsha P. Johnson and Sylvia Rivera, transgender women of color who helped spark this movement, and

WHEREAS in 2000, President Bill Clinton declared June to be “Gay & Lesbian Pride Month” to commemorate the Stonewall Uprising, and in 2009, President Barack Obama expanded the commemoration by declaring June to be “Lesbian, Gay, Bisexual, and Transgender Pride Month,” and

WHEREAS despite the progress of recent years, LGBTQIA+ Americans continue to face discrimination and new attacks by state governments and other political figures on the legitimacy of their human rights including their very right to exist.

NOW, THEREFORE, I Lisa Batey, Mayor of the City of Milwaukie, a municipal corporation in the County of Clackamas, in the State of Oregon, do hereby proclaim **JUNE 2023** as **LGBTQIA+ PRIDE MONTH** in Milwaukie in support of our LGBTQIA+ family, friends, and neighbors and to proclaim that love is love, you are valued and welcome, and your city stands with you.

IN WITNESS, WHEREOF, and with the consent of the City Council of the City of Milwaukie, I have hereunto set my hand on this 6th day of June 2023.

Lisa M. Batey, Mayor

ATTEST:

Scott S. Stauffer, City Recorder

PRIDE MONTH
MILWAUKIE

MILWAUKIE PRIDE



**SATURDAY, JUNE 24, 2023 (10AM-12PM)
SCOTT PARK BY LEDDING LIBRARY**

**ELLE CREE PAINT BY NUMBER,
STRONGER SKATEPARK, NCPRD, ENTERTAINMENT, SWAG
FROM TABLING ORGANIZATIONS, LIBRARY ACTIVITIES**

**BRING A PICNIC AND A BLANKET AND HANG OUT!
ALL AGES WELCOME!**

PROCLAMATION

A PROCLAMATION FOR THE COMMEMORATION OF JUNETEENTH AS AN ANNUAL CELEBRATION OF BLACK AFRICAN AMERICAN LIBERATION.

WHEREAS Juneteenth is recognized as the end of chattel slavery in the United States; and

WHEREAS President Abraham Lincoln first issued the Emancipation Proclamation effective January 1st, 1863, declaring enslaved people in the Confederate States to be legally free. However, that proclamation could not be enforced in lands under Confederate control. On April 9th, 1865, Confederate forces surrendered, effectively ending the Civil War. On June 19th, 1865, Union soldiers arrived in Galveston, Texas bringing news of the president's order freeing enslaved people two-and-a-half years after it was first decreed. This day has since come to be known as Juneteenth; and

WHEREAS Oregon's Constitutional ban on both slavery and free African Americans lay the foundation for generations of economic hardship, exclusion, and discrimination against Oregon's Black African American community; and

WHEREAS through other systems of oppression such as sharecropping, Jim Crow, exclusionary and destructive housing and transportation policies, denial and disruption of voting access, and mass incarceration, the plunder of Black bodies and Black wealth continued past slavery and persists to this day, affecting the physical and mental health, safety, and education of Black African Americans; and

WHEREAS despite these obstacles, Black African Americans in Oregon have been and continue to be dynamic and vital community members and leaders within our state; and

WHEREAS Juneteenth has been celebrated in Oregon since 1945, when Clara Peoples moved to Portland from Oklahoma to work at the Kaiser Shipyards and introduced it to her co-workers; and

WHEREAS the City of Milwaukie and the Oregon State Legislature recognize Juneteenth as a legal holiday.

NOW, THEREFORE, we, the City Council of the City of Milwaukie, a municipal corporation in the County of Clackamas, in the State of Oregon, do hereby recognize and proclaim **Juneteenth, June 19th**, as an annual celebration of the past, present, and future of Black African American liberation and those who continue the work to realize that liberation.

IN WITNESS, WHEREOF, we have set our hands on this 6th day of June 2023.

Lisa M. Batey, Mayor

Desi Nicodemus, Council President

Adam Khosroabadi, Councilor

Rebecca Stavenjord, Councilor

ATTEST:

Robert Massey, Councilor

Scott S. Stauffer, City Recorder

Sources and References:

<https://www.juneteenthor.com>

<https://www.ohs.org/events/oregons-enigmatic-black-history.cfm>

<https://nmaahc.si.edu/blog-post/historical-legacy-juneteenth>

Water Tower Park 9880 SE 40th Ave. Milwaukie, OR 97222

**MUSIC
VENDORS
FOOD**

**SATURDAY
6/17/23
11AM - 3PM**

JUNETEENTH 2023

MILWAUKIE WATER TOWER PARK

**FACE PAINT
KIDS GAMES
FUN!**

Sponsored by:
Milwaukie NDAs





RS Agenda Item

6

Consent Agenda

COUNCIL WORK SESSION

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

MINUTES

MAY 2, 2023

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

Staff Present: Joseph Briglio, Community Development Director
Justin Gericke, City Attorney
Kimberly Graves, Municipal Court Judge
Nicole Madigan, Deputy City Recorder
Ann Ober, City Manager
Mary Quinn, Court Clerk

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

1. Municipal Court Check-In – Report

Graves provided an overview of court services, including approximate numbers of citations, trials, and code cases the court manages in a year and the role of the judge.

Graves discussed potential growth opportunities for the court, such as partnering with the city's behavioral health specialist, expanding services to include misdemeanors, and using court appearances to engage with individuals needing support.

Graves presented information on state grant funding for community court programs. The group discussed how Community Court could work in Milwaukie and how the behavioral health specialist partners with the court.

2. Rent Relief Update - Report

Briglio provided an update on the city's rent assistance work, including the use of federal COVID-19 pandemic funding and the impact of inflation on rental costs. **Briglio** and **Ober** summarized that renter assistance efforts had been successful, and the group noted local, county, and state assistance programs for those in a housing crisis.

Councilor Khosroabadi, Ober, and Briglio noted that the rent assistance programs supported by the city were still available. However, the city's pandemic-era financial support had ended.

3. Legislative and Regional Issues – Discussion

Ober and **Mayor Batey** discussed travel arrangements for Council's May 9 visit to a 23-hour stabilization center in Eugene, Oregon, and they noted the status of the state legislature's session and bills the city had been tracking.

Mayor Batey remarked on a draft Council letter supporting a proposed state electric bike (e-bike) rebate program. The group discussed local e-bike programs, the drafted letter, and **Council President Nicodemus** expressed concern about people with privilege getting a rebate. There was a Council consensus to support the letter.

Mayor Batey asked for input on a request from the League of Oregon Cities (LOC) to sign a letter supporting enterprise zones and similar legislation. The group discussed the letter, and there was a Council consensus to sign on to the LOC letter.

Councilor Stavenjord commented on a draft of the Council goals cover letter, and there was Council consensus to publish the letter.

Councilor Stavenjord provided an overview of a proposed letter in support of state gun regulations and noted that the letter had been requested by Milwaukie High School (MHS) students. The group discussed the proposed gun control bills, and there was Council consensus that **Stavenjord** and **Council President Nicodemus** would draft a letter for Council to consider at a future meeting.

Mayor Batey reported that metro area mayors would publish a letter in opposition to a proposed housing bill. The group commented on how the housing bill had been drafted, how it might be amended, and whether it would pass the legislature.

4. Adjourn

Mayor Batey adjourned the meeting at 5:30 p.m.

Respectfully submitted,

Nicole Madigan, Deputy City Recorder

Scott Stauffer, City Recorder

COUNCIL REGULAR SESSION**MINUTES**

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

MAY 2, 2023

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

Staff Present: Ryan Burdick, Police Captain
Steve Adams, City Engineer
Justin Gericke, City Attorney

Nicole Madigan, Deputy City Recorder
Ann Ober, City Manager
Peter Passarelli, Public Works Director

Mayor Batey called the meeting to order at 6:03 p.m.

1. CALL TO ORDER

A. Pledge of Allegiance.

B. Native Lands Acknowledgment.

2. ANNOUNCEMENTS

Mayor Batey announced upcoming activities including the start of the Milwaukie Farmers Market season, neighborhood district association (NDA) elections, and several annual community plant sales. **Batey** also noted that May is American Wetlands Month.

3. PROCLAMATIONS AND AWARDS**A. Mental Health Awareness Month – Proclamation**

Burdick and **Gary Marschke** with the National Alliance on Mental Illness (NAMI) Clackamas introduced the proclamation and remarked on the work of addressing mental health issues. **Mayor Batey** proclaimed May 2023 to be Mental Health Awareness Month.

B. National Law Enforcement Week – Proclamation

Burdick commented on the sacrifices made by law enforcement officers in the line of duty. **Mayor Batey** proclaimed May 14-20, 2023, to be Law Enforcement Week.

C. Teacher Appreciation Week – Proclamation

Council President Nicodemus remarked on the importance of recognizing educators and **Mayor Batey** proclaimed May 7-13, 2023, to be Teacher Appreciation Week.

D. Public Service Recognition Week – Proclamation

Mayor Batey and **Ober** commented on the importance of public service and the work of city staff. **Batey** proclaimed May 7-13, 2023, to be Public Service Recognition Week.

4. SPECIAL REPORTS

A. Milwaukie Community Center (MCC) Update – Report

Wilda Parks, MCC Board Member, thanked Council for the opportunity to serve on the MCC Board and remarked on the center's recent name change. **Parks** and **Mayor Batey** noted the center's upcoming fundraiser dinner and that MCC Board Member Virginia Seitz was also present.

Marty Hanley, MCC Director, provided an overview of the center's history, noting that the center was run by the North Clackamas Parks and Recreation District (NCPRD), and reported on the center's programming including geriatric social, transportation, nutritional, and recreational services, and facility rentals. **Hanley** and **Parks** remarked on the MCC Board's interest in expanding the services offered to all age groups.

Mayor Batey, **Parks**, and **Hanley** noted plans to add a mural and that there was an artisan gift shop at the center. They commented on the revenue generated by the weekly bingo night event and how the MCC Foundation used its funds to support social service programs.

The group commented on the center's upcoming fundraising dinner.

Councilor Massey asked if the board felt whether anything could be added to the center to improve its use and **Hanley** suggested that an expanded pavilion at the Sara Hite Memorial Rose Garden would enhance the garden's usability as an outdoor venue. **Parks** remarked on the possibility of doing a better job of getting the word out about the lunches offered at the center.

Mayor Batey and **Hanley** noted that the rose garden was maintained by NCPRD staff and community volunteers.

The group noted that the transportation services offered by the center were for community members aged 60 and older. They remarked on public transit options to the center and North Clackamas Park. **Councilor Khosroabadi** and **Hanley** noted that the rose garden could be used for performing arts activities.

B. Oregon Department of Transportation (ODOT) Projects – Report

Shelli Romero, ODOT Region 1 Area Manager, **Tiffany Slauter**, ODOT Region 1 Traffic Operations Engineer, **Tova Peltz**, ODOT Deputy Division Administrator, **Reem Khaki**, ODOT Project Manager, and **Terry Song** with CONSOR Engineers, introduced themselves. **Romero** explained the geographic area covered by ODOT Region 1 and noted ongoing ODOT projects in Milwaukie

Romero provided an overview of the project along Hwy 224 from 17th Avenue to Rusk Road, noting the project schedule. **Mayor Batey** and **Romero** noted the Americans with Disabilities Act (ADA) ramp and sidewalk work included in the 17th to Rusk project. **Peltz** noted crosswalk closures that would occur as part of the project and explained how such closures are determined.

Song discussed ODOT's plans to close or enhance crosswalks along Hwy 224 at 17th Avenue, Edison Street, Lake Road, and Rusk Road and the group commented on the proposed sidewalk closures.

Councilor Stavenjord remarked on the patch work of city and state projects scheduled along Hwy 224 and elsewhere and asked about the plan for keeping Council informed

on the projects progress. **Adams** explained how city staff and contractors and Clackamas County project managers would provide updates to Council.

Councilor Stavenjard asked about the integration of the city's Transportation System Plan (TSP) update and the noted ODOT projects. **Adams** and **Romero** reported that city and state staff had been in communication about TSP and transportation project funding, approval, and coordination.

Mayor Batey and **Slauter** discussed the type of sensor signals to be installed on Hwy 224 and whether the signals will be able to distinguish between vehicles and bicycles.

Slauter reported on other ODOT projects that would result in sidewalk closures in Milwaukie at Hwy 99E and Ochoco Street and Hwy 99E and Jackson Street and Jefferson Street, and a signal improvement at Hwy 224 and Oak Street. **Mayor Batey** remarked on community support for the Oak Street enhancement.

5. COMMUNITY COMMENTS

Mayor Batey noted that no audience member wished to speak to Council.

6. CONSENT AGENDA

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

A. City Council Meeting Minutes:

1. April 4, 2023, Work Session, and
2. April 4, 2023, Regular Session.

B. Resolution 22-2022: A resolution of the City Council of the City of Milwaukie, Oregon, amending the bylaws of the Audit Committee.

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

7. BUSINESS ITEMS

A. None Scheduled.

8. PUBLIC HEARING

A. None Scheduled.

9. COUNCIL REPORTS

Councilor Khosroabadi reported on a meeting with Clackamas County Water Environment Services (WES) staff regarding their work to revise WES' system development charges (SDC) methodology. **Khosroabadi** suggested the city revisit its SDCs and construction excise tax (CET) program. The group noted that WES' SDCs would be considered by the Clackamas Board of County Commissioners (BCC) soon and commented on WES' proposed budget.

Ober and **Passarelli** noted the city's recent work to adopt a tiered SDC rate structure for wastewater and were looking at a similar approach for water SDCs. **Passarelli** reported that the city's budget considered WES' costs.

Council President Nicodemus and **Ober** reported that Ben Johnson, the city's representative to the NCPRD District Advisory Committee (DAC), had resigned due to a

work-related conflict of interest. **Nicodemus** noted that NCPRD was looking at referring a ballot measure to voters regarding the creation of an independent NCPRD Board.

10. ADJOURNMENT

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

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

Mayor Batey adjourned the meeting at 7:52 p.m.

Respectfully submitted,

Scott Stauffer, City Recorder

COUNCIL STUDY SESSION

Hourglass Community Crisis Center
University of Oregon, The Guest House
www.milwaukieoregon.gov/meetings

MINUTES**MAY 9, 2023**

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

Staff Present: Ann Ober, City Manager
Luke Strait, Chief of Police
Glen Suchanek, Behavior Health Specialist

Mayor Batey called the site visit to order at 3:00 p.m.

Council and staff participated in site visits at two locations in Eugene, Oregon. They heard reports on the facility operations. Council took no actions.

1. Columbia Care Hourglass Community Crisis Center – Site Visit

71 Centennial Loop Suite A, Eugene, OR 97401

2. University of Oregon, The Guest House

1057 Patterson St, Eugene, OR 97401

3. Adjourn

Mayor Batey adjourned the site visit at 5:00 p.m.

Respectfully submitted,

Ann Ober, City Manager

COUNCIL WORK SESSION

Ledding Library, 10660 SE 21st Avenue
(www.milwaukieoregon.gov)

MINUTES

MAY 16, 2023

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

Staff Present: Suzanne Couttouw, Administrative Specialist II Ann Ober, City Manager

Mayor Batey called the meeting to order at 3:30 p.m.

1. Equity Training

Council participated in an equity training session.

2. Adjourn

Mayor Batey announced that after the work session Council would meet in executive session pursuant to Oregon Revised Statute (ORS) 192.660 (2)(e) to conduct deliberations with persons designated by the governing body to negotiate real property transactions.

Mayor Batey adjourned the meeting at 5:30 p.m.

Respectfully submitted,

Ann Ober, City Manager

COUNCIL STAFF REPORT

To: Mayor and City Council
Ann Ober, City Manager

Date Written: May 12, 2023

Reviewed: Nicole Madigan, Deputy City Recorder

From: Scott Stauffer, City Recorder

Subject: Reappointments to City Boards and Committees

ACTION REQUESTED

Council is asked to approve a resolution making reappointments to boards and committees (BCs).

HISTORY OF PRIOR ACTIONS AND DISCUSSIONS

The individuals listed below for reappointment were previously appointed by Council to the BC positions they currently hold. They were originally recommended for appointment by interview panels consisting of members of Council and BC staff liaisons and representatives.

In recent years, it has been Council's policy to reappoint BC members if they are eligible for another term and are interested in continuing to serve.

ANALYSIS

Authority to fill city BC vacancies is granted to the Mayor and Council by Section 26 of the City Charter. To fill vacant positions, members of Council, and appropriate staff liaisons and BC chairs, conduct interviews from applications received by the city. The interview panel makes appointment recommendations to Council, which considers and typically approves recommendations through the regular session consent agenda. Appointed individuals serve for a term length determined by the Milwaukee Municipal Code (MMC). Upon the completion of a term, if the individual is eligible, they may be reappointed by Council to serve another term.

BC appointments are made when a term has expired or when a position has been vacated. BC terms expire on June 30, but appointments are also made as needed to fill vacancies. Some BCs have positions nominated by neighborhood district associations (NDAs) instead of by an interview panel. NDA-nominated appointments are noted where applicable.

All BC positions are term limited, meaning there is a limit to the number of times that members can be re-appointed. Of the **26** recommended appointments below, **five** have been reappointed to their current position once before (noted with a single *), and **two** have been reappointed twice before (noted with two **).

BUDGET, CLIMATE, & WORKLOAD IMPACTS

There are no fiscal, climate, or workload impacts associated with the recommended actions.

COORDINATION, CONCURRENCE, OR DISSENT

The office of the city recorder (OCR) worked with BC staff liaisons to confirm that the individuals listed below would like to continue serving in their current BC positions.

STAFF RECOMMENDATION

Staff recommends making the following appointments:

Arts Committee: two-year terms, limit of three consecutive terms.

Position	Name	Term Start Date	Term End Date
1	Joshua Freeman	7/1/2023	6/30/2025
2	Jeanette Owen	7/1/2023	6/30/2025
7	Samantha Swindler*	7/1/2023	6/30/2025
8	Mark McCrary	7/1/2023	6/30/2025

Audit Committee: two-year terms, limit of three consecutive terms.

Position	Name	Term Start Date	Term End Date
3	Mary Rowe**	7/1/2023	06/30/2025

Budget Committee: four-year terms, limit of two consecutive terms.

Position	Name	Term Start Date	Term End Date
2	Mary Rowe*	7/1/2023	6/30/2027

Design and Landmarks Committee (DLC): two-year terms, limit of three consecutive terms.

Position	Name	Term Start Date	Term End Date
2	Tracy Orvis*	7/1/2023	6/30/2025
3	Ryan Lowther	7/1/2023	6/30/2025

Equity Steering Committee (ESC): two-year terms, limit of three consecutive terms.

Position	Name	Term Start Date	Term End Date
1	Cameron Ruen	7/1/2023	6/30/2025
2	Shian Gutierrez	7/1/2023	6/30/2025
3	Nikki Storm	7/1/2023	6/30/2025
4	Dennis Ward	7/1/2023	6/30/2025
5	Elizabeth Start	7/1/2023	6/30/2025

Ledding Library Board: two-year terms, limit of three consecutive terms.

Position	Name	Term Start Date	Term End Date
1	Deepak Kadetodad	7/1/2023	6/30/2025
4	Maryruth Storer	7/1/2023	6/30/2025
5	Shawne Smith	7/1/2023	6/30/2025
7	Krystina Thomas	7/1/2023	6/30/2025

Park and Recreation Board (PARB): two-year terms, limit of three consecutive terms.

Position	Name	Term Start Date	Term End Date
1	Martin Alvarez	7/1/2023	6/30/2025
4	Gary Klein**	7/1/2023	6/30/2025
5	Virginia Pai	7/1/2023	6/30/2025
6	Heather Baskerville	7/1/2023	6/30/2025
7	Ali Feuerstein*	7/1/2023	6/30/2025

Planning Commission: four-year terms, limit of two consecutive terms.

Position	Name	Term Start Date	Term End Date
5	Lauren Loosveldt	7/1/2023	6/30/2027

Public Safety Advisory Committee (PSAC): two-year terms, limit of three consecutive terms.

Position	Name	Term Start Date	Term End Date
1	Ashley Akerberg	7/1/2023	6/30/2025

Tree Board: three-year terms, limit of three consecutive terms.

Position	Name	Term Start Date	Term End Date
5	Jon Brown*	7/1/2023	6/30/2025
7	Gina Dake*	7/1/2023	6/30/2025

ALTERNATIVES

Council could decline to make the recommended appointments, which would result in vacancies on the noted boards and committees.

ATTACHMENTS

1. Resolution

COUNCIL RESOLUTION No.
A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MILWAUKIE, OREGON, MAKING APPOINTMENTS TO CITY BOARDS AND COMMITTEES.

WHEREAS Milwaukie Charter Section 26 authorizes the Mayor, with the consent of the Council, to make appointments to boards and committees (BCs), and

WHEREAS several BC position terms will expire on June 30, 2023, and

WHEREAS the individuals named below currently serve on BCs and have expressed interest in continuing to serve, and

WHEREAS staff recommends the following qualified individuals be reappointed.

Arts Committee:

Position	Name	Term Start Date	Term End Date
1	Joshua Freeman	7/1/2023	6/30/2025
2	Jeanette Owen	7/1/2023	6/30/2025
7	Samantha Swindler	7/1/2023	6/30/2025
8	Mark McCrary	7/1/2023	6/30/2025

Audit Committee:

Position	Name	Term Start Date	Term End Date
3	Mary Rowe	7/1/2023	06/30/2025

Budget Committee:

Position	Name	Term Start Date	Term End Date
2	Mary Rowe	7/1/2023	6/30/2027

Design and Landmarks Committee (DLC):

Position	Name	Term Start Date	Term End Date
2	Tracy Orvis	7/1/2023	6/30/2025
3	Ryan Lowther	7/1/2023	6/30/2025

Equity Steering Committee (ESC):

Position	Name	Term Start Date	Term End Date
1	Cameron Ruen	7/1/2023	6/30/2025
2	Shian Gutierrez	7/1/2023	6/30/2025
3	Nikki Storm	7/1/2023	6/30/2025
4	Dennis Ward	7/1/2023	6/30/2025
5	Elizabeth Start	7/1/2023	6/30/2025

Ledding Library Board:

Position	Name	Term Start Date	Term End Date
1	Deepak Kadetodad	7/1/2023	6/30/2025
4	Maryruth Storer	7/1/2023	6/30/2025
5	Shawne Smith	7/1/2023	6/30/2025
7	Krystina Thomas	7/1/2023	6/30/2025

Park and Recreation Board (PARB):

Position	Name	Term Start Date	Term End Date
1	Martin Alvarez	7/1/2023	6/30/2025
4	Gary Klein	7/1/2023	6/30/2025
5	Virginia Pai	7/1/2023	6/30/2025
6	Heather Baskerville	7/1/2023	6/30/2025
7	Ali Feuerstein	7/1/2023	6/30/2025

Planning Commission:

Position	Name	Term Start Date	Term End Date
5	Lauren Loosveldt	7/1/2023	6/30/2027

Public Safety Advisory Committee (PSAC):

Position	Name	Term Start Date	Term End Date
1	Ashley Akerberg	7/1/2023	6/30/2025

Tree Board:

Position	Name	Term Start Date	Term End Date
5	Jon Brown	7/1/2023	6/30/2025
7	Gina Dake	7/1/2023	6/30/2025

Now, Therefore, be it Resolved by the City Council of the City of Milwaukie, Oregon, that the individuals named in this resolution are appointed to the identified boards and committees of the City of Milwaukie for the term dates noted.

Introduced and adopted by the City Council on **June 6, 2023**.

This resolution is effective immediately.

Lisa M. Batey

APPROVED AS TO FORM:

ATTEST:

Scott S. Stauffer, City Recorder

Justin D. Gericke, City Attorney

COUNCIL STAFF REPORT

To: Mayor and City Council
Ann Ober, City Manager

Date Written: May 25, 2023

Reviewed: Peter Passarelli, Public Works Director, and
Sasha Freeman, Administrative Specialist (as to form)

From: Natalie Rogers, Climate and Natural Resources Manager

Subject: **Elk Rock Island – 2023 Annual Report and Workplan**

ACTION REQUESTED

Council is asked to adopt the 2021 report and workplan for Elk Rock Island by resolution.

HISTORY OF PRIOR ACTIONS AND DISCUSSIONS

January 17, 2017: Council adopted Resolution 17-2017, which authorized the mayor to sign an intergovernmental agreement (IGA) with the City of Portland and Metro to amend Portland's Urban Services Boundary (USB) and Milwaukie's Urban Growth Management Area (UGMA) to add Elk Rock Island to Milwaukie's UGMA.

March 15, 2017: Portland City Council declared Elk Rock Island surplus property and authorized an IGA to dispose of the property and transfer it to the City of Milwaukie.

April 2017: Title to Elk Rock Island was officially transferred from Portland to Milwaukie.

December 2017: Council adopted [Ordinance 2158](#), which annexed Elk Rock Island into the city.

May 2018: Council adopted the 2018 Work Plan for Elk Rock Island

June 2019: Council adopted the 2019 Work Plan for Elk Rock Island

July 2020: Council adopted the 2020 Work Plan for Elk Rock Island

May 18, 2021: Council adopted the 2021 Work Plan for Elk Rock Island

June 07, 2022: Council adopted the 2022 Work Plan for Elk Rock Island

ANALYSIS

The IGA to transfer ownership of Elk Rock Island from Portland to Milwaukie, executed in April 2017, outlines the cities' obligations to legally transfer ownership. As part of the agreement, Milwaukie agreed to provide Portland Parks and Recreation with a written report detailing actions taken and expenditures made since July 1 of the prior year to implement the 2016 Management Plan for Elk Rock Natural Area and work plan and proposed expenditures for the upcoming fiscal year. According to the IGA, the city will submit this report until 2025.

Upon annexation of Elk Rock Island in 2017, North Clackamas Parks and Recreation District (NCPRD) staff offered to fulfill the routine maintenance requirements of the IGA due to the proximity of the island to Spring Park and similarity in habitat management goals. The city and

NCPRD have coordinated on projects and events on the island, including response to the arson events and post-fire management of the site.

Since annexation and informal maintenance agreement, NCPRD natural resources staff have submitted workplans to the city to be included in the annual report. This last fall, NCPRD experienced staff changes in their natural resources team, and in December 2022, the city was notified that NCPRD would no longer be performing work on the island effective immediately. NCPRD continues to maintain Spring Park and perform restoration work within the designated park boundaries. Information on work performed and/or coordinated by NCPRD between June 2022 and December 2022 on the island is limited to staff hours for trash collection and vandalism response (see attached).

Starting January 2023, the public works natural resources division has assumed maintenance responsibilities for Elk Rock Island. Staff have completed regular site and safety inspections and trash collection and maintenance activities. Due to capacity limitations, staff have not been able to perform restoration or revegetation activities on the island beyond basic invasive vegetation monitoring for species of extreme concern and tree assessment and maintenance. The natural resources division is currently recruiting for seasonal employees for 2023 and hopes to increase work on the island if seasonal staff can be secured.

Community groups such as Friends of Elk Rock Island and Spring Park and the Milwaukie Parks Foundation continue to organize cleanup and restoration events at Spring Park and Elk Rock Island, including a recent event in celebration of Earth Day. In addition, staff have coordinated with local environmental groups like North Clackamas Watershed Council to provide assistance at events, but staff have been limited in their engagement due to resource and time constraints.

The attached report provides information on NCPRD, and city actions related to Elk Rock Island for the 2023 fiscal year and expected work plan for the upcoming year. The work plan addresses key intervention actions from the established goals in the 2016 Elk Rock Island management plan:

- 1) Protect water quality; and
- 2) Establish robust and diverse native vegetation communities; and
- 3) Create and maintain vertical and structural complexity; and
- 4) Identify, establish, and protect healthy habitat; and
- 5) Public outreach and community engagement.

BUDGET IMPACT

None.

WORKLOAD IMPACT

Public works natural resources staff are performing basic maintenance activities on Elk Rock Island as these efforts are within their current capacity. Direction to increase work on the island, including restoration activities and engagement with community groups to coordinate events, would require additional resources and staff time as these actions cannot be accomplished with existing resources.

CLIMATE IMPACT

Elk Rock Island is one of Milwaukie's most scenic greenspaces in the city. The island provides many ecosystem benefits and climate adaptation benefits for Milwaukie through diverse and mature canopy and natural resources present on the site. Managing the island to remove invasive species and increase environmental health promotes continued provision of ecosystem benefits for future generations.

COORDINATION, CONCURRENCE, OR DISSENT

City staff coordinated with NCPRD for the submitted materials in this report.

ATTACHMENTS

1. Elk Rock Island 2022/2023 Report and Workplan
2. NCPRD Cost Tracking Document
3. Resolution adopting Elk Rock Island Report and Workplan

Elk Rock Island Work Plan – 2023 FY Report / 2024 Workplan**Spring 2023**

This report was created for the sole purpose of the City of Milwaukie reporting to Portland Parks and Recreation (PP&R) in regards to the City of Milwaukie and PP&R intergovernmental agreement (IGA) for the transfer of Elk Rock Island from PP&R to the City of Milwaukie. City of Milwaukie staff drafted this report template in 2018 and provided it to North Clackamas Parks and Recreation District (NCPRD) to enter a brief summary of tasks accomplished the prior fiscal year (FY) and proposed work plan for the next FY.

Due to staff changes in NCPRD, city staff have completed the below report to the best of their abilities with information shared from NCPRD staff.

FY 2023 Completed Actions:

The actions related to Elk Rock Island during FY 2023 can be broken down into three groups:

1. Collaboration for public safety.

- a. **City of Milwaukie Police:** In coordination with NCPRD, Fire District #1 and response to citizen complaints, the City of Milwaukie police visited the site numerous times to resolve issues.

2. Strategic Actions from PP&R 2016 Management Plan:**a. Goal 1. Protect water quality**

- i. NCPRD cleaned and replaced vandalized signage.
- ii. Dog bags and signs that inform visitors to pick up their dog's waste are managed at several locations.
- iii. City police, city staff and NCPRD worked together to manage off trail impacts like vegetation trampling, soil erosion, trash, alcohol, campfires, etc. at the site.
- iv. City and NCPRD staff helped pick up trash weekly at the site during summer months and every other week the rest of the year (except when high water prevents walking access).
- v. Follow up work from the wildfire recovery including
 - 1. Monitoring soil stability (NCPRD)
 - a. Monitoring native plant establishment
 - b. Controlling weeds within the planted and seeded areas
 - 2. Tree monitoring and assessment for post-fire safety
- vi. Elements of the Management plan that involve Elk Rock Cliff are PP&R responsibility, not the City of Milwaukie/NCPRD.

b. Goal 2. Establish resilient regenerative and diverse native vegetation communities.

- i. NCPRD collaborated to monitor and manage Early Detection and Rapid Response (EDRR) and invasive plant populations including garlic

mustard, false brome, and others. City staff perform basic invasive monitoring within current capacity on the site.

- ii. City and NCPRD staff attended trainings on invasive pest identification including forest insect and disease.
- iii. Follow up work from the wildfire recovery included
 - 1. Monitoring the reestablishment of vegetation on site
 - 2. Monitoring the impacts to trees on site for public safety concerns and tree health declines
- c. Goal 3. Create and maintain vertical and structural habitat complexity**
 - i. When non-native trees are controlled, they are left as snags if they do not pose a risk.
 - ii. Trees and limbs that are damaged by storm events or die naturally will be left as snags if they do not pose a risk to visitors. Branches will be left on the site and may be piled to enhance wildlife habitat.
- d. Goal 4. Identify, establish and protect healthy wildlife habitat**
 - i. Staff conduct basic monitoring and control of invasive weed and wildlife populations
 - ii. Staff participate in the Intertwine Regional Habitat Connectivity Workgroup.
 - iii. Trees and limbs that are damaged by storm events or die naturally will be left as snags if they do not pose a risk to visitors. Branches are left on the site and may be piled to form wildlife habitat if they do not increase fire risk.
- e. Goal 5. Increase community engagement, education, stewardship and awareness**
 - i. In 2022/2023, NCPRD and the city worked with the NPSO and has worked with Friends of ERI and Spring Park (FERISPark) to maintain or increase education and stewardship activities at the site.
 - 1. NPSO has supported the update of the island wide plant species list, monitoring rare plants, weed control, and wildfire recovery.
 - 2. FERISPark conducted tabling events to educate visitors before and on the 4th of July to decrease visitor impacts and increase ownership and value.
 - 3. NCPRD partnered with the North Clackamas Watersheds Council to sponsor an annual restoration focused service event in the winter of 2023
 - 4. NCPRD and the city coordinated with FERISPark on restoration and trash removal events on the site
 - ii. Additional outreach and education have been performed by community and environmental partners such as

1. Upcoming restoration and habitat improvements at or surrounding the site, including:
 - a. Kellogg dam removal project
 - b. NCWC Woody debris installation at Spring Creek
2. Educational tours from Portland State University courses on soil science

FY 2024 Proposed Work Plan

The work plan presented below is a starting point for capturing the management of Elk Rock Island. Due to the change in maintenance responsibilities and limitations in staff capacity at the city, the 2024 workplan is expected to be minimal to match existing resources. City staff plan to utilize seasonal staff and coordinate with community partners to accomplish the work if possible.

The work plan incorporates key intervention actions from the Portland Parks and Recreation September 2016 Management Plan for Elk Rock Island. The work plan below addresses the proposed efforts for the remaining part of the fiscal year and the new fiscal year beginning July 1, 2024.

1. Strategic Actions from PP&R 2016 Management Plan:

a. Goal 1. Protect water quality

- i. Manage signage at the site to educate and encourage visitors to follow rules and protect habitat.
- ii. Collaboration with local enforcement authorities to manage off trail impacts, trash and other types of dumping, fires, alcohol, etc. at the site.
- iii. At minimum, Biweekly monitoring for trash and debris during summer months and when access to island is available during winter.
- iv. Continued wildfire safety and vegetation reestablishment monitoring efforts.
- v. Monitor and ensure that the trail re-routes have stabilize tread and are not contributing to soil erosion.
- vi. Monitor and make recommendations about the social trails and off trail impacts to sensitive habitat
- vii. Elements of the Management plan that involve Elk Rock Cliff are PP&R responsibility, not City of Milwaukie/NCPRD.

2. Goal 2. Establish resilient regenerative and diverse native vegetation communities.

- i. Continue to monitor and manage EDRR and invasive plant populations if resources available.
- ii. Establish relationships with the Native Plant Society of Oregon Portland Chapter (NPSO) and other partners for continued invasive monitoring protocol enhancements
- iii. Explore expanding city participation in Intertwine work groups including the Oak Prairie Working Group and Cascadia Prairie Oak Partnership within staff capacity.

- iv. Continue to train staff on invasive pest identification including forest insect and disease.
- v. Follow up work from the wildfire recovery to ensure public safety
- 3. Goal 3. Create and maintain vertical and structural habitat complexity**
 - i. When non-native trees are controlled, they are left as snags if they do not pose a risk.
 - ii. Monitor for potential hazard trees within the wildfire burn units
- 4. Goal 4. Identify, establish and protect healthy wildlife habitat**
 - i. Trees and limbs that are damaged by storm events or die naturally will be left as snags if they do not pose a risk to visitors. Branches will be left on the site and may be piled to form wildlife habitat if they do not increase fire risk.
 - ii. Continue to build partnerships with volunteers to assist with wildlife monitoring.
- 5. Goal 5. Increase community engagement, education, stewardship and awareness**
 - i. Continue to work with volunteers and volunteer groups to promote stewardship and conservation education, and value at the site.
 - ii. Collaborate to control weeds at the site both in the wildfire burn units and outside of the burn units.
 - iii. Collaborate to remove trash from the site
 - iv. Partner to provide education to visitors to increase knowledge, ownership and value of site.
- 3. Proposed Volunteer events 23-24**
 - i. Spring work with volunteers to control weeds and monitor native plants.
 - ii. Fall 2023 – No Ivy Day: Coordinate with interested community groups and NCPRD to host volunteers on Elk Rock Island and the adjacent Spring Park.
 - iii. Spring 2024 – Earth Day volunteer service event to remove trash and control weeds.

Labor Hours By Site Report

Report Filter: Work Date >= 7/1/2022 Work Date <= 12/12/2022 Site = Elk Rock Island

Site			Hours	Total
Elk Rock Island				
	Vandalism and trash	7/4/2022	3.50	
	Vandalism and trash	7/4/2022	4.00	
	Vandalism and trash	7/4/2022	0.00	
	Vandalism and trash	7/18/2022	1.50	
	Vandalism and trash	7/19/2022	1.50	
	Vandalism and trash	7/19/2022	1.50	
	Vandalism and trash	7/25/2022	1.50	
	Vandalism and trash	7/25/2022	1.00	
	Vandalism and trash	8/2/2022	1.25	
	Vandalism and trash	8/2/2022	1.75	
	Vandalism and trash	8/3/2022	1.00	
	Vandalism and trash	8/8/2022	1.00	
	Vandalism and trash	8/16/2022	1.25	
	Vandalism and trash	8/17/2022	1.50	
	Vandalism and trash	9/6/2022	1.50	
	Vandalism and trash	10/5/2022	2.50	
	Vandalism and trash	10/6/2022	3.00	

COUNCIL RESOLUTION No.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MILWAUKIE, OREGON, ADOPTING A 2024 WORK PLAN FOR ELK ROCK ISLAND.

WHEREAS, in April 2017 the City of Milwaukie agreed to accept transfer of ownership of Elk Rock Island from the City of Portland; and

WHEREAS, central to the transfer was the expectation that Elk Rock Island would be maintained consistent with the 2016 Management Plan for Elk Rock Natural Area; and

WHEREAS, the City of Milwaukie agreed to provide Portland Parks and Recreation an annual report (Work Plan) detailing actions taken to implement the 2016 Management Plan.

Now, Therefore, be it Resolved that the City Council of the City of Milwaukie, Oregon, that the 2024 Elk Rock Island Work Plan, which demonstrates Milwaukie’s commitment to operate and maintain Elk Rock Island as a regional natural area in perpetuity, is acknowledged and accepted.

Introduced and adopted by the City Council on **June 6, 2023**.

This resolution is effective immediately.

Lisa M. Batey, Mayor

APPROVED AS TO FORM:

ATTEST:

Scott S. Stauffer, City Recorder

Justin D. Gericke, City Attorney

Scott Stauffer

From: Pamela Denham <pamdenham@gmail.com>
Sent: Monday, June 5, 2023 9:10 AM
To: OCR
Subject: Tuesdays council meeting

This Message originated outside your organization.

Please remove the ERI management plan for the coming year from the consent agenda.

I have some issues I would like to get answers for regarding this matter. I will either come in person or zoom to the meeting this Tuesday night.

Thank you,

Pam Denham
Secretary Island Station NDA



2416 SE Lake Road, Milwaukie, OR 97222 - 503-550-9282 – northclackamaswatersheds.org

June 6, 2023

TO: Milwaukie City Council

RE: Elk Rock Island Workplan and Ongoing Partnership

Dear Mayor Batey and Councilors Khosroabadi, Massey, Nicodemus, and Stavenjord,

I am writing to express our support for ongoing ecological management, stewardship, and partnership between the City and the North Clackamas Watersheds Council related to both the proposed Elk Rock Island Workplan under discussion this evening, our more long-range partnership around this site, and external funding that has been awarded to upscale the health of this important natural area. I regret that a schedule conflict does not allow me to testify live this evening.

The North Clackamas Watersheds Council and the City have an existing partnership in place around Elk Rock Island, and there are more opportunities available to us. We support the City's efforts at stewardship and are committed to helping in this work.

Ecological and Community Significance

Elk Rock Island and Spring Park have very high ecological significance. The Island creates a side channel and alcove that is critical refugia for salmon, steelhead, and lamprey, which are very rare in the Lower Willamette River due to geology. Elk Rock Island is one of the only places in the Lower Willamette mainstem where salmon and steelhead can find migratory and rearing habitat (USGS, 2018). This is critical habitat to all Willamette River Basin populations, since all must pass through the lower Willamette. That is one reason why the Council, in partnership with the City and NCPRD, has held volunteer projects to install Christmas trees in the alcove to attract insects that salmon feed on and create added complexity.

Spring Park is also known to have cold water springs (thus the name) although the precise locations of them is largely unknown. We have just installed a temperature logger on site, and

have a grant pending (in partnership with the City) to use thermal imaging technology to precisely locate the springs so we can protect them and conduct restoration and fish habitat improvements in those areas.

Elk Rock Island is also important for access to nature by Milwaukie residents. The area has overall low environmental justice scores and has high environmental burdens, including high urban heat island effect (Metro, 2022). Outdoor recreational use of Elk Rock Island is one of the relatively few places in the immediate area open for shady outdoor recreation. Use is likely to increase, which will require active maintenance of trails, vegetation, noxious weed eradication, fire risk, and other activities that inevitably require staff time. We support their inclusion in the workplan.

Funded Salmonid Habitat Enhancement

Because of Elk Rock Island's ecological importance, the Watersheds Council, in partnership with the City, sought and has been awarded \$729,000 from NOAA Fisheries and the Clackamas Partnership to design and construct a large wood habitat enhancement project in the side channel and alcove. The City supported this application and an MOU between the Watersheds Council and the City is pending (see below). This project is slated for 2023-24 design and 2024 construction. While the design process and procurement will be managed by the Watersheds Council, we have and will be working with City staff (Peter Passarelli, Natalie Rogers, Galen Hoshovsky, and others) during the project development and design phases. They should anticipate their involvement in the design process.

Science and Stewardship

We firmly support the City's inclusion of revegetation, invasive weeds management, fire recovery, and stewardship activities from trash cleanup and visitor education to community science. The more of this we can do together, the better. We will always be a willing partner on these projects. Some will be appropriate for volunteer stewardship days as we have organized every winter; others will require staff, paid crews, and other methods.

We also look forward to partnering with the City more to gain ecological knowledge of the Island. With the City's permission we placed a temperature logger on-site this spring, and once City permission is granted, we intend to collect pre-restoration aquatic macroinvertebrate samples, since this is a good indicator of both habitat quality and water quality, for comparison after the large wood project is completed. There are other opportunities for study that we can do together, such as identifying cold water sources, using eDNA or other techniques to understand fish use, and more.

Management Plan

The Management Plan for Elk Rock Island is obviously out-of-date, and reflects neither the current reality of public use of the site nor a realistic level of management resources that the

City (as opposed to PP&R) can anticipate. We support, and if other parties are willing, will help fundraise for, convene and/or play other roles needed to develop a a new management plan for Elk Rock Island and Spring Park for this important site. As we have found with other projects (Kellogg Creek Restoration & Community Enhancement Project, 3 Creeks Floodplain Enhancement Project, and others) our role as a private nonprofit partner can often assist with fundraising and convening.

Partnership Support

We are firmly committed to working with the City and other partners to increase the health of Elk Rock Island for fish, wildlife, and people. Obviously, this partnership does require some City staff time and permission in a way that leverages resources very effectively. It also requires approval processes from the City; as of this writing, that MOU has stalled, the reasons for which are unclear as of this writing. We hope that the pace of this will increase in the future so we can move forward in a timely way to leverage the funding available. We would request that the Workplan address the need for staff to work in partnership to make these processes smoother and avoid unnecessary delays.

Elk Rock Island is an ecological and social gem for Milwaukie, and for the entire lower Willamette River. We look forward to working in partnership with the City to restore and sustain it. Thank You.

Sincerely,

A handwritten signature in blue ink that reads "Neil Schulman". The signature is written in a cursive style.

Neil Schulman

Scott Stauffer

From: Alexis Barton <alexis.barton3@gmail.com>
Sent: Tuesday, June 6, 2023 5:22 PM
To: OCR; Lisa Batey
Cc: p Camdenham@gmail.com; Carolyn Tomei; Charles Bird; evenstar@hevanet.com; Kathy Hyzy
Subject: Qs/comments - Elk Rock Island

This Message originated outside your organization.

Hello, Mayor Lisa (and Scott, and/or Council Members if this is forwarded to them?),

I hope this finds you well and I apologize that this message didn't come through sooner; I've been out in the field this week! I'm writing with my Friends of Elk Rock Island hat on, though I have not communicated directly with any members regarding this beyond the email threads that we've each been on. Lisa, thank you for sending the ERI Work Plan/heads-up about tonight's meeting.

*I unfortunately won't be able to tune in tonight; I don't know if other peoples' attendance and/or this email would prompt you to **remove the ERI from the consent agenda or not** - I've written some big-picture questions and some specific notes on the proposed work plan, and it got verbose so key things are in bold.*

I think my primary question is: How up for editing/elaboration is the work plan? I agree with earlier comments that a budget amount would be helpful, or if not available for this FY it would be good to know the forecast for *when* funding will be either allocated and/or sought. **Perhaps that in itself** (seeking funding, allocating budget for ERI) **ought to be added to the work plan?** More discussion is warranted but I don't want to slow down the processes for approving staff to complete projected work here, either.

A bigger-picture request - in a meeting a while ago with Mayor Mark, he indicated wanting to sit down with the Friends of Elk Rock Island and various land managers to comb through the work planning for ERI. This arose in the context of bigger questions about what exactly the management goals, or desired future conditions (DFCs) of Elk Rock Island are - and the various [classifications across different types of Natural Areas as defined by Metro](#) (pg 51) (which I believe is what was referred to as guiding ERI mgmt) may be misaligned with on-the-ground use, so that classification may need to be revisited to be better reflective. Could we set a time to sit down and look at these items together? Or just to set a meeting on the calendar, and then I can pull together a FERI SPARK meeting and get input in advance of that?

Below please find some specific notes for the Work Plan, too.

Thank you,
Alexis

Specific notes for 2024 Work Plan:

- (Throughout) Clarify verbiage around trash being re: emptying trash cans, versus picking up litter
- Suggest adding the Jan/Feb Christmas Tree tie-down event to the calendar
- I don't feel very clear on in what ways NCPRD will support ERI efforts, perhaps mostly for logistical assistance such as lending trash grabbers, bags, and buckets for litter clean-up events.



Island Station Neighborhood District Association

Exhibit

Charles Bird, Chair
Pam Denham, Secretary

Carolyn Tomei, Vice Chair
Milo Denham, Treasurer

Motto: Celebrating nature in an urban environment.

www.facebook.com/milwaukieisnda

June 2, 2023

Dear Mayor Batey and Councilors,

We have an Urgent public health issue at Spring Park that needs to be dealt with. People love the outdoors and the many parks we have in our city. They flock to them when the weather warms up like these past weekends and they bring picnics, beverages, fishing poles and friends; Spring Park is no exception.

Each weekend since May 13 2023 were hot days and people wanted to cool off near the river. On each of these days there were 40+ cars that were not residents of the neighborhood parked to go to Elk Rock Island and Spring Park. Elk Rock was an actual island as the high water allowed no access to it for many of the days; thus all these hikers, picnickers, anglers and swimmers were all in Spring Park. There are no portable toilets at Spring Park. The nearest public toilet is at Milwaukie Bay Park, 7 blocks (or 0.7 miles) from Spring Park, and this means that all these people are forced to trample native plants and sensitive habitat to pee and poop in the bushes, causing a public health issue, not to mention disgusting pollution of the land and the Willamette River. Having no public toilets at Spring Park would make it appear that the city of Milwaukie is not concerned with public health.

Yes this is a neighborhood park that leads to a much loved larger park within our city; you cannot speak of one park without including the other, they go hand in hand.

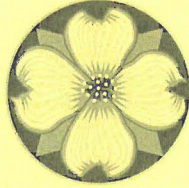
In the past, North Clackamas Parks and Recreation (NCPRD) have at times had portable toilets at Spring Park all year round which is intelligent as this is a very popular park all year round. If they are not there year round we see the portable toilets appear in spring when the weather warms up.

It appears that there is a 'custody battle' situation between NCPRD and city of Milwaukie as to who should supply the toilets. Be that as it may, 2 portable toilets need to be placed at Spring Park immediately. Ultimately it is the responsibility of the city of Milwaukie to see its parks cared for and deal with the public health issue, so action needs to be taken to supply these toilets this week.

With respect and concerns for public health,

Charles Bird
Chair, Island Station NDA

Pam Denham
Secretary Island Station Neighborhood District Association



**CITY OF MILWAUKIE
CITY COUNCIL**

10722 SE Main Street
P) 503-786-7502
F) 503-653-2444
ocr@milwaukieoregon.gov

Speaker Card

The City of Milwaukie encourages all citizens to express their views to their city leaders in a **respectful** and **appropriate** manner. If you wish to speak before the City Council, fill out this card and hand it to the City Recorder. Note that this Speaker Card, once submitted to the City Recorder, becomes part of the public record.

Name: Pam Denham

Organization: Island Station

Address:
Phone:
Email:

Meeting Date: 6-6-23

Topic: _____

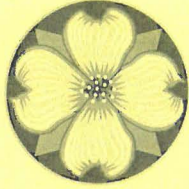
Agenda Item You Wish to Speak to:

- #5 Community Comments
- #7 Other Business, Topic:
- #8 Public Hearing, Topic:

You are Speaking...

- in Support
- in Opposition
- from a Neutral Position
- to ask a Question

Comments: EIK Rock work plan



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Name: MIL O DENHAM

Address:

Organization: ISNDA

Phone:

Email:

Meeting Date: _____

Topic: Eik Rock Island work Plan

Agenda Item You Wish to Speak to:

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- #7 Other Business, Topic:
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You are Speaking...

- in Support
- in Opposition
- from a Neutral Position
- to ask a Question

Comments:

COUNCIL STAFF REPORT

To: Mayor and City Council
Ann Ober, City Manager

Reviewed: Scott Stauffer, City Recorder

From: Brent Husher, Library Director

Subject: **Bylaws Update for Library Board**

Date Written: May 9, 2023

ACTION REQUESTED

Council is asked to review and approved revised Ledding Library Board Bylaws.

HISTORY OF PRIOR ACTIONS AND DISCUSSIONS

[May 8, 2023](#): At its monthly meeting the Library Board reviewed the bylaws and agreed to propose two changes for Council consideration.

ANALYSIS

The Board's current bylaws (see attached, Article 4, Section C) state that board meetings are held the third Monday of each month, but in June 2022, these meetings were moved to the second Monday. The Board's current bylaws (Article 5, Section A) also state that officers are elected in April. However, in January 2022, Council adopted [Ordinance 2213](#) that set June 30 as the board term end date. Accordingly, the Board proposed to move officer elections to July to align with the June 30 term end date.

Both proposed bylaw changes were approved unanimously by the Board on May 8.

BUDGET, CLIMATE, AND WORKLOAD IMPACT

None.

COORDINATION, CONCURRENCE, OR DISSENT

The library director worked with the Board on the proposed changes.

STAFF RECOMMENDATION

Staff recommends that Council approve the proposed bylaw revisions as written.

ALTERNATIVES

Council could decline to adopt the changes, leaving the current bylaws in place.

ATTACHMENTS

1. Resolution
2. Revised Bylaws (clean copy)
3. Revised Bylaws (redline)

COUNCIL RESOLUTION No.

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MILWAUKIE, OREGON,
AMENDING THE LEDDING LIBRARY BOARD BYLAWS.**

WHEREAS the Library Board annually reviews its bylaws and proposes updates to the City Council as appropriate; and

WHEREAS on May 8, 2023, the Board reviewed its bylaws and unanimously agreed to proposed two changes to note the Board’s changed monthly meeting day and to align with changes to the Milwaukie Municipal Code (MMC) related to a new board member term end date; and

WHEREAS the Board is pleased to submit the attached updated bylaws (Exhibit A) for City Council approval.

Now, Therefore, be it Resolved by the City Council of the City of Milwaukie, Oregon, that the Ledding Library Bylaws are amended as outlined in Exhibit A.

Introduced and adopted by the City Council on **June 6, 2023**.

This resolution is effective immediately.

Lisa M. Batey, Mayor

ATTEST:

APPROVED AS TO FORM:

Scott S. Stauffer, City Recorder

Justin D. Gericke, City Attorney

Board of the Ledding Librarywww.milwaukieoregon.gov/bc-lb**BYLAWS**

Adopted

By Resolution

ARTICLE I – NAME

The name of this board is the Board of the Ledding Library.

ARTICLE II – PURPOSE & AUTHORITY

- A. **Purpose.** The purpose of the Board is to advise the City Council on matters relating to library patrons' needs and to be representative of the diverse population that makes up Milwaukie and the Ledding Library service area.
- B. **Authority.** The Board/Committee is authorized by Milwaukie Municipal Code (MMC) Chapter 2.28 in accordance with ORS 357.400 to 357.621.

ARTICLE III – MEMBERSHIP

- A. **Membership.** The Board consists of seven members. Non-City residents residing within the Ledding Library service area are eligible for board membership. No member may be an officer, agent, or employee of the City of Milwaukie.
- B. **Appointment.** As outlined in the MMC, the mayor appoints Board members with the consent of the City Council. As outlined in MMC 2.10.040 and in the city's Code of Conduct for Board and Committee Members, Board members serve at the pleasure of the City Council.
- C. **Term of Office.** Board member terms are for a period of two years. Board members may serve no more than three consecutive full terms unless there is an interval of at least one term before reappointment. Current board members may be reappointed to the board/committee if they do not exceed the established term limits for the board.
- D. **Vacancies.** If a Board member resigns or otherwise vacates their position, the City Council will fill the vacancy in the same manner as the original appointment. Member resignations should be submitted in writing to the chair and staff liaison.
- E. **Code of Conduct.** To ensure the city's boards and committees operate in an efficient, consistent, and orderly manner, and that board members comply with Oregon's public meetings and records laws, the City Council adopted a Code of Conduct for Board and Committee Members. Board members are expected to review, sign, understand, and abide by the Code of Conduct.

ARTICLE IV – MEETINGS

- A. **Open Meetings.** All Board meetings are public meetings as set forth by Oregon's Public Meetings Laws, Oregon Revised Statute (ORS) Chapter 192.
- B. **Meeting Conduct.** Board meetings will be conducted efficiently and transparently as outlined in these bylaws, the MMC, relevant state and federal laws, and by the city's Code of Conduct for Board and Committee Members. Where these bylaws or other city guides do not provide direction, the most recent edition of Robert's Rules of Order will be followed.

- C. Regular Schedule.** The Board will hold regular meetings as determined by the MMC, the City Council, or the chair and staff liaison. The board meets monthly at 5:30 on a Monday agreed upon by the board.
- 1. Special Meetings.** Special meetings may be called at the request of the chair or a majority of the board. If a special meeting is called, the chair and staff liaison will set a date and time taking into consideration such factors as the availability of the board members and staff, and a meeting location.
 - 2. Closed Sessions.** The board may meet in closed, or executive, session as allowed by ORS 192.660(2) and consistent with MMC 2.04.090.
- D. Attendance & Absences.** Board members are expected to attend all meetings, events, and activities of the board. As outlined in the MMC and Code of Conduct, if a member fails to regularly attend meetings, the member may be removed from the board through the process outlined in the Code of Conduct.
- 1. Absences.** If a board member is unable to attend a meeting, it is the member's responsibility to inform the chair and staff liaison before the meeting.
- E. Quorum & Related Matters.** For the purposes of conducting board business, including holding official meetings, a majority, or quorum, is fifty-one percent of the voting membership of the Board.
- 1. Lack of Quorum.** If there is no quorum of board members within 15 minutes following the scheduled start time of a meeting, the meeting is cancelled. If the chair or staff liaison knows that a quorum will not be present at the meeting, they will notify the board members before the meeting about the cancelation.
 - 2. Rescheduling Agenda Items.** If a meeting is canceled due to a lack of a quorum, all agenda items that were scheduled for the cancelled meeting will automatically be placed on the next regularly scheduled meeting agenda unless the chair or staff liaison determines that a special meeting is needed to address the items. The staff liaison will ensure that the required public meeting notices will be posted for the next meeting.
- F. Agenda Order.** The chair and the staff liaison will coordinate and arrange the meeting items as necessary to achieve an orderly and efficient meeting. In general, the order of business will be as follows:
1. Call to Order
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 7. Adjournment
- G. Adjournment Time.** Board meetings will end no later than 6:30pm. However, by majority vote of the members present, the adjournment time may be extended.
- H. Voting.** All Board members who are present at a meeting, including the chair and officers, are allotted one vote each on all motions. The concurrence of a majority of the whole board present shall be required to determine any matter before the board. In the case of a tie vote, the matter fails. When a vote is taken, all members must vote unless a member abstains from voting and cites the reason for abstaining for the record. The board secretary or staff liaison will call the roll, altering the order of members called. The chair will vote last.

- I. **Motions & Related Matters.** Any Board member may make a motion. A motion needs a second to be considered, otherwise it fails.
1. **Reconsideration of Actions Taken.** A board member who voted with the majority may move for a reconsideration of an action at the same meeting only. The second of a motion may be a member of the minority. Once a matter has been reconsidered, no motion for further reconsideration may be made without unanimous consent of the Board.
- J. **Minutes & Related Matters.** The written and approved meeting minutes are the official record of the meeting.
1. **Preparing the Minutes.** The board secretary or city staff will be present at each meeting and will provide written minutes. Written minutes should not be a verbatim transcript but should give a true reflection of the matters discussed at the meeting and the views of the participants. The written minutes must include at least the following information:
 - a. The date, time, location of the meeting;
 - b. Names of the Board members present;
 - c. All motions and proposals;
 - d. The results of all votes;
 - e. The substance of any discussion on any matters; and,
 - f. A reference to any document discussed at the meeting.
 2. **Recordings.** As allowed by state law, all public meetings may be recorded by the city, board, or the public. It will be at the discretion of city staff if an official audio, video, or digital recording of the meeting is created, and if the meeting video is broadcast or streamed live.
 3. **Posting & Approval.** The staff liaison will make the draft written meeting minutes available to the public within a reasonable time after the meeting. The Board will review and vote upon the minutes at its next meeting after the minutes have been written. Approved minutes will be posted on the city's website and retain permanently as required by Oregon Administrative Rule (OAR) 166-200-0235(5)(a).

ARTICLE V – OFFICERS & ASSIGNED DUTIES

- A. **Officers.** The officers of the Board will consist of a chair, vice chair, secretary.
1. **Election of Officers.** Members will elect the officers annually during the first meeting in July. Any member may nominate another member as an officer. Officers may be re-elected. If an officer is unable to complete their term, the board will hold a special election to fill the vacant officer position.
- B. **Duties of the Chair.** The chair will preside and preserve the order of Board meetings, review agendas and confer on business with the staff liaison and sign all documents memorializing board actions. The chair will set reasonable time limits for community comments and testimony.
- C. **Duties of the Vice Chair.** If the chair is absent or otherwise disqualified from serving, the vice chair will perform all duties and be subject to all the responsibilities of the chair. If both the chair and vice chair are absent from a meeting, the remaining members present will elect an acting chair for that meeting.

- D. Duties of Secretary.** The secretary shall take minutes at all Board meetings, distribute them to members to review, submit to the library director for posting on the city's website once reviewed and approved.
- E. Duties of Board Members.** The role of a board member is to participate in the Board's work and activities as assigned by the City Council by attending meetings and events and participating in discussions and decisions. As outlined in the city's Code of Conduct, board members must behave in an appropriate manner when performing their duties as board members in-person and in written or digital communications.
- 1. Meeting Preparation.** Board members must prepare for participation at a meeting by fully reviewing the staff report and any materials provided by city staff.
 - 2. Site Visits.** Before board meetings, members are encouraged to visit sites that are subjects for design review actions. If a board member visits a site, the member will report on the record any information gained from the site visit that is not consistent with the information included in the application or staff report.
 - 3. Compensation.** Board members will receive no compensation for their service. However, the city may reimburse a member for an authorized expense.
 - 4. Conflicts of Interest.** In accordance with ORS 244.120, a member of the Board may not participate in any board proceeding in which any of the following persons or businesses have a direct or substantial financial interest:
 - i. The board member or the spouse, brother, sister, child, parent, father-in-law, or mother-in-law of the board member;
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ARTICLE VI – GOALS & AMENDMENTS

Bylaws of the **Board of the Ledding Library**

- A. Goals.** The board will annually establish project and outcome goals that align with the goals of the City Council and the city. The board will establish an annual workplan to document its progress towards achieving its goals.
- B. Amending the Bylaws.** The board will review its bylaws annually or as necessary and will prepare and propose appropriate bylaw amendments to the City Council. The City Council retains all authority to amend these bylaws as outlined in MMC 2.10.050.
- C. Annual Review.** The board will meet annually with the City Council to review the board's goals, workplan, and any proposed bylaw amendments.

-- Bylaws adopted September 17, 1996; amended January 18, 2011; amended September 19, 2017; amended September 1, 2020; amended December 7, 2021; amended June 6, 2023.



Board of the Ledding Library

www.milwaukieoregon.gov/bc-lb

BYLAWS

Adopted

By Resolution

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The name of this board is the Board of the Ledding Library.

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~~on the third Monday of every month in the Conference Room of the Ledding Library~~ The board meets monthly at 5:30 on a Monday agreed upon by the board.

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ARTICLE VI – GOALS & AMENDMENTS

A. Goals. The board will annually establish project and outcome goals that align with the goals of the City Council and the city. The board will establish an annual workplan to document its progress towards achieving its goals.

Bylaws of the **Board of the Ledding Library**

- B. Amending the Bylaws.** The board will review its bylaws annually or as necessary and will prepare and propose appropriate bylaw amendments to the City Council. The City Council retains all authority to amend these bylaws as outlined in MMC 2.10.050.
- C. Annual Review.** The board will meet annually with the City Council to review the board's goals, workplan, and any proposed bylaw amendments.

-- Bylaws adopted September 17, 1996; amended January 18, 2011; amended September 19, 2017; amended September 1, 2020; amended December 7, 2021; amended June 6, 2023.

COUNCIL STAFF REPORT

To: Mayor and City Council
Ann Ober, City Manager

Date Written: May 25, 2023

Reviewed: Kelli Tucker, Accounting and Contracts Specialist, and
Mandy Byrd, Development Project Manager

From: Jordan Imlah, Communication Program Manager

Subject: **Contract Authorization for City Hall Art**

ACTION REQUESTED

Council is asked to authorize the city manager to sign an artist agreement with Beeman Artworks, LLC for artwork within the future city hall building at 10501 SE Main Street using funding received through the Art in Public Places program.

HISTORY OF PRIOR ACTIONS AND DISCUSSIONS

[July 19, 2016](#): Council adopted Milwaukie Municipal Code Chapter 20.06 to establish the Art in Public Places program.

ANALYSIS

A request for qualifications (RFQ) was sent to more than 50 artists in early January 2023 through an intermediate procurement process. After the RFQ closed in February, the City Hall Art Selection Committee, comprised of community members, city staff, and representatives from the Arts Committee and Bainbridge Architecture (city hall design firm), reviewed the submissions and interviewed five finalists. Following the interviews and committee deliberation, the selection committee voted unanimously to award the project to Beeman Artworks, LLC based on their extensive background in public art projects, commitment to community engagement during the design process, and unique talent to create pieces fusing art with engineering that have proven to captivate people of all ages and backgrounds.

BUDGET IMPACT

The total cost for artwork within the new city hall building, including two unique Milwaukie signs for the third-floor area (lobby and Council chambers) is budgeted at \$135,000.

WORKLOAD IMPACT

Staff will need to coordinate periodic concept and design reviews between the artist and the selection committee, city staff, and other community groups both before and during the fabrication of the artwork. Staff will also help facilitate research about Milwaukie for Beeman Artworks, LLC, as needed, to create pieces that are reflective of the community's values and resonate with the city's identity.

CLIMATE IMPACT

None.

COORDINATION, CONCURRENCE, OR DISSENT

In addition to coordinating with the selection committee to select the artist, staff coordinated with the project steering and management teams for feasibility within the new city hall building regarding the artistic style of Beeman Artworks, LLC and their production timeline.

STAFF RECOMMENDATION

Staff recommends Council authorize the city manager to sign a contract with Beeman Artworks, LLC to create and install artwork in the new city hall building.

ALTERNATIVES

Council could deny authorization of this contract and request staff to reevaluate other procurement processes. This alternative would delay art installation in the building.

ATTACHMENTS

1. Resolution

COUNCIL RESOLUTION No.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MILWAUKIE, OREGON, ACTING AS THE LOCAL CONTRACT REVIEW BOARD, AUTHORIZING A CONTRACT WITH BEEMAN ARTWORKS, LLC FOR ARTWORK CREATION AND INSTALLATION AT NEW CITY HALL.

WHEREAS artistic and cultural resources are essential to the quality of life and foster a positive community identity, and

WHEREAS the city’s Art in Public Places program integrates art into public capital improvement and development projects to ensure those artistic and cultural resources are included in the Milwaukie community, and

WHEREAS Beeman Artworks, LLC was selected through an intermediate procurement process in compliance with Public Contracting Rule 70.020(B) by the City Hall Art Selection Committee to integrate artwork into the new city hall building, and

WHEREAS staff desire to contract with Beeman Artworks, LLC to fulfill the city’s artistic and cultural goals, and meet the requirements of the Art in Public Places program.

Now, Therefore, be it Resolved by the City Council of the City of Milwaukie, Oregon, that the city manager or their designee is authorized to execute a contract with Beeman Artworks, LLC to create and install artwork, and the communication program manager or development program manager is authorized to administer the project in accordance with an authorization of \$150,000.

Introduced and adopted by the City Council on **June 6, 2023**.

This resolution is effective immediately.

Lisa M. Batey, Mayor

ATTEST:

APPROVED AS TO FORM:

Scott S. Stauffer, City Recorder

Justin D. Gericke, City Attorney

COUNCIL STAFF REPORT

To: Mayor and City Council
Ann Ober, City Manager

Date Written: May 24, 2023

Reviewed: Sasha Freeman, Administrative Specialist

From: Peter Passarelli, Public Works Director

Subject: **Supervisory Control and Data Acquisition (SCADA) Public Improvement Contract Award**

NOTE: This staff report is for Council consideration at the June 6, 2023, work session as a discussion item and at the June 6, 2023, regular session as a consent agenda item.

ACTION REQUESTED

Council is asked to authorize the city manager to sign a public improvement contract with Technical Systems, Inc. (TSI) in the amount of \$1,928,682.50 to provide construction services related to the upgrade of the city's SCADA and reject additive alternates, A.1, A.2, and A.3.

HISTORY OF PRIOR ACTIONS AND DISCUSSIONS

1997: City water, wastewater, and engineering staff worked closely with SCADA engineers, designers, and other utilities to design what the city needed in its SCADA system. The system was ultimately designed and built by TSI.

1998: A system was installed and based on radio telemetry carried on dedicated radio frequencies licensed to the city. The system is operated through a highly secure operational interface between the computer software, radios, programmable logic controllers (PLCs), and short haul modems.

March 26, 2018: The city signed a contract with Tetra Tech to develop a SCADA Master Plan to provide recommendations to upgrade the SCADA. The plan was finalized in July 2019.

January 7, 2020: Council authorized the city manager to sign an engineering services agreement with Tetra Tech to provide design services related to the city's SCADA project.

ANALYSIS

SCADA is a system for remote monitoring and control. The city relies on this system for water treatment, water distribution, and wastewater pump stations. The system is operated through a highly secure operational interface between the computer software, radios, PLCs, and short haul modems. The current system has not had a significant upgrade since the 1990's and is experiencing a high rate of communication failures and other alarms, requiring on-call staff to respond to investigate the cause. Because of the vintage of the system, many critical components of the system are no longer widely available with some items only available on e-Bay.

On May 11, 2023, the city solicited and received one bid from TSI for the SCADA upgrade project. TSI's total bid (Base Bid plus Additive Alternate A.1, A.2 and A.3 Bid) amounted to \$2,609,882.50 (Attachment 1). Staff reviewed TSI's bid for items required for a complete bid

package, evaluated bid pricing, and reviewed TSI’s qualifications, experience, and construction contracting history.

The Base Bid requested pricing for the SCADA system upgrade and cellular wireless communications less the replacement of a 450 megahertz (MHz) radio system; installation and pricing for field added programming and electrical changes. The Additive Alternates requested pricing for a new 450 MHz radio system to serve as a backup to cellular wireless system.

Contractor Responsiveness and Experience

The lone bid from TSI is deemed to be responsive and responsible. The reference projects, experience and qualifications establish that TSI has the ability to upgrade the city’s SCADA system.

Below is the summary of TSI’s stated experience and qualifications:

- A. TSI is a licensed and bonded company in the State of Oregon.
- B. TSI has extensive SCADA experience and are familiar with Milwaukie’s system.
- C. TSI has demonstrated that they have the required certifications that include, Control System Integrator Association (CSIA) Certifications, Wonderware Certification Documentation, UL 508A Panel Shop Certification Documentation and Schneider Electric – Alliance Integration Partner Documentation

Bid Pricing

No math errors were discovered on TSI’s bid form and the total bid amount stated in both figures and words were found to be correct and consistent.

The base bid \$1,928,682, was about \$500,000 higher than estimated. TSI’s unit bid prices were compared to the engineer’s estimate prices as part of the bid review process. The engineer’s estimate was developed using a combination approach using historic cost data from recently awarded contracts with planning-level cost information from other projects. TSI’s prices for most items were consistently higher than the engineer’s estimate. In particular the electrical work seemed to be 50% higher than expected with the electrical work accounting for approximately \$800,000 in contract value. Material costs for electrical components and control components have continued to increase and pricing still suffers from supply chain impacts. The magnitude and timing of these increases were uncertain and not sufficiently accounted for in the engineer’s estimate and influenced the bid. Increased labor rates also had a significant impact on the bid unit prices and total bid price.

Cost Reductions

As a result of the higher-than-expected bid, city staff and the consultant have also worked with the TSI to identify potential cost reductions opportunities within the base bid scope. The team has identified opportunities that total \$127,900. These reductions would be handled through deductive change orders within the contract. The listing of possible deductions is below.

Well 8 deduct option –	\$	52,200.00
Wonderware Training deduct option	\$	35,900.00
Spare parts deduct option	\$	15,900.00
UL Field Listing deduct option –	\$	18,900.00
EMT conduit painting deduct option	\$	5,000.00

The base bid also includes pricing for approximately \$167,000 of field directed work for items such as additional electrical work, automation work and programming that might come up during construction, essentially pre-priced change orders with unit costs. The thought was to get a price for this work ahead and not have to negotiate prices for change orders. There may be an opportunity to reduce these expenses.

Project Budget

Recognizing the risk of a higher bid, staff had held back on executing with several water and wastewater projects until bids were received to reallocate funds to this critical project to cover any potential shortfalls. A reallocation of funds from these projects will cover the base bid amount and construction management services for the project.

Automation and Controls	\$320,000
Well # 8 Rehab	\$250,000
Intertie Evaluation	\$125,000
Pump Station Condition Asst	\$30,000
Manhole Assessment	\$50,000
Total	\$775,000

This reallocation will result in a deferral of these projects into future years.

The project team anticipates 18 months of work after contract execution the project expenses will be expensed partially in the current biennium and upcoming biennium budgets.

BUDGET IMPACTS

Because of the high project costs Additive Alternate A.1, A.2, and A.3 will be eliminated from the project. The impact from the increase will result in the deferral of the rehabilitation of Well #8, an intertie evaluation, and condition assessments programmed in the biennium budget. There should be a positive impact to operating costs as this project will improve operational efficiencies and reduce call outs and SCADA repairs. The project is funded with both water and wastewater funds.

WORKLOAD IMPACTS

Public works staff will provide management of the project and information technology (IT) staff will assist with the communications and network integration portion of the project.

CLIMATE IMPACT

The improved operational efficiencies from the project will reduce after hour callouts reducing vehicle miles driven and builds the foundation for improved energy efficiency at the treatment plants. The new SCADA system will provide the city with better access to data which will allow staff to identify trends and patterns in energy consumption that can then be used to analyze alternatives to reduce energy use.

COORDINATION, CONCURRENCE, OR DISSENT

Public works staff have worked closely with the IT manager and staff on the development of this project.

STAFF RECOMMENDATION

Staff recommends that Council authorize the city manager to sign a public improvement contract with TSI in the amount of \$1,928, 682.50 to provide construction services related to the upgrade of the city's SCADA and reject additive alternates, A.1, A.2, and A.3.

ALTERNATIVES

Council could decide to:

1. Not award the project contract (defer indefinitely). The project would be removed from the city's Capital Improvements Plan (CIP) list and staff would continue to operate the water and wastewater system using the existing system.
2. Reduce the scope of the project and direct staff to renegotiate the fee.

ATTACHMENTS

1. Bid Form
2. Resolution

**SECTION 00300
BID FORM**

BIDDER NAME: Technical Systems, Inc

PROJECT IDENTIFICATION

City of Milwaukie, Oregon – SCADA System Upgrades

1. BID RECIPIENT

1.01 THIS BID IS SUBMITTED TO:

- A. City of Milwaukie
Attn: Peter Passarelli, Public Works Director
6101 SE Johnson Creek Blvd.
Milwaukie, OR 97206
passarellip@milwaukieoregon.gov
- B. The undersigned Bidder proposes and agrees, if this Bid is accepted, to enter into an Agreement with CITY in the form included in the Bidding Documents to perform all Work as specified or indicated in the Bidding Documents for the prices and within the times indicated in this Bid and in accordance with the other terms and conditions of the Bidding Documents.

1.02 BIDDER'S ACKNOWLEDGEMENTS

- A. Bidder accepts all of the terms and conditions of the Advertisement or Invitation to Bid and Instructions to Bidders, including without limitation those dealing with the disposition of Bid security. The Bid will remain subject to acceptance for 60 days after the Bid opening, or for such longer period of time that Bidder may agree to in writing upon request of City.

1.03 BIDDER'S REPRESENTATIONS

A. In submitting this Bid, Bidder represents, as set forth in the Agreement, that:

1. Bidder has examined and carefully studied the Bidding Documents, the other related data identified in the Bidding Documents, and the following Addenda, receipt of all which is hereby acknowledged.

<u>Addendum No.</u>	<u>Addendum Date</u>
<u>1</u>	<u>04/05/23</u>
<u>2</u>	<u>04/12/23</u>
<u>3</u>	<u>04/14/23</u>
<u>4</u>	<u>04/14/23</u>
<u>5</u>	<u>04/27/23</u>
<u>6</u>	<u>05/01/23</u>
<u>7</u>	<u>05/03/23</u>
<u>8</u>	<u>05/04/23</u>
<u> </u>	<u> </u>
<u> </u>	<u> </u>

2. Bidder has visited the Site and become familiar with and is satisfied as to the general, local and Site conditions that may affect cost, progress, and performance of the Work.
3. Bidder is familiar with and is satisfied as to all federal, state and local Laws and Regulations that may affect cost, progress and performance of the Work.
4. Bidder has obtained and carefully studied (or assumes responsibility for having done so) all additional or supplementary examinations, investigations, explorations, tests, studies and data concerning conditions (surface, subsurface and Underground Facilities) at or contiguous to the Site which may affect cost, progress, or performance of the Work or which relate to any aspect of the means, methods, techniques, sequences, and procedures of construction to be employed by Bidder, including applying the specific means, methods, techniques, sequences, and procedures of construction expressly required by the Bidding Documents to be employed by Bidder, and safety precautions and programs incident thereto.
5. Bidder has attended the mandatory pre-bid conference and does not consider that any further examinations, investigations, explorations, tests, studies, or data are necessary for the determination of this Bid for performance of the Work at the price(s) bid and within the times and in accordance with the other terms and conditions of the Bidding Documents.

- 6 Bidder is aware of the general nature of work to be performed by CITY and others at the Site that relates to the Work as indicated in the Bidding Documents.
7. Bidder has correlated the information known to Bidder, information and observations obtained from visits to the Site, reports and drawings identified in the Bidding Documents, and all additional examinations, investigations, explorations, tests, studies, and data with the Bidding Documents.
8. Bidder has given ENGINEER written notice of all conflicts, errors, ambiguities, or discrepancies that Bidder has discovered in the Bidding Documents, and the written resolution thereof by ENGINEER is acceptable to Bidder.
9. The Bidding Documents are generally sufficient to indicate and convey understanding of all terms and conditions for the performance of the Work for which this Bid is submitted.

1.04 BIDDER'S CERTIFICATIONS

- A. Bidder further certifies that this Bid is genuine and not made in the interest of or on behalf of any undisclosed individual or entity and is not submitted in conformity with any agreement or rules of any group, association, organization or corporation; Bidder has not directly or indirectly induced or solicited any other Bidder to submit a false or sham Bid; Bidder has not solicited or induced any individual or entity to refrain from bidding; and has not sought by collusion to obtain for itself any advantage over any other Bidder or over CITY.
- B. Bidder agrees that they will meet the time schedule as set forth in the Agreement as to contract time.
- C. Bidder accepts the provisions of the Agreement as to liquidated damages in the event of failure to meet the allowed contract times.
- D. Bidder will be bound by and comply with all of the applicable requirements of ORS 279C.800 to 279C.870 and the administrative rules of the Bureau of Labor and Industries (BOLI) regarding prevailing wage rates and will pay prevailing wage rates in accordance with 279C.840.

1.05 BASIS OF BID

- A. The award will be to the lowest bidder that is determined by the City to be responsive and responsible for the **BASE BID**.
- B. The following items are required for a complete Bid Package:
 1. Bid Form (00300)
 2. Acknowledgment of Addendums (00300)
 3. Bid Bond (00410)
 4. Bidder's Qualifications (00420)

5. First-tier Subcontractor Disclosure Form (00440)
 6. Control System Integrator Disclosure Form (00445)
 6. Noncollusion Affidavit Certificate (00480)
- C. Bidder shall complete the work in accordance with the Contract Documents for the price(s) described in the attached Bid Schedule:
- D. Bidder agrees to complete the Work within the Contract Time stipulated in the Agreement and accepts the provisions of the Agreement as to liquidated damages in the event of failure to complete the Work, and any specified Milestones, within the Contract Times.
- E. The owner reserves the right to add or subtract construction quantities C1- C8 as required to make additions to the project.

BASE BID SCHEDULE
Schedule of Bid Prices for
City of Milwaukie, Oregon – SCADA Upgrades

Item Number	Item Description	Units / Quantity	Unit Price	Extended Price
1	SCADA System Upgrade Complete and Fully Operational as detailed in the plans and specifications, less Bid Items included under the Add Alternate (450 MHz Communication System)	1 LS	\$1,761,070.00	\$1,761,070.00
C1	PLC / HMI configuration as directed in the field	200 manhours	\$170.00	\$34,000.00
C2	1” EMT Conduit installed as directed in the field including all required fittings, supports, and end terminations.	500 LF	\$31.50	\$15,750.00
C3	1” PVC Conduit installed below grade or existing pavement as directed in the field including all required fittings, supports, and end. This unit shall also include restoration of existing conditions.	500 LF	\$87.15	\$43,575.00
C4	1” Galvanized Rigid Steel Conduit installed as directed in the field including all required fittings, supports, and end terminations.	250 LF	\$46.20	\$11,550.00
C5	CAT 6 network cable installed as directed including all required terminations and testing.	250LF	\$17.85	\$4,462.50
C6	#14 AWG power or control wire installed as directed including all required terminations and testing.	2000 LF	\$3.15	\$6,300.00
C7	#18 AWG TSP control wire installed as directed including all required terminations and testing.	500 LF	\$9.45	\$4,725.00
C8	Antenna Coax / Helix installed as directed including all required terminations and testing	250 LF	\$189.00	\$47,250.00

TOTAL **BASE BID** AMOUNT (BASIS OF AWARD)

\$1,928,682.50

(figures)

One Million Nine Hundred Twenty-Eight Thousand and Six Hundred Eighty-Two Dollars and Fifty Cents

(words) (The amount in words takes precedence)

ADD ALTERNATE (450 MHz Radio Communication System) BID SCHEDULE
Schedule of Add Alternate Bid Prices for
City of Milwaukie, Oregon – SCADA Upgrades

Item Number	Item Description	Units / Quantity	Unit Price	Extended Price
A1	450 MHz radio repeater located at the elevated water tank & 450 MHz equipment / polling RTU at the central site including all associated equipment, installation, configuration, programming, and startup as specified in the plans and specs.	1 LS	\$191,200.00	\$191,200.00
A2	450 MHz radio equipment associated with all of the water treatment facilities, wells, and booster pump stations including all associated equipment, installation, configuration, programming, and startup as specified in the plans and specs.	1 LS	\$224,000.00	\$224,000.00
A3	450 MHz radio equipment associated with all of the wastewater lift stations including all associated equipment, installation, configuration, programming, and startup as specified in the plans and specs.	1 LS	\$266,000.00	\$266,000.00

TOTAL ADD ALTERNATE BID

\$681,200.00

(figures)

Six Hundred and Eighty-One Thousand and Two Hundred Dollars

(words) (The amount in words takes precedence)

- A. The terms used in this Bid with initial capital letters have the meanings indicated in the Instructions to Bidders, the General Conditions, and the Supplementary Conditions.

SUBMITTED on May 11 2023

State Contractor License No. 69479.

License Expiration date: 10/22/2024.

License Classification: Commercial General Contractor Level 2

If Bidder is:

An Individual

Name (typed or printed): _____

By: _____ (SEAL)

(Individual's signature)

Doing business as: _____

Business address: _____

Phone No.: _____ FAX No.: _____

A Partnership

Partnership Name: _____ (SEAL)

By: _____

(Signature of general partner -- attach evidence of authority to sign)

Name (typed or printed): _____

Business address: _____

Phone No.: _____ FAX No.: _____

A Corporation

Corporation Name: Technical Systems, Inc. (SEAL)

State of Incorporation: WA

Type (General Business, Professional, Service, Limited Liability):

General Business

By: Brad Peistrup

(Signature -- attach evidence of authority to sign)

Name (typed or printed): Brad Peistrup

Title: Chief Revenue Officer

(CORPORATE SEAL)

Attest Steve DeHaan

(Signature of Corporate Secretary)

Business address: 2303 196th St SW

Lynnwood, WA 98036

Phone No.: 425-775-5696 FAX No.: 425-775-9074

Date of Qualification to do business is 10/02/1970.



A Joint Venture

Joint Venturer Name: _____ (SEAL)
By: _____
(Signature of joint venture partner -- attach evidence of authority to sign)
Name (typed or printed): _____
Title: _____
Business address: _____

Phone No.: _____ FAX No.: _____

Joint Venturer Name: _____ (SEAL)
By: _____
(Signature -- attach evidence of authority to sign)
Name (typed or printed): _____
Title: _____
Business address: _____

Phone No.: _____ FAX No.: _____
Phone and FAX Number, and Address for receipt of official communications:

(Each joint venturer must sign. The manner of signing for each individual, partnership, and corporation that is a party to the joint venture should be in the manner indicated above.)

END OF SECTION 00300

End of Addendum 8

1. Bidder and Surety, jointly and severally, bind themselves, their heirs, executors, administrators, successors, and assigns to pay to City upon default of Bidder the penal sum set forth on the face of this Bond. Payment of the penal sum is the extent of Bidder's and Surety's liability. Recovery of such penal sum under the terms of this Bond shall be City's sole and exclusive remedy upon default of Bidder.
2. Default of Bidder shall occur upon the failure of Bidder to deliver within the time required by the Bidding Documents (or any extension thereof agreed to in writing by City) the executed Agreement required by the Bidding Documents and any performance and payment bonds required by the Bidding Documents.
3. This obligation shall be null and void if:
 - 3.1 City accepts Bidder's Bid and Bidder delivers within the time required by the Bidding Documents (or any extension thereof agreed to in writing by City) the executed Agreement required by the Bidding Documents and any performance and payment bonds required by the Bidding Documents, or
 - 3.2 All Bids are rejected by City, or
 - 3.3 City fails to issue a Notice of Award to Bidder within the time specified in the Bidding Documents (or any extension thereof agreed to in writing by Bidder and, if applicable, consented to by Surety when required by Paragraph 5 hereof).
4. Payment under this Bond will be due and payable upon default of Bidder and within 30 calendar days after receipt by Bidder and Surety of written notice of default from City, which notice will be given with reasonable promptness, identifying this Bond and the Project and including a statement of the amount due.
5. Surety waives notice of any and all defenses based on or arising out of any time extension to issue Notice of Award agreed to in writing by City and Bidder, provided that the total time for issuing Notice of Award including extensions shall not in the aggregate exceed 120 days from the Bid due date without Surety's written consent.
6. No suit or action shall be commenced under this Bond prior to 30 calendar days after the notice of default required in Paragraph 4 above is received by Bidder and Surety and in no case later than one year after the Bid due date.
7. Any suit or action under this Bond shall be commenced only in a court of competent jurisdiction located in the state in which the Project is located.
8. Notices required hereunder shall be in writing and sent to Bidder and Surety at their respective addresses shown on the face of this Bond. Such notices may be sent by personal delivery, commercial courier, or by United States Registered or Certified Mail, return receipt requested, postage pre-paid, and shall be deemed to be effective upon receipt by the party concerned.
9. Surety shall cause to be attached to this Bond a current and effective Power of Attorney evidencing the authority of the officer, agent, or representative who executed this Bond on behalf of Surety to execute, seal, and deliver such Bond and bind the Surety thereby.
10. This Bond is intended to conform to all applicable statutory requirements. Any applicable requirement of any applicable statute that has been omitted from this Bond shall be deemed to be included herein as if set forth at length. If any provision of this Bond conflicts with any applicable statute, then the provision of said statute shall govern and the remainder of this Bond that is not in conflict therewith shall continue in full force and effect.

200-163931-20001

11. The term “Bid” as used herein includes a Bid, offer, or proposal as applicable.

END OF SECTION 00410

**SECTION 00410
BID BOND**

Any singular reference to Bidder, Surety, City or other party shall be considered plural where applicable.

BIDDER (Name and Address):
Technical Systems, Inc.
2303 196th St. SW
Lynnwood, WA 98036

SURETY (Name, and Address of Principal Place of Business):
Fidelity and Deposit Company of Maryland
800 Fifth Avenue, Suite 3800
Seattle, WA 98104

CITY: City of Milwaukie, Oregon

BID

Bid Due Date: 04/20/2023
Description: SCADA System Upgrades

BOND

Bond Number: Bid
Date: 04/20/2023
Penal sum Ten Percent (10%) of Bid Amount \$ 10% of Bid Amount
(Words) (Figures)

Surety and Bidder, intending to be legally bound hereby, subject to the terms set forth below, do each cause this Bid Bond to be duly executed by an authorized officer, agent, or representative.

BIDDER

Technical Systems, Inc.
Bidder's Name and Corporate Seal



By: Brad Peistrup
Signature

Brad Peistrup
Print Name

Chief Revenue Officer
Title

Attest: Steve Stein
Signature

Title Chief Executive Officer

SURETY

Fidelity and Deposit Company of Maryland
Surety's Name and Corporate Seal



By: Cynthia L. Jay
Signature (Attach Power of Attorney)

Cynthia L. Jay
Print Name

Attorney-in-Fact
Title

Attest: Alyssa J. Lopez
Signature

Alyssa J. Lopez, Witness
Title

Note: Addresses are to be used for giving any required notice.
Provide execution by any additional parties, such as joint venturers, if necessary.

**ZURICH AMERICAN INSURANCE COMPANY
COLONIAL AMERICAN CASUALTY AND SURETY COMPANY
FIDELITY AND DEPOSIT COMPANY OF MARYLAND
POWER OF ATTORNEY**

KNOW ALL MEN BY THESE PRESENTS: That the ZURICH AMERICAN INSURANCE COMPANY, a corporation of the State of New York, the COLONIAL AMERICAN CASUALTY AND SURETY COMPANY, a corporation of the State of Illinois, and the FIDELITY AND DEPOSIT COMPANY OF MARYLAND a corporation of the State of Illinois (herein collectively called the "Companies"), by **Robert D. Murray, Vice President**, in pursuance of authority granted by Article V, Section 8, of the By-Laws of said Companies, which are set forth on the reverse side hereof and are hereby certified to be in full force and effect on the date hereof, do hereby nominate, constitute, and appoint **Aliceon A. KELTNER, James B. BINDER, Cynthia L. JAY, Eric A. ZIMMERMAN, Brandon K. BUSH, Jacob T. HADDOCK, Katharine J. SNIDER, Justin Dean PRICE of Seattle, Washington, EACH**, its true and lawful agent and Attorney-in-Fact, to make, execute, seal and deliver, for, and on its behalf as surety, and as its act and deed: **any and all bonds and undertakings**, and the execution of such bonds or undertakings in pursuance of these presents, shall be as binding upon said Companies, as fully and amply, to all intents and purposes, as if they had been duly executed and acknowledged by the regularly elected officers of the ZURICH AMERICAN INSURANCE COMPANY at its office in New York, New York., the regularly elected officers of the COLONIAL AMERICAN CASUALTY AND SURETY COMPANY at its office in Owings Mills, Maryland., and the regularly elected officers of the FIDELITY AND DEPOSIT COMPANY OF MARYLAND at its office in Owings Mills, Maryland., in their own proper persons.

The said Vice President does hereby certify that the extract set forth on the reverse side hereof is a true copy of Article V, Section 8, of the By-Laws of said Companies, and is now in force.

IN WITNESS WHEREOF, the said Vice-President has hereunto subscribed his/her names and affixed the Corporate Seals of the said **ZURICH AMERICAN INSURANCE COMPANY, COLONIAL AMERICAN CASUALTY AND SURETY COMPANY, and FIDELITY AND DEPOSIT COMPANY OF MARYLAND**, this 02nd day of November, A.D. 2021.



**ATTEST:
ZURICH AMERICAN INSURANCE COMPANY
COLONIAL AMERICAN CASUALTY AND SURETY COMPANY
FIDELITY AND DEPOSIT COMPANY OF MARYLAND**

By: *Robert D. Murray*
Vice President

By: *Dawn E. Brown*
Secretary

**State of Maryland
County of Baltimore**

On this 02nd day of November, A.D. 2021, before the subscriber, a Notary Public of the State of Maryland, duly commissioned and qualified, **Robert D. Murray, Vice President and Dawn E. Brown, Secretary** of the Companies, to me personally known to be the individuals and officers described in and who executed the preceding instrument, and acknowledged the execution of same, and being by me duly sworn, depose and saith, that he/she is the said officer of the Company aforesaid, and that the seals affixed to the preceding instrument are the Corporate Seals of said Companies, and that the said Corporate Seals and the signature as such officer were duly affixed and subscribed to the said instrument by the authority and direction of the said Corporations.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my Official Seal the day and year first above written.



Constance A. Dunn, Notary Public
My Commission Expires: July 9, 2023

Authenticity of this bond can be confirmed at bondvalidator.zurichna.com or 410-559-8790

RS60

EXTRACT FROM BY-LAWS OF THE COMPANIES

"Article V, Section 8, Attorneys-in-Fact. The Chief Executive Officer, the President, or any Executive Vice President or Vice President may, by written instrument under the attested corporate seal, appoint attorneys-in-fact with authority to execute bonds, policies, recognizances, stipulations, undertakings, or other like instruments on behalf of the Company, and may authorize any officer or any such attorney-in-fact to affix the corporate seal thereto; and may with or without cause modify of revoke any such appointment or authority at any time."

CERTIFICATE

I, the undersigned, Vice President of the ZURICH AMERICAN INSURANCE COMPANY, the COLONIAL AMERICAN CASUALTY AND SURETY COMPANY, and the FIDELITY AND DEPOSIT COMPANY OF MARYLAND, do hereby certify that the foregoing Power of Attorney is still in full force and effect on the date of this certificate; and I do further certify that Article V, Section 8, of the By-Laws of the Companies is still in force.

This Power of Attorney and Certificate may be signed by facsimile under and by authority of the following resolution of the Board of Directors of the ZURICH AMERICAN INSURANCE COMPANY at a meeting duly called and held on the 15th day of December 1998.

RESOLVED: "That the signature of the President or a Vice President and the attesting signature of a Secretary or an Assistant Secretary and the Seal of the Company may be affixed by facsimile on any Power of Attorney...Any such Power or any certificate thereof bearing such facsimile signature and seal shall be valid and binding on the Company."

This Power of Attorney and Certificate may be signed by facsimile under and by authority of the following resolution of the Board of Directors of the COLONIAL AMERICAN CASUALTY AND SURETY COMPANY at a meeting duly called and held on the 5th day of May, 1994, and the following resolution of the Board of Directors of the FIDELITY AND DEPOSIT COMPANY OF MARYLAND at a meeting duly called and held on the 10th day of May, 1990.

RESOLVED: "That the facsimile or mechanically reproduced seal of the company and facsimile or mechanically reproduced signature of any Vice-President, Secretary, or Assistant Secretary of the Company, whether made heretofore or hereafter, wherever appearing upon a certified copy of any power of attorney issued by the Company, shall be valid and binding upon the Company with the same force and effect as though manually affixed.

IN TESTIMONY WHEREOF, I have hereunto subscribed my name and affixed the corporate seals of the said Companies, this 20th day of April, 2023.



Brian M. Hodges

By: Brian M. Hodges
Vice President

TO REPORT A CLAIM WITH REGARD TO A SURETY BOND, PLEASE SUBMIT A COMPLETE DESCRIPTION OF THE CLAIM INCLUDING THE PRINCIPAL ON THE BOND, THE BOND NUMBER, AND YOUR CONTACT INFORMATION TO:

Zurich Surety Claims
1299 Zurich Way
Schaumburg, IL 60196-1056
www.reportsfclaims@zurichna.com
800-626-4577

**SECTION 00420
BIDDER'S QUALIFICATIONS**

1. GENERAL

The bidder shall provide qualifications information as described in this section, or their bid may be considered nonresponsive.

1.01 QUALIFICATION INFORMATION

A. The Bidder shall furnish the following information, demonstrating ability and experience in performing work of similar type, complexity and value.

1. Contractor Experience: Due to the nature of the project, it is the intent of these specifications to obtain a first class product with emphasis on overall safety, quality and quality control, both during and after the construction process. Contractors shall have successfully completed at least three (3) similar projects within the last five (5) years.
2. Quality Assurance Submittals: The Bidder will be required to furnish a statement of experience indicating the above experience, a list of machinery, plant and other equipment available for the proposed work. The statement of the experience shall list the three (3) projects, description of the projects, and the name and telephone number of the project owner's representative.
3. Bid Requirements: A bid may not be considered responsive unless the Contractor's experience requirements have been submitted with the bid. Determination of a non-responsive Bid shall be at the sole discretion of the City.

1.02 BIDDERS GENERAL RECORD OF EXPERIENCE

- A. The Bidder has been engaged in the contracting business under the present business name for 52 years and has completed work on a similar nature in the proposal over a period of 52 years.
- B. The Bidder, as a contractor, has never failed to satisfactorily complete a contract awarded to him, except as follows (attach additional pages if required):

N/A

1.03 REFERENCE PROJECTS

A. The Bidder shall complete this form with the required information, demonstrating compliance with the minimum experience requirements summarized herein and in Section 00100, Instructions to Bidders. Reference projects shall have been completed within the past seven (7) years. Provide general and contact information for additional due diligence by the City prior to award of the contract.

1. SCADA Upgrade City of Redmond Mike Haley (425) 556-2843
Project Name City & Project Representative with Phone Number

<u>50+ Site SCADA Upgrade</u>	<u>2023</u>
<i>Project Description</i>	<i>Year Completed</i>
<u>\$3,200,000.00</u>	<u>\$3,200,000.00</u>
<i>Original Bid Amount</i>	<i>Final Contract Amount</i>

<u>Andrew Palmberg</u>
<i>Onsite Construction Superintendent</i>

2. Process Control System Upgrade City of Tacoma, Max Drathman (253) 502-2276
Project Name City & Project Representative with Phone Number

<u>Large Plant Upgrade</u>	<u>2018</u>
<i>Project Description</i>	<i>Year Completed</i>
<u>\$11,400,000.</u>	<u>\$12,400,000</u>
<i>Original Bid Amount</i>	<i>Final Contract Amount</i>

<u>Lucas Koelle</u>
<i>Onsite Construction Superintendent</i>

3. Water District SCADA System Foothill Water District, Ken Herman, (818) 790-4036
Project Name City & Project Representative with Phone Number

<u>TSI was the GC/Integrator for this upgrade</u>	<u>2019</u>
<i>Project Description</i>	<i>Year Completed</i>
<u>\$2,500,000.00</u>	<u>\$2,500,000.00</u>
<i>Original Bid Amount</i>	<i>Final Contract Amount</i>

<u>Michael Yentsch</u>
<i>Onsite Construction Superintendent</i>

1.04 ONSITE CONSTRUCTION SUPERINTENDENT

- A. The Bidder's proposed onsite construction superintendent that will be the Bidder's primary representative throughout construction is Tim Hecox who has completed 50 similar projects. A resume is attached.

Signed *Brad Peistrup*
(Same Signature as on Bid Form)

END OF SECTION 00420

**SECTION 00440
FIRST-TIER SUBCONTRACTOR DISCLOSURE FORM**

Bidder's are required to disclose information about first-tier subcontractors; specifically, when the contract amount of a first-tier subcontractor is equal to or greater than 5% of the total project bid or \$15,000, whichever is greater, or \$350,000 regardless of the percentage of the total project bid. **Failure to submit this First-Tier Subcontractor Form will result in the Bid being considered nonresponsive.** The following information about these first-tier subcontractors shall be disclosed on this form:

- 1) Subcontractor name and address,
- 2) Subcontractor's Construction Contractor Board (CCB) registration number,
- 3) Category of Work
- 4) Subcontract dollar value.

No subcontractor doing work in excess of 5% of the total amount of the bid and who is not listed shall be used without the written approval of the City. Additional numbered pages outlining this portion of the proposal may be attached to this page. Each page shall be headed "First-Tier Subcontractor Disclosure Form, cont." and shall be signed by the bidder.

1) Team Electric 9400 SE Clackamas Rd Clackamas, OR 97015
NameBusiness Address

CCB# 173043 Electrical/Electrical Install \$~800,000.00
CCB Registration Number Category of Work Subcontract Dollar Value

2) _____
NameBusiness Address

CCB Registration Number Category of Work Subcontract Dollar Value

3) _____
NameBusiness Address

CCB Registration Number Category of Work Subcontract Dollar Value

* List additional subcontractors on the next page.

Submitted By:

Technical Systems, Inc
Firm Name

2303 196th St SW

Lynnwood, WA 98036 425-775-5696
Firm Address/Phone No.

Brad Peistrup
Signature of Contractor

May 11, 2023
Date

FIRST-TIER SUBCONTRACTOR DISCLOSURE FORM

4) _____
Name Business Address

CCB Registration Number Category of Work Subcontract Dollar Value

5) _____
Name Business Address

CCB Registration Number Category of Work Subcontract Dollar Value

6) _____
Name Business Address

CCB Registration Number Category of Work Subcontract Dollar Value

7) _____
Name Business Address

CCB Registration Number Category of Work Subcontract Dollar Value

8) _____
Name Business Address

CCB Registration Number Category of Work Subcontract Dollar Value

Submitted By:

Brad Peistrup
Signature of Contractor

May 11, 2023
Date

**Attach additional sheets as required.*

END OF SECTION 00440

**SECTION 00445
CONTROL SYSTEM INTEGRATOR DISCLOSURE FORM**

Bidder's are required to disclose the following information about the Control System Integrator:

- 1) Control System Integrators name and address,
- 2) Project Manager
- 3) Certifications – Attach documentation
 - a. CSIA Certifications
 - b. Wonderware Certification Documentation
 - c. UL 508A Panel Shop Certification Documentation
 - d. Schneider Electric – Alliance Integration Partner Documentation
- 4) Local Support withing 250 miles of the project site.

Control System Integrators Name: Technical Systems, Inc

Control System Integrator's Local Office Address: 2303 196th St SW

Lynnwood, WA 98036

Control System Integrator's Project Manager: Tim Hecox /Steve DeHaan, P.E. or Yuriy Kozodoy P.E.

Project Manager's Oregon PE Number: 88055PE

Proof of Required Certifications

Local Control Integrator Office Address (If Prime Integrator is more than 250 miles from the project site):

Submitted By:

Technical Systems, Inc
Firm Name

2303 196th St SW

Lynnwood, WA 98036 425-775-5696
Firm Address/Phone No.

Brad Peistrup
Signature of Contractor

May 11, 2023
Date

***Attach Certifications as required.**

END OF SECTION 00445

SECITON 00480
NONCOLLUSION AFFIDAVIT CERTIFICATE

State of Washington)

ss

County of Snohomish)

The undersigned, being duly sworn, deposes and says that the person, firm, association, copartnership, or corporation herein named has not either directly or indirectly entered into any agreement, participated in any collusion, or otherwise taken any action in restraint of free competitive bidding in the preparation and submission of a proposal to the City for consideration in the award of a contract on the improvements described as follows:

City of Milwaukie, Oregon
SCADA System Upgrades

Technical Systems, Inc
Firm Name

Brad Peistrup
Authorized Member

Sworn to before me, this 11th day of May, 2023

Allison Zuercher
Notary Public

in and for the State of Washington

County of Snohomish

END OF SECTION 00480



COUNCIL RESOLUTION No.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MILWAUKIE, OREGON, AUTHORIZING A PUBLIC IMPROVEMENT CONTRACT WITH TECHNICAL SERVICES INC. (TSI) TO PROVIDE CONSTRUCTION SERVICES FOR THE SCADA SYSTEM UPGRADE.

WHEREAS the city’s current Supervisory Control and Data Acquisition (SCADA) system is outdated and in need of replacement; and

WHEREAS public works staff solicited and received bids on May 11, 2023, for the SCADA system upgrade project; and

WHEREAS Technical Services Inc. was deemed to be responsive and qualified.

Now, Therefore, be it Resolved by the City Council of the City of Milwaukie, Oregon, that the city manager is authorized to approve a public improvement contract with Technical Services, Inc. in the amount of \$1,928,682.50 to provide construction services related to the SCADA system upgrade.

Introduced and adopted by the City Council on **June 6, 2023**.

This resolution is effective immediately.

Lisa M. Batey, Mayor

ATTEST:

APPROVED AS TO FORM:

Scott S. Stauffer, City Recorder

Justin D. Gericke, City Attorney

COUNCIL STAFF REPORT

To: Mayor and City Council
Ann Ober, City Manager

Date Written: May 25, 2023

Reviewed: Sasha Freeman (as to form), Administrative Specialist

From: Peter Passarelli, Public Works Director

Subject: **Supervisory Control and Data Acquisition (SCADA) System Design Project – Construction Services**

ACTION REQUESTED

Council is asked to authorize the city manager to sign an engineering services agreement with Tetra Tech in the amount of \$311,700 for providing construction management services related to the upgrade of the city's SCADA system.

HISTORY OF PRIOR ACTIONS AND DISCUSSIONS

1997: City water, wastewater, and engineering staff worked closely with SCADA engineers, designers, and other utilities to design what the city needed in its SCADA system. The system was ultimately designed and built by Technical Systems, Inc. (TSI).

1998: A system was installed and based on radio telemetry carried on dedicated radio frequencies licensed to the city. The system is operated through a highly secure operational interface between the computer software, radios, programmable logic controllers (PLCs), and short haul modems.

March 26, 2018: The city signed a contract with Tetra Tech to develop a SCADA Master Plan to provide recommendations to upgrade the SCADA. The plan was finalized in July 2019.

January 7, 2020: Council authorized the city manager to sign an engineering services agreement with Tetra Tech to provide design services related to the city's SCADA project.

ANALYSIS

SCADA is a system for remote monitoring and control. The city relies on this system for water treatment, water distribution, and wastewater pump stations. The system is operated through a highly secure operational interface between the computer software, radios, PLCs, and short haul modems. The current system has not been upgraded since and is experiencing a high rate of communication failures and other alarms, requiring on-call staff to respond to investigate the cause. Because of the vintage of the system, many critical components of the system are no longer widely available with some items only available on e-Bay.

Tetra Tech was selected through a request for qualifications process in September 2019 to provide a range of services that include design services, SCADA system communications and automation cutover planning, bid assistance, and construction management. This contract will cover the construction management phase of the project.

BUDGET IMPACTS

The project is funded with both water and wastewater funds.

WORKLOAD IMPACTS

Public works staff will provide management of the project and information technology (IT) staff will assist with the communications and network integration portion of the project.

COORDINATION, CONCURRENCE, OR DISSENT

Public works staff have worked closely with the IT manager and staff on the development of this project.

CLIMATE IMPACT

The improved operational efficiencies from the project will reduce after hour callouts reducing vehicle miles driven and builds the foundation for improved energy efficiency at the treatment plants. The new SCADA system will provide the city with better access to data which will allow staff to identify trends and patterns in energy consumption that can then be used to analyze alternatives to reduce energy use.

STAFF RECOMMENDATION

Staff recommends that Council authorize the city manager to sign an engineering services agreement with Tetra Tech in the amount of \$311,700 for providing SCADA construction management services to upgrade the city's SCADA.

ALTERNATIVES

Council could decide to:

1. Not award the project contract (defer indefinitely). The project would be removed from the city's Capital Improvements Plan (CIP) list and staff would continue to operate the water and wastewater system using the existing system.
2. Reduce the scope of the project and direct staff to renegotiate the fee.

ATTACHMENTS

1. Resolution

COUNCIL RESOLUTION No.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MILWAUKIE, OREGON, AUTHORIZING AN ENGINEERING SERVICES CONTRACT WITH TETRA TECH, INC. TO PROVIDE PROFESSIONAL SERVICES FOR THE SCADA SYSTEM UPGRADE.

WHEREAS the city’s current Supervisory Control and Data Acquisition (SCADA) system is outdated and in need of replacement; and

WHEREAS public works staff solicited a request for qualifications process in 2019, evaluated submittals, and selected Tetra Tech, Inc. to provide professional services for SCADA design, system communications and automation cutover planning, bid assistance, and construction management; and

WHEREAS public works staff have negotiated the final scope and fee for the engineering services.

Now, Therefore, be it Resolved by the City Council of the City of Milwaukie, Oregon, that the city manager is authorized to approve an engineering services contract with Tetra Tech, Inc. in the amount of \$311,700 to provide professional services related to the SCADA system upgrade.

Introduced and adopted by the City Council on **June 6, 2023**.

This resolution is effective immediately.

Lisa M. Batey, Mayor

ATTEST:

APPROVED AS TO FORM:

Scott S. Stauffer, City Recorder

Justin D. Gericke, City Attorney



RS Agenda Item

7

Business Items

COUNCIL STAFF REPORT

To: City Council
Reviewed: Joseph Briglio, Community Development Director, and
Laura Weigel, Planning Manager
From: Brett Kelter, Senior Planner
Subject: **Design and Landmarks Committee update**

Date Written: May 25, 2023

ACTION REQUESTED

Planning staff would like to discuss with Council the role of the Design and Landmarks Committee (DLC) moving forward.

HISTORY OF THE DLC

The DLC has not always been the Design and Landmarks Committee—it has undergone several changes in name and function over the years.

- **August 1976:** Ordinance 1344 established design review regulations and a Design Review Board.
- **July 1978:** Ordinance 1397 repealed the design review program due to budgetary issues.
- **August 1990:** The Historic Review Committee (HRC) was established with Resolution 27-1990 to oversee newly adopted regulations for historic resources (November/December 1989). The HRC was comprised of five members, including two Planning Commissioners.
- **May 1993:** The HRC was changed from a committee to a commission, with decision-making authority concerning historic resources (Resolution 10-1993). The number of Planning Commissioners on the HRC was reduced from two to one.
- **May 1996:** The HRC was changed from Historic Review Commission to Historic Resources Commission (Ordinance 1799).
- **September 2000:** The Downtown Framework Plan was adopted (Ordinance 1880), and the HRC was renamed as the Design and Landmarks Commission (DLC), responsible for both historic resource review and downtown design review.
- **October 2004:** The DLC's status was downgraded from a commission to a committee, with authority only to make recommendations to the Planning Commission (Ordinance 1936).

Currently the DLC is comprised of five members (no longer including a member from the Planning Commission) and until the pandemic hit in March 2020 regularly met each month (usually the first Monday). In addition to reviewing Downtown Design Review and Historic Resource Review applications as needed, over the years the group has been involved in a variety of special efforts:

- Consultation on code updates for downtown signs, residential and commercial design standards, and downtown and central Milwaukie design standards.
- Creation of a slide show of Milwaukie's historic properties for the city website.

- Development of a historic reference guide for downtown.
- Review of applications for the city's Façade Improvement Program.
- Provision of a public forum for light-rail-related design.
- Participation in design discussions related to the Adams Street Connector and Milwaukee Bay Park.

When the DLC was meeting every month pre-2020, a high level of staff time was required to manage the monthly meetings and the work associated with the committee. The staff liaison was responsible for creating the meeting agenda and preparing minutes, as well as completing the work coming out of the committee. Monthly management of this committee is very staff intensive.

DLC – The past six years

For the past six-plus years, the DLC has been focused on amendments to the downtown design review (DDR) code as well as making recommendations on downtown design review applications. Due to its highly technical nature, the code work has been time consuming and very slow moving, and committee membership has turned over considerably. There have been stretches where it was difficult to have a quorum for conducting official business, although the option to meet virtually has made it much easier for DLC members to be available and participate.

Once the pandemic hit and staff work priorities shifted slightly, the DLC stopped meeting monthly and started meeting only as necessary to move forward the DDR work or review downtown design review applications. Now that the DDR code amendments have been adopted, the DLC's primary role has returned to reviewing downtown design review and historic resource applications as needed. The next big project will likely be updating the Historic Resources Inventory; however, that work is not scheduled to begin until at least 2025 based on other project schedules and staff capacity.

PROPOSED ACTION

The DLC has played an important role over the past 20-plus years in setting the foundations of both downtown design review and historic resource protection. The DLC makes recommendations to the Planning Commission, which is the primary decision maker on downtown design and historic resource applications. Although the Commission has always valued the experience and perspective conveyed by DLC recommendations on these items, the Commission is fully equipped to handle that work on its own when the need arises, which has been infrequent. Since 2017, the DLC has only reviewed and made recommendations on five downtown design applications and three historic review applications. As a result of the revised downtown design review code and considering the low volume of design review and historic resources applications, the Commission's capacity, and the lack of an immediate long-range project for the DLC, staff recommends that Council retire the DLC.

This action would free up staff capacity to be redirected to other projects stemming from the 2020 update of the city's Comprehensive Plan, including the upcoming reassessment of the natural resources inventory and code as well as work regarding floodplain protection. Community volunteers with interest in downtown design and historic preservation can be encouraged to apply for Planning Commission positions or can be recruited to serve on the advisory committees formed in the future as part of topic-specific projects like the Historic Resources update, which is slated to start in 2025.

Retiring the DLC would require minor amendments to the municipal code, removing all references to the Committee and closing all applicable loops of action as needed.

ALTERNATIVES

If Council chooses to not move forward with dissolving the DLC, staff has identified the following alternatives:

- **Alternative 1 (Meet as needed)**

Convene the DLC only when needed for a land use application (DDR or historic resource review). This arrangement would require an acceptance of the following:

- Meetings would be infrequent, making it harder to create a sense of group culture and cohesion.
- Members would have to remain versed in the code in case a DDR or historic resource review application requires them to hold a public meeting and make a recommendation.
- There are not sufficient staff resources to support the DLC's initiation of activities outside the existing schedule and scope of long-range projects, such as updating the local historic resources inventory (forecast for 2025 or later).
- Future recruitment efforts would need to set clear expectations about how the group operates.
- The DLC bylaws would need to be revised accordingly.

- **Alternative 2 (Return to monthly meetings)**

Resume the regular meeting schedule, with staff supporting monthly meetings and identifying a new long-range project for the group to work on in between downtown design or historic resource applications. Staff capacity is quite limited at present, so for the various reasons discussed above, this alternative is the least preferred.

ATTACHMENTS

None.

Scott Stauffer

From: Greg Hemer <greghemermilw@gmail.com>
Sent: Saturday, June 3, 2023 11:43 AM
To: Laura Weigel; _City Council; Joseph Briglio; OCR; Ann Ober
Subject: Re: Council Discussion about the future of the Design and Landmarks Commission

This Message originated outside your organization.

Planning Director Weigel, City Councilors, City Manager Ober, and Community Development Director Briglio, This is in regards to the disbandment of the DLC that you will be discussing on Tuesday.....

DLC stands for the Design and Landmarks Committee, which originally was a Commission until there were controversies over land development in downtown. I agree that the DLC role in Downtown Design review creates some redundancy with the Review Process, but the Landmark in the title is the most important.

17 years ago I joined the DLC.....Li Aligood was in charge of the group and my very first experience was going down to Milwaukie Museum to do some research on historic properties, creating a slide show presentation, and creating a small document talking about the rich history of these iconic buildings. The next project was to receive funding from the State through the CLG program to offer microgrants ranging up to \$2,500 for small outside improvements in Downtown. These are still visible today.....Things from Another World building got new windows, Cha, Cha, Cha's changed there store front, and the Chocolatier got totally remodeled to look exactly like its original building form the First State Bank. Those are the three I can remember, but there were many more.

After many discussions with Jason Allen, the State SHIPO representative, City of Milwaukie still qualifies as a CLG City, but have not been involved since 2019. The big qualification for being a CLG City is by having a historic Review Board or Landmarks Committee as we call it. If your Council goal is Downtown Economic Revitalment, then you should consider all avenues of grant possibilities to make your goal come true. In other words.....think long and hard before disbanding the DLC.....maybe just hold a meeting once a quarter for now and find a reasonable project for them to work on...like qualifying for CLG status, finding grant opportunities to spur the Downtown, or working with Milwaukie Historical Society on the Historic Home Inventory process, mainly the fieldwork and identification.

If you choose to disband the DLC, I can see in the future that you will see no need to implement a new committee. I have Ms. Ober's speech down pat: "It all cost time, money, and resources and Council has maxed out all of them. If you want to drop something or put something on hold, I am fine with that, but you just need to decide what we are going to abandon" Her speech generally squashes the immediate want and then Council says "we are just going to have to prioritize it in the future".....Does the future ever come? Most of the time no.

I understand that the DLC role in Design Review has come to an end, but it can focus on your goal of Downtown Revitalization. Do not disband....it will hurt more than it helps.

Thanks

On Fri, Jun 2, 2023 at 4:52 PM Laura Weigel <WeigelL@milwaukieoregon.gov> wrote:

Hello Planning Commission,

I wanted to let you know that the City Council will be discussing the future of the DLC at their meeting on June 6. A link to the staff report can be found [here](#).

The DLC has played an important role in the city over the course of many years, including the most recent multi-year effort to revise the downtown design review code, which should make it easier for applicants to apply and for staff and Planning Commission to review. Based on the code revisions, the low volume of DDR design review and HR

applications, the Planning Commission's capacity to review these applications, and the lack of an immediate long-range project for the DLC, there will be a Council discussion about the possibility of retiring the DLC.

I understand this a change for the PC. I understand that you all carefully consider the DLC recommendations to the PC. Since 2017, the DLC has only reviewed and made recommendations on five DDR applications and three HRR applications. I do think it's important to note that the DLC has recommended approval of those applications, with only a few suggested modifications. I believe this is a testament that the code is delivering the type of development desired in downtown. Additionally, there will be a conversation about the Historic Resources review work that is scheduled to start in the next few years. The city would potentially create an Historic Resources committee to advise on the project with folks that are particularly interested in this work.

If you have any questions or comments for me prior to the Council meeting on Tuesday, I would love to hear from you/talk to you, so please don't hesitate to reach out.

Please remember to not "reply all."

Have a great weekend!

Laura

Laura Weigel, AICP

Planning Manager

she • her • hers

City of Milwaukie

p: 503.786.7654 | e: weigell@milwaukieoregon.gov

6101 SE Johnson Creek Blvd | Milwaukie, OR 97206

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Greg "Frank" Hemer
5822 SE Harrison St.
Milwaukie, OR 97222
971-202-6100

Scott Stauffer

From: Lisa Batey
Sent: Tuesday, June 6, 2023 9:47 AM
To: _City Council
Cc: Laura Weigel
Subject: FW: DLC role as historic preservation agency

All: Please do not reply all. Prompted by the comments submitted by Greg Hemer, I wanted to share this email I sent to Ann and Laura a couple of months ago, which includes an email from the State Historic Preservation Office. Scott, please add this to the record for today's discussion. --Lisa

From: Lisa Batey
Sent: Monday, March 20, 2023 2:42 PM
To: Ann Ober <OberA@milwaukieoregon.gov>; Laura Weigel <Weigell@milwaukieoregon.gov>
Subject: DLC role as historic preservation agency

Ann, Laura:

The DLC's mandate, as I've always understood it, includes a role as the historic preservation advisory board. I know Planning doesn't expect to get to historic preservation code writing until 2025, but the Museum folks are spearheading an effort to start some inventory work, and if it is as easy as the SHPO Bureau Chief indicated in his email below to become a Certified Local Government, perhaps it is something we should pursue sooner rather than later, so some grant funding and guidance might be available.

Here's a one-pager that outlines five requirements. I'm sure our oh-so-weak ordinance is not really what they hope to see, but it might pass muster. Otherwise, there's the need for a preservation commission (the DLC) and the other three seems pretty simple to agree to.

[Microsoft Word - CLG Certification Requirements.doc \(oregon.gov\)](#)

I know Mary Neustadter is interested in this work – I don't know to what extent other DLC members are, but it's worth a conversation. I heard rumor that Greg Hemer is term-limited off of Planning Commission – if so, I could see him being interested in this as well.

Looking forward to our discussion.

Thanks,
Lisa

From: ALLEN Jason * OPRD <Jason.ALLEN@opr.oregon.gov>
Sent: Thursday, June 2, 2022 10:48 AM
To: Greg Hemer <greghemermilw@gmail.com>; Lisa Batey <lisabatey@msn.com>; Michael Schmeer <gennutt@gmail.com>; Steve Bennett <sbennett1@comcast.net>; Katie Newell <NewellK@milwaukieoregon.gov>; Melody Ashford <Melody@wfmcastudios.org>; Scott Stauffer <StaufferS@milwaukieoregon.gov>
Subject: RE: Thank you all

Hi all, especially Councilor Batey,

I meant to mention regarding the preservation ordinance, that our office has drafted a model preservation ordinance that can be used as a starting point in getting the new ordinance in place. Talk to Kuri Gill at our office about that, and also about moving to becoming a Certified Local Government. Ordinance work/updates are often a part of that program, and the work can be funded with a matching grant from our office once the City has become a CLG. In addition, the inventory work that was discussed last night can also be funded with that CLG matching grant. Really, the City seems to be doing all the things that a CLG is required to do already – you should consider taking advantage of the benefits that come with it!

Here is Kuri's contact info:

Kuri Gill (she, her, hers) | Oregon Heritage Grants & Outreach Coordinator

Oregon Heritage, Oregon Parks and Recreation Department
Oregon Commission on Historic Cemeteries
Desk: (503)986-0685 cell: (503)383-6787
725 Summer St NE, Ste C
Salem, Oregon 97301

Cheers,
-Jason

Jason M. Allen

Preservation Programs Bureau Chief
Survey & Inventory Program Coordinator

He/Him/His
Oregon Parks and Recreation Department, Heritage Division
State Historic Preservation Office
725 Summer St. NE, Ste. C
Salem, OR 97301-1266
Cell: 503.986.0579

Visit our website: www.oregonheritage.org
Like us on Facebook: www.facebook.com/OregonHeritage
Visit our Blog: www.oregonheritage.wordpress.com



Scott Stauffer

From: Leesa Gratreak <leesa.gratreak@gmail.com>
Sent: Tuesday, June 6, 2023 10:09 AM
To: OCR; Greg Hemer; Val Ballestrem
Subject: Council Discussion about the future of the Design and Landmarks Commission

This Message originated outside your organization.

Hello,

I am unable to attend the meeting today in person and wanted to provide a statement in support of retaining the Design and Landmarks Committee (DLC). Retaining the DLC makes good financial and planning sense for multiple reasons:

- Having a DLC allows the city to become a Certified Local Government, which opens up many doors for future historic preservation funding - including CLG Grants
- Milwaukie is growing, beyond just downtown, and the DLC can support review efforts across the city in perpetuity.
- A growing community, such as Milwaukie, should have more tools in the toolkit and more exposure to professionals and ideas in the community, not less.
- It is very likely that such a committee would need to be reestablished in the future to help protect landmarks within our community and re-establishment would come with a cost.
- There is also a risk of less community investment and interest in preservation efforts if this were to occur - it would signal to the people of Milwaukie that this is not a priority and not needed.

I also fully support Greg Hemer in his position, who has expressed similar concerns.

I will be working with Greg on the building inventory and we are hoping to use DLC members to support that project. I see great value in maintaining the DLC. I also know that Val Ballestrem supports maintaining the DLC as well, and I greatly value his opinion and expertise.

Best Regards,

Leesa Gratreak
Architectural Historian
(503) 805-6481

June 6, 2023

To: Milwaukie City Council

RE: Future of the Milwaukie Design and Landmarks Committee

I am writing to express my concern about the possible disbandment of Milwaukie's Design and Landmarks Committee. As a former member of that committee (2013 – 2015) and as a member of the more recent City Hall Blue Ribbon Committee (CHBRC), I feel that if anything, the committee is underutilized and that City Council should work to define a new role and new objectives for the committee, with an emphasis on reviewing potential impacts to designated or potentially designated historic buildings of any type citywide. The committee should also play an important role in the upcoming historic resources inventory project. To be the most effective, a revised committee should emphasize having a balance of members with some level of expertise related to historic preservation, local history, and architecture in general. The CHBRC provides a good example of the expertise and knowledge that would make up an effective historic design review or historic landmarks committee.

To leave Milwaukie without any formal historic design review process could lead to increased demolitions at the expense of the city's lengthy and important history. The City of Milwaukie should embrace its history and its historic buildings, and work on ways to encourage their rehabilitation and renovation, not only because we value this history, but because continuing to reuse older buildings is one important component to a sustainable community and it is our older buildings that create the sense of place that Milwaukians hold dearly. Moreover, delegating any kind of historic design review to the Planning Commission or even directly to City Council or City staff without ensuring that these folks have the necessary expertise would be a disservice to the community. As a growing and thriving city, it is important that we create more inclusivity by providing opportunities for those able to share their expertise, to do so. More voices and more expertise, especially in regard to historic preservation matters, would be a help, not a hindrance.

There are many opportunities that could be lost if the Milwaukie DLC is disbanded and I encourage City Council and City staff to look at opportunities provided through the Certified Local Government and the Oregon Main Street programs. Without some kind of formal historic landmarks committee (or similar), these opportunities, including the possibility of financial support for projects, may go away unrealized. If there is indeed continued interest in downtown revitalization, I urge the City to work with the Oregon State Historic Preservation Office, for starters, to help determine a path forward that serves the entire community and helps ensure we don't lose more of our historic built environment.

I understand that committees like the DLC can create a burden on staff and suggest that a revised committee structure could have limited regular meeting schedule, but with an option for additional meetings as the need arises (e.g., a time sensitive review of proposed development impacting a historic building).

Thank you for your time and consideration and for your service to the City of Milwaukie.

Val C. Ballestrem
Ardenwald resident

Scott Stauffer

From: Greg Hemer <greghemermilw@gmail.com>
Sent: Wednesday, June 7, 2023 7:22 AM
To: _City Council; Laura Weigel; Joseph Briglio; Leesa Gratreak
Subject: Historic Home Inventory/DLC

After listening to last night discussion I want to address some concerns you discussed:

Historic Home Inventory: I recognize and appreciate Councilor Nicodemous statement. We will within our report we will recognize Indigenius land and the oppression of individuals because of race, ethnicity, and gender. The rules for the Historic Home Inventory are set by the State, but buildings are represented not only for their architecture, but also their significance by either occupant or historical value to the community which can include everyone. As you know Milwaukie Historical Society prides itself on telling all stories..the good, the bad, and the ugly and the report will reflect the same.

As far as disbanding the DLC, please talk to Jason Allen at SHIPO before you walk away from the CLG status. The information may enlighten you all the opportunities and value it can bring.

My final point is...once again time, money, and effort is the excuse. Yes it may take a little bit of work to become a CLG city, but it was obvious staff did no research in this matter but looking at the front page of a website. Please do the research or invite Mr. Allen to speak of the benefits.

Thanks



RS Agenda Item

8

Public Hearings

COUNCIL STAFF REPORT

To: Mayor and City Council
Ann Ober, City Manager

Date Written: May 25, 2023

Reviewed: Michael Osborne, Assistant Finance Director

From: Toby LaFrance, Finance and Information Technology (IT) Director

Subject: **Fiscal Year (FY) 2023-2024 Biennium Budget Supplemental**

ACTION REQUESTED

Council is asked to open a public hearing to take public comment and consider the proposed budget adjustments involving multiple funds and approve the proposed adjustments.

HISTORY OF PRIOR ACTIONS AND DISCUSSIONS

[June 7, 2022](#): Council adopted the 2021-2022 biennium budget during the via [Resolution 49-2022](#).

[May 15, 2023](#): The Budget Committee discussed the proposed supplemental items.

ANALYSIS

Oregon Revised Statute (ORS) 294 allows for budget adjustments when a condition arises that was not known at the time the budget was adopted. Since the biennium budget was adopted, certain conditions and situations have arisen that necessitate changes in financial planning. These adjustments are presented, and the significant conditions are outlined below.

The following is a summary of the budget actions that are proposed.

1. City Hall has two requested actions.
 - a. Move \$70,000 of savings in the General Fund created by the Killer Bread electric vehicle (EV) grant to the City Hall Fund for construction costs.
 - b. Recognize \$250,000 of the revenue created by selling the old city hall to create the Owners Contingency (\$221,000) and make up for the City Hall Fund's lower audited beginning fund balance resource (\$29,000).
2. Recognize the library materials grant of \$4,000 and increase the library budget accordingly.
3. Police budget includes three main adjustments.
 - a. Address a shortfall for C800 system radios paid by moving budgetary savings in IT (\$48,000) and increase the Police budget.
 - b. Account for personnel settlement/hiring paid through savings in the finance department budget (\$91,000).
 - c. Police overtime is forecasted to exceed the budgeted amount by \$280,000 - \$300,000. The forecast is based on actual expenses through April 2023 which average over \$35,000 per month and then forecasting out \$35,000 - \$40,000 per month for the rest of the biennium. The higher number is used in the summer months where there is may be more activity. To pay for the overtime, \$297,000 of

salary savings by not filling the parking management coordinator will be moved from community development to police budget.

4. The city undertook an after-action review to document what worked and where improvements are needed in the city's response to the COVID-19 pandemic, 2020 wildfires, and 2021 ice storm. This review is eligible to use American Rescue Plan Act (ARPA) funds to pay for the report. The study was paid for by city's public works administration in the General Fund. The ARPA resources were placed in the water and sewer funds as deferred revenue during FY 2022. This budget action will recognize the ARPA funds as actual revenue, transfer the ARPA monies to the General Fund, and increase the public works administration budget of \$45,000 to pay for the study.
5. The city imposes a construction excise tax (CET) on new residential and commercial construction. The CET can then be used to incentivize affordable housing and economic development programs. The 2023-2024 biennial budget has \$1.1 million to incentivize affordable housing. The city has received \$2 million in eligible project proposals. Through the first nine months of the biennium, CET revenue of \$802,000 has already exceeded the budgeted revenue for the biennium and it is anticipated that pace will continue. This budget action will account for an additional \$800,000 in CET revenue that is anticipated this biennium, move \$100,000 from fund contingency, and appropriate an additional \$900,000 for affordable housing programs.

BUDGET IMPACTS

As described throughout this report. Reserves in the City Hall Fund will increase by \$29,000.

WORKLOAD & CLIMATE IMPACTS

None.

COORDINATION, CONCURRENCE, OR DISSENT

The city manager and appropriate department directors concur with this staff report.

STAFF RECOMMENDATION

Council is asked to adopt the proposed budget adjustments through adoption of a budget supplemental and transfer resolution.

ALTERNATIVES

Council could decide to not recommend, or recommend only in part, the proposed budget adjustments.

ATTACHMENTS

1. Budget supplemental resolution.

COUNCIL RESOLUTION No.

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MILWAUKIE, OREGON,
AUTHORIZING BUDGET SUPPLEMENTAL FOR THE 2023-2024 BIENNIUM**

WHEREAS the city budget for the 2023-2024 biennium was adopted by the City Council at a regular meeting on June 7, 2022, and

WHEREAS certain conditions and situations have arisen since the initial adoption of the 2023-2024 biennium budget that necessitate changes in financial planning [Oregon Revised Statute (ORS) 294.338(3)(b)]; and

WHEREAS transferring budget appropriations between General Fund departments is needed to support police services and a supplemental budget for the new city hall project and affordable housing programs in the City Hall fund and Construction Excise Tax (CET) fund is requested; and,

WHEREAS in accordance with local budget law, notice was published on May 31, 2023, of the public hearing held before City Council on June 6, 2023.

Now, Therefore, be it Resolved by the City Council of the City of Milwaukie, Oregon, that the budget supplemental and transfers shown in Exhibit A are hereby adopted.

Introduced and adopted by the city council on **June 6, 2023**.

This resolution is effective on **July 1, 2023**.

Lisa M. Batey, Mayor

ATTEST:

APPROVED AS TO FORM:

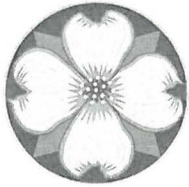
Scott S. Stauffer, City Recorder

Justin D. Gericke, City Attorney

EXHIBIT A

Resolution - Supplemental (Biennium FY2023-FY2024)

	Adopted	Revised	Increase / (Decrease)
<u>General Fund</u>			
Resources:			
Intergovernmental Other	483,000	487,000	4,000
Transfers from Other Funds	13,740,000	13,785,000	45,000
			<u>49,000</u>
Requirements:			
Requirements:			
Public Works Admin	6,485,000	6,460,000	(25,000)
Nondepartmental Transfer	3,989,000	4,059,000	70,000
Library	4,474,000	4,478,000	4,000
Information Technology	3,147,000	3,099,000	(48,000)
Finance	3,111,000	3,020,000	(91,000)
Community Development	2,298,000	2,001,000	(297,000)
Police	15,712,000	16,148,000	436,000
			<u>49,000</u>
<u>City Hall Fund</u>			
Resources:			
Miscellaneous	-	250,000	250,000
Transfers from Other Funds	500,000	570,000	70,000
			<u>320,000</u>
Requirements:			
City Hall	\$ 2,465,000	\$ 2,756,000	291,000
			<u>291,000</u>
<u>Construction Excise Tax Fund</u>			
Resources:			
Excise Tax	644,000	1,444,000	800,000
			<u>800,000</u>
Requirements:			
Construction Excise Tax Department	\$ 1,254,000	\$ 2,154,000	900,000
Contingency	\$ 122,000	\$ 22,000	(100,000)
			<u>\$ 800,000</u>
<u>Wastewater Fund</u>			
Resources:			
Intergovernmental - ARPA	\$ -	\$ 22,000	22,000
			<u>\$ 22,000</u>
Requirements:			
Transfers to Other Funds	\$ 2,920,000	\$ 2,942,000	22,000
			<u>\$ 22,000</u>
<u>Water Fund</u>			
Resources:			
Intergovernmental - ARPA	\$ 2,256,000	\$ 2,279,000	23,000
			<u>\$ 23,000</u>
Requirements:			
Transfers to Other Funds	\$ 3,160,000	\$ 3,183,000	23,000
			<u>\$ 23,000</u>



PUBLIC HEARING ATTENDANCE SIGN-UP SHEET

If you wish to have appeal standing and/or to be on the mailing list for Council information from tonight's hearing, please sign-in below.

6/6/2023

8. A. Supplemental Budget Adjustment – Resolution

Land Use File No. (none)

NAME	ADDRESS	PHONE	EMAIL
Pam Denham	12106 SE 19 th Ave	503 380 9739	pamdenham@gmail.com
Milo Denham	12106 SE 19 th Ave	503 702 2829	milo.denham@gmail.com

COUNCIL STAFF REPORT

To: Mayor and City Council
Ann Ober, City Manager

Date Written: May 25, 2023

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

Subject: **Housing Capacity Analysis (HCA) and Housing Production Strategy (HPS)**

ACTION REQUESTED

Council is asked to open the public hearing for land use file #CPA-2023-001, discuss the Housing Capacity Analysis (HCA) (Attachment 1.b) as an amendment and ancillary document to the Comprehensive Plan, take public testimony, provide direction to staff regarding any desired revisions to the document, and vote to approve file #CPA-2023-001 and adopt the proposed ordinance (Attachment 1) and Findings in Support of Approval (Attachment 1.a).

Council is also asked to review the Housing Production Strategies (HPS) (Attachment 2.a) document, provide direction to staff on any final revisions and vote to adopt the HPS via resolution.

HISTORY OF PRIOR ACTIONS AND DISCUSSIONS

[January 17, 2023](#): Council reviewed the HCA.

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

[May 16, 2023](#): Council reviewed the draft HPS.

[May 23, 2023](#): Planning Commission held a public hearing and voted unanimously to recommend approval of HCA and were supportive of the HPS.

BACKGROUND AND ANALYSIS

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

The HCA provides Milwaukie with the technical background to support future planning efforts related to housing production and options for addressing unmet housing needs in Milwaukie. It provides the city with updated information about the housing market in and describes the factors that will affect future housing demand, such as changing demographics. The Oregon Department of Land Conservation and Development (DLCD) requires cities to adopt their HCAs as an ancillary document to their Comprehensive Plan and to update the HCA every six years.

The HPS is a six-year plan intended to address issues identified in the HCA. Specifically, the HPS is meant to propose policy solutions to address the unmet housing needs for current and

future residents and support the development of housing in Milwaukie over the next six years. The HPS considers the work already underway and the Milwaukie Housing Affordability Strategy (MHAS) Action Plan.

The HPS is a new state requirement adopted in 2019 that is designed to pick-up where the HCA leaves off. The city is required to submit the HPS to DLCD after its adoption by Council resolution. It is not considered an ancillary document to the Comprehensive Plan. The city is then required to monitor progress on implementation of the HPS and on production of housing related to the policies and plans found in the report. Therefore, it is critical that strategies that are selected for inclusion in the HPS are feasible based on current and forecasted staff and financial resources.

The city received a grant from DLCD to hire a consultant to complete both the HCA and HPS. The consultant, staff, and the [Housing Capacity Technical Committee](#) (HCTC) reviewed and discussed the draft findings in the HCA and the draft HPS over six meetings. The HCTC supports the HCA and held its final meeting on April 27. The HCTC unanimously supported the latest draft HPS.

BUDGET IMPACT

The work on the HCA will be complete upon adoption therefore there are no budget impacts moving forward. Implementing some of the strategies identified in the HPS will require new potential funding sources. Staff will continue to explore funding opportunities.

WORKLOAD IMPACT

The HCA work will be complete upon adoption. Further work on the strategies in the HPS will be necessary. Staff developed the implementation timeline with the availability of staff resources in mind.

CLIMATE IMPACT

The HCA and HPS identify current and future housing needs for Milwaukie and identifies strategies for potentially accommodating those needs. Some of those strategies may result in more compact and efficient use of residential land which promotes land development that has fewer climate impacts than traditional larger lot development of single detached dwellings.

COORDINATION, CONCURRENCE, OR DISSENT

Planning and community development staff have worked collaboratively on both documents.

STAFF RECOMMENDATION

Staff recommends that Council adopt the ordinance, findings, and HCA as an ancillary document to the Comprehensive Plan. Staff also recommends that Council adopt the HPS via resolution.

ALTERNATIVES

None.

ATTACHMENTS

1. Ordinance
 - a. Findings in Support of Approval
 - b. Housing Capacity Analysis Document
2. Resolution
 - a. Housing Production Strategy Document

COUNCIL ORDINANCE No.

AN ORDINANCE OF THE CITY OF MILWAUKIE, OREGON, AMENDING THE COMPREHENSIVE PLAN BY ADDING THE HOUSING CAPACITY ANALYSIS, AN ANCILLARY DOCUMENT, TO MAINTAIN COMPLIANCE WITH STATE REQUIREMENTS (FILE #CPA-2023-001).

WHEREAS the State Transportation Planning Rule requires that local jurisdictions maintain their TSPs to be consistent with the applicable Regional Transportation Plan (RTP); and

WHEREAS legal and public notices have been provided as required by law, and opportunities for public review and input has been provided; and

WHEREAS on February 14, 2023, the Planning Commission conducted a public hearing as required by Milwaukie Municipal Code (MMC) 19.1008.5 and adopted a motion in support of the amendments; and

WHEREAS the City Council finds that the proposed amendments are in the public interest of the city.

Now, Therefore, the City of Milwaukie does ordain as follows:

Section 1. Findings. Findings of fact in support of the amendments are adopted by the City Council and are attached as Exhibit A.

Section 2. Amendments. The Comprehensive Plan is amended by adding the Housing Capacity Analysis as presented in Exhibit B.

Section 3. Effective Date. The amendments shall become effective on the date of adoption.

Read the first time on _____ and moved to second reading by _____ vote of the City Council.

Read the second time and adopted by the City Council on _____.

Signed by the Mayor on _____.

Lisa M. Batey, Mayor

ATTEST:

APPROVED AS TO FORM:

Scott S. Stauffer, City Recorder

Justin D. Gericke, City Attorney

Exhibit A

Recommended Findings in Support of Approval File #CPA-2023-001, Housing Capacity Analysis

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, the City of Milwaukie, is proposing to adopt the 2023 Housing Capacity Analysis, as an ancillary document to the Comprehensive Plan. The land use application file number is CPA-2023-01.
2. Oregon House Bill 2003 directs the Land Conservation and Development Commission (LCDC) to adopt a schedule for cities over 10,000 people to update their Housing Needs Analysis (HNA), also known as a Housing Capacity Analysis (HCA). That schedule was updated on November 23, 2020. The law requires cities within the Portland Metro region to update their HCA every six years. The City of Milwaukie was directed by LCDC to complete its HCA in 2023.
3. The purpose of the HCA is to provide information about how the choices of individual households and the housing market in Clackamas County and Milwaukie have interacted, focusing on implications for future housing need in Milwaukie over the 2023 to 2043 period. This report and the *City of Milwaukie Housing Production Strategy* provide policy options that can influence future housing development, considering opportunities to increase access to affordable housing for lower-income communities and communities of color, as well as housing needs for all residents of Milwaukie.
4. The proposal is subject to the following provisions of the Milwaukie Municipal Code (MMC):
 - MMC 19.902 Amendments to Maps and Ordinances
 - MMC 19.1000 Review Procedures
5. MMC 19.902 Amendments to Maps and Ordinances
 - a. MMC 19.902.3 establishes requirements for amendments to the text of the Milwaukie Comprehensive Plan. Amendments to ancillary documents such as the HCA are subject to the same criteria. The City Council finds that these requirements have been met as follows.
 - (1) MMC Subsection 19.902.3.A requires that changes to the text of the Milwaukie Comprehensive Plan shall be evaluated through a Type V review per Section 19.1008.

The Planning Commission held a duly advertised public hearing on May 23, 2023 and passed a motion recommending that the City Council approve the proposed amendments. The City Council held a duly advertised public hearing on June 6, 2023 and approved the amendments. Public notice was provided in accordance with MMC Subsection 19.1008.3.

(2) MMC Subsection 19.902.3.B contains approval criteria for changes to the text of the Milwaukie Comprehensive Plan.

(a) MMC Subsection 19.902.3.B.1 requires that the proposed amendment be consistent with the goals and policies of the Comprehensive Plan, as proposed to be amended.

The Housing Capacity Analysis is consistent with the goals and policies of the Comprehensive Plan as it provides Milwaukie with a factual basis to support future planning efforts related to housing and options for addressing unmet housing needs in Milwaukie. It provides the city with newer information about the housing market in Milwaukie and describes the factors that will affect future housing demand in the city, such as changing demographics.

MMC Subsection 19.902.3.B.2 requires that the proposed amendment is in the public interest with regard to neighborhood or community conditions.

The Housing Capacity Analysis helps educate the community in its understanding of the housing needs for current and future Milwaukians and to consider ways to increase housing options of every socioeconomic status and physical ability.

(b) MMC Subsection 19.902.3.B.3 requires the public need be best satisfied by this particular proposed amendment.

The Housing Capacity Analysis identifies the housing needs of the community.

(c) MMC Subsection 19.902.3.B.4 requires that the proposed amendment is consistent with the Metro Urban Growth Management Functional Plan and relevant regional policies.

The proposed amendment is consistent with the Metro Urban Growth Management Functional Plan and relevant regional policies related to residential capacity.

The Metro Urban Growth Management Functional Plan includes a number of titles that address various aspects of the region's goals and policies for urban development.

(a) Title 1 Housing Capacity

The Housing Capacity Analysis at its very core analyzes the housing capacity the city has and the capacity it needs to house the projected forecasted population.

(b) Title 7 Housing Choice

The Housing Capacity Analysis identifies the existing housing stock in the city and identifies the changing demographics need for different housing choices of the forecasted population.

The proposed amendments were sent to Metro for comment. Metro did not identify any inconsistencies with the Metro Urban Growth Management Functional Plan or relevant regional policies. The Housing Capacity Analysis is in compliance with Metro's Functional Growth Management Plan.

- (d) MMC Subsection 19.902.3.B.5 requires that the proposed amendment be consistent with relevant State statutes and administrative rules, including the Statewide Planning Goals and Transportation Planning Rule.

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

DLCD has not identified any areas where the proposed amendments are inconsistent with State statutes and administrative rules, including the Statewide Planning Goals and Transportation Planning Rule. MMC 19.1000 establishes the initiation and review requirements for land use applications. The City Council finds that these requirements have been met as follows.

- b. MMC 19.1001.6 requires that Type V applications be initiated by the Milwaukie City Council, Planning Commission, Planning Manager, or any individual.

The amendment/ancillary document was initiated by the Planning Manager on April 14, 2023.

- c. MMC Section 19.1008 establishes requirements for Type V review. The procedures for Type V review have been met as follows:

- (1) Subsection 19.1008.3.A.1 requires opportunity for public comment.

Opportunity for public comment and review has been provided. The City Council had a work session on the Housing Capacity Analysis on January 17, 2023 and May 16, 2023. The Planning Commission had a work session on the Housing Capacity Analysis on December 13, 2022.

The current version of the draft document has been posted on the City's website since April 14, 2023. On May 5, 2023 staff emailed NDA leaders with information about the Planning Commission hearing and a link to the draft proposed amendments.

A Housing Capacity Technical Committee met during six meetings over 14 months to review and comment on the HCA.

- (2) Subsection 19.1008.3.A.2 requires notice of public hearing on a Type V Review to be posted on the City website and at City facilities that are open to the public at least 30 days prior to the hearing.

A notice of the Planning Commission's May 23, 2023, hearing was posted as required on April 14, 2023. A notice of the City Council's June 6, 2023 public hearing was posted as required on May 6, 2023.

- (3) Subsection 19.1008.3.A.3 requires notice be sent to individual property owners if the proposal affects a discrete geographic area or specific properties in the City.

The Planning Manager has determined that the proposal affects a large geographic area. Notice to individual property owners and individual properties was not required.

- (4) Subsection 19.1008.3.B requires notice of a Type V application be sent to the Department of Land Conservation and Development (DLCD) 35 days prior to the first evidentiary hearing.

Notice of the proposed amendment/ancillary document was sent to DLCD on April 14, 2023.

- (5) Subsection 19.1008.3.C requires notice of a Type V application be sent to Metro 35 days prior to the first evidentiary hearing.

Notice of the proposed amendment/ancillary document was sent to Metro on April 14, 2023.

- (6) Subsection 19.1008.3.D requires notice to property owners if, in the Planning Director's opinion, the proposed amendments would affect the permissible uses of land for those property owners.

The proposed amendment/ancillary document does not further restrict the use of property.

- (7) Subsection 19.1008.4 and 5 establish the review authority and process for review of a Type V application.

The Planning Commission held a duly advertised public hearing on May 23, 2023 and passed a motion recommending that the City Council approve the proposed amendment/ancillary document. The City Council held a duly advertised public hearing on June 6, 2023 and approved the amendments/ancillary.

Exhibit B



City of Milwaukie

2023–2043 Housing Capacity Analysis

May 2023

Prepared for: City of Milwaukie

DRAFT REPORT

ECONorthwest
ECONOMICS • FINANCE • PLANNING

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Portland, OR 97201
503-222-6060

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Acknowledgements

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

Housing Capacity Technical Committee

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

*CPIC - Comprehensive Plan Implementation Committee

*CPAC - Comprehensive Plan Advisory Committee

*DLCD - Department of Land Conservation and Development

City of Milwaukie

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

Consulting Team (ECONorthwest)

- Beth Goodman, Project Director
- Kaitlin La Bonte, Project Manager
- Becky Hewitt, Project Director
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- Mackenzie Visser, Associate
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Executive Summary

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

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

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

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

- **Housing Capacity Technical Committee (HCTC).** The HCTC met four times as part of the HCA to discuss project assumptions, results, and implications. They provided input about key issues, providing local review and input to shape the HCA.
- **Decision-makers.** City staff have briefed the Planning Commission and City Council on the Housing Capacity Analysis project. ECONorthwest will present the results of the analysis to decision-makers and incorporate feedback into the analysis.
- **Discussion with the City's Equity Steering Committee.** ECONorthwest met with the Equity Program Manager and Equity Steering Committee during the process of identifying unmet housing need and policy gaps.
- **Engage Milwaukie Event 1.** This online event shared information on the Housing Capacity Analysis. This event was hosted on the Engage Milwaukie platform from late September through early November 2022. This event shared information on changes in household incomes, housing costs, and housing cost burden in Milwaukie, and it

included a survey to gauge residents' housing needs and preferences to aid the city in developing strategies to address housing needs. The City received 200 responses to the survey.

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

Who lives in Milwaukie?

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

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

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

What are unmet housing needs in Milwaukie?

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

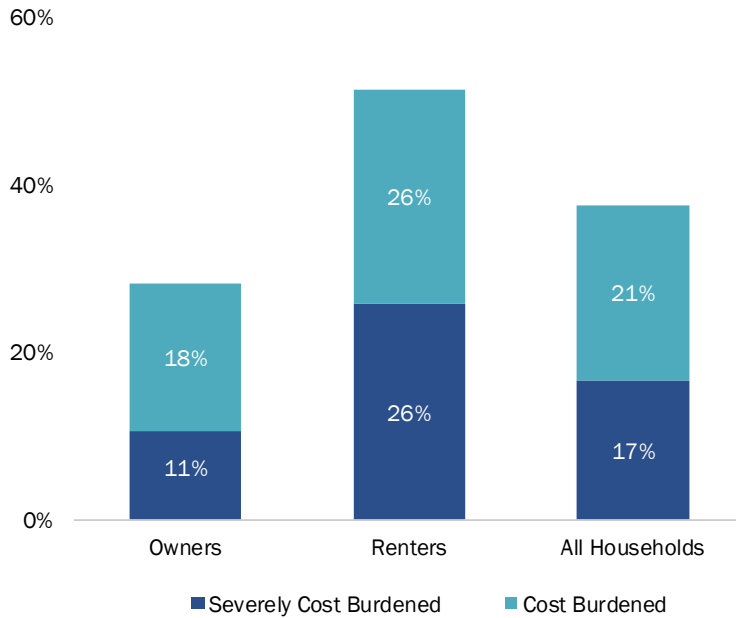
A typical standard used to determine housing affordability is that a household should pay no more than 30% of household income for housing costs, including payments and interest or rent,

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

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

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

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



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

How could housing needs in Milwaukie change in the future?

Milwaukie’s housing needs will change over the 2023 to 2043 period. Key demographic and economic trends that will affect Milwaukie’s future housing needs are (1) the aging of baby

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

boomers, (2) the changing housing needs of millennials and Generation Z,³ and (3) the continued growth in the Hispanic and Latino/a/x population.

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

How much household growth is Milwaukie planning for?

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

³ Millennials were born from about 1980 to 2000 and Generation Z were born after 1997.

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

Source: Metro's 2045 Distributed Forecast.

9,559 Households in 2023	11,230 Households in 2043	1,670 New Households 2023 to 2043	17% increase 0.81% AAGR
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How much and what types of housing will Milwaukie need?

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

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

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

How much buildable residential land does Milwaukie currently have?

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

Milwaukie also has development capacity for middle housing, through infill development with new housing types such as cottage housing, town houses, duplexes, triplexes, and quadplexes. As of June 2022, middle housing is now allowed in many parts of Milwaukie. ECONorthwest’s analysis suggests that middle housing production over 20 years could be between about 600 and 1,600 units—30 to 80 units per year, on average. The wide range of estimates reflects the degree of uncertainty about both site-specific factors that could influence outcomes and about the pace of demand for middle housing in the area generally.

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

How much land will be required for housing?

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

Exhibit 3. Comparison of Capacity of Existing Residential Land with Demand for New Dwelling Units and Land Surplus or Deficit, Milwaukie city limits, 2023 to 2043
 Source: Buildable Lands Inventory; Calculations by ECONorthwest

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

What are the key findings of the Housing Capacity Analysis?

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

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

The factors driving the shift in types of housing needed in Milwaukie include changes in demographics, commuting trends, and need for housing that is affordable. These trends

drive need for a wider range of housing such as single-dwelling attached housing, accessory dwelling units, town houses, cottage housing, duplexes, triplexes, quadplexes, and multi-dwelling structures.

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

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

1. Introduction

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

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

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

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

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

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

Housing has become less affordable for many in Milwaukie over the last few decades. In 2000, 29% of households in Milwaukie were cost burdened,⁴ and by 2015-2019, 38% of households were cost burdened. Cost burden was most common among renters, 26% of whom were cost burdened in 2015-2019 and 26% of whom were severely cost burdened.

⁴ The Department of Housing and Urban Development’s guidelines indicate that households paying more than 30% of their income on housing experience “cost burden” and households paying more than 50% of their income on housing experience “severe cost burden.”

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

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

This project includes two separate but closely related reports:

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

Public Process

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

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

Housing Capacity Technical Committee Engagement

The City of Milwaukie and ECONorthwest solicited public input from the City's Housing Capacity Technical Committee. The Housing Capacity Technical Committee met four times as part of the HCA to discuss project assumptions, results, and implications. The Committee met four additional times to discuss the *Housing Production Strategy*. The project relied on the Housing Capacity Technical Committee to review draft products and provide input at key points (e.g., before recommendations and decisions were made and before draft work products were finalized). In short, local review and community input were essential to developing a locally appropriate and politically viable housing capacity analysis and housing strategy.

Planning Commission and City Council Engagement

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

Underrepresented Groups

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

- **Discussion Group 1: Equity Steering Committee.** We met with the Equity Program Manager and Equity Steering Committee during the process of identifying unmet housing need and policy gaps. This discussion reviewed information gathered to date through the HCA. Additionally, we asked them to help us identify specific groups and

individuals to meet with in subsequent discussion groups and to help us identify key questions and goals for these discussions.

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

Broader Public Engagement

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

The details for these events were as follows:

- ***Engage Milwaukie* Event 1.** The first online event shared information on the Housing Capacity Analysis. This event was hosted on the Engage Milwaukie platform from late September through early November 2022. This post shared information on changes in household incomes, housing costs, and housing cost burden in Milwaukie, and it included a survey to gauge residents' housing needs and preferences to aid the city in developing strategies to address housing needs.
- ***Engage Milwaukie* Event 2.** The second online event will share information on the potential strategies for the Housing Production Strategy. This event should occur once a list of the most promising strategies is developed but before the list is finalized. We should plan on holding this event between HCTC meetings 7 and 8 after the community discussion groups described in the following section.

Organization of This Report

The rest of this document is organized as follows:

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

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

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

Vacant Buildable Land

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

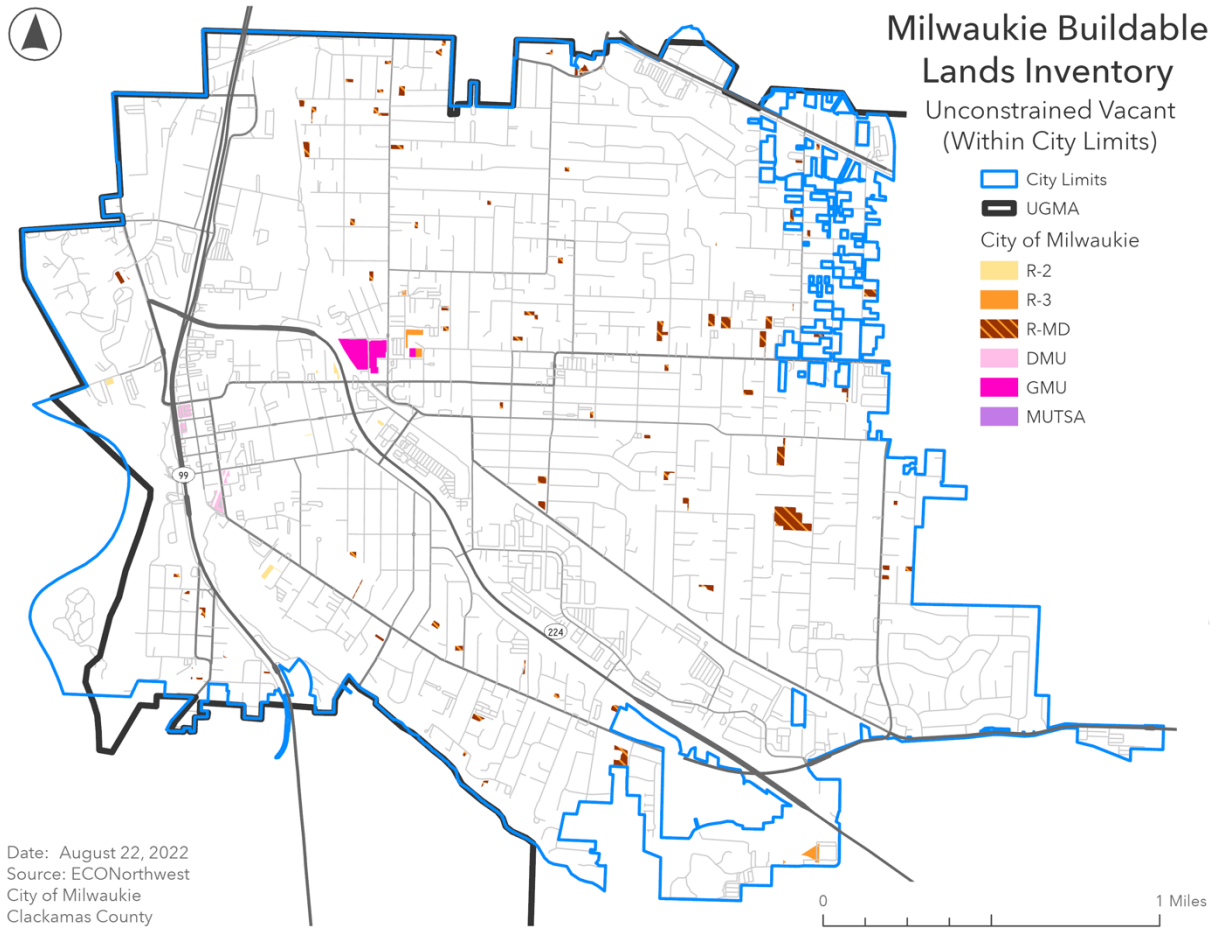
Exhibit 4. Buildable Acres in Vacant Tax Lots by Plan Designation and Zone, Milwaukie city limits, 2022

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

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

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

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



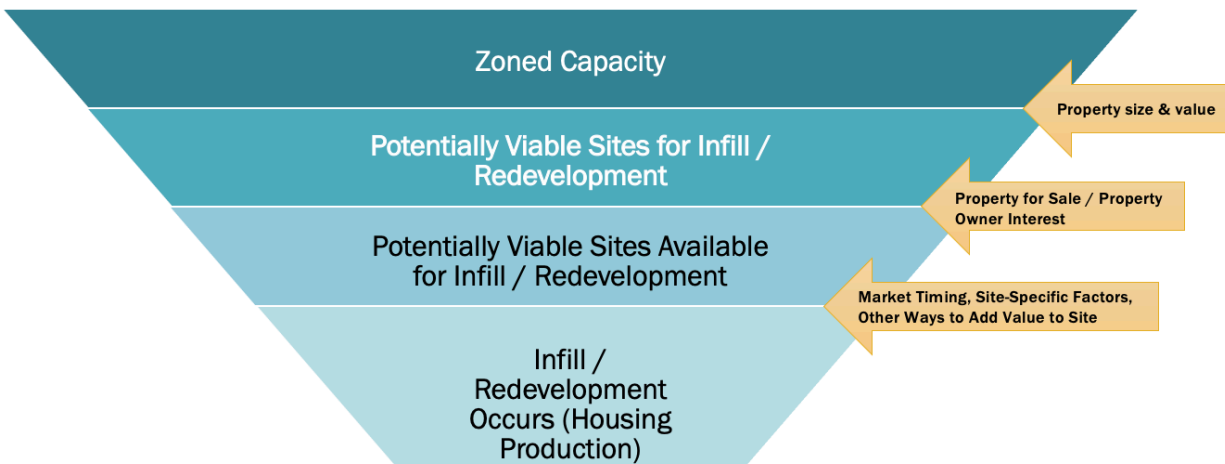
Middle Housing Infill and Redevelopment Analysis

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

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

Exhibit 6: Housing Production "Funnel"

Source: ECONorthwest



Overview of Approach

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

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

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

Summary of Results

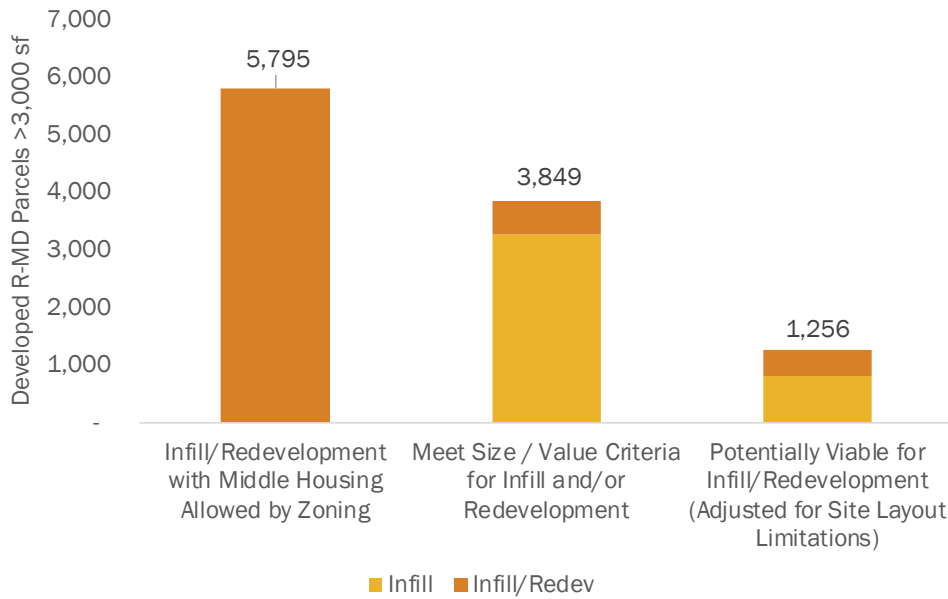
Zoned Capacity and Potentially Viable Sites for Infill/Redevelopment

ECONorthwest's analysis showed:

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

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

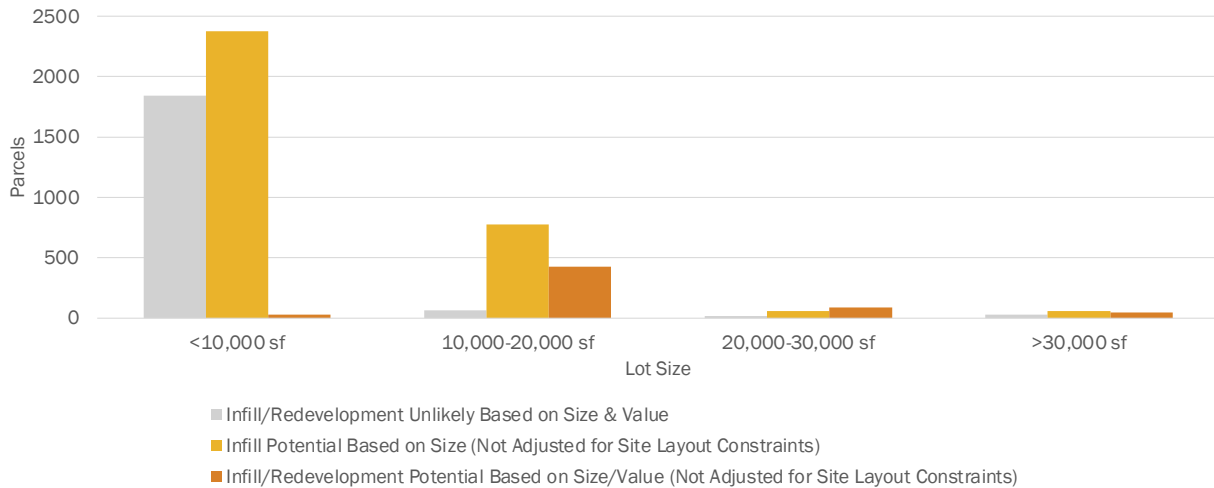
Source: ECONorthwest



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

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

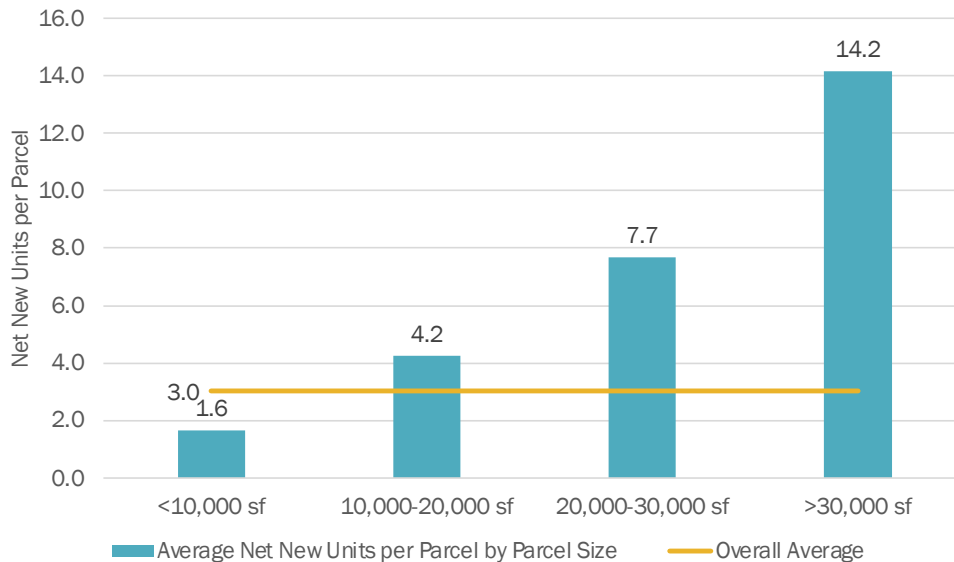
Source: ECONorthwest



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

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

Source: ECONorthwest



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

Estimated Housing Production from Middle Housing Infill and Redevelopment

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

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

3. Historical and Recent Development Trends

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

Trends in Housing Mix

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

In this analysis, we grouped housing types based on (1) whether the structure is stand-alone or attached to another structure and (2) the number of dwelling units in each structure. The housing types used in this analysis are consistent with needed housing types as defined in ORS 197.303 and Milwaukie Development Code:⁵

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

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

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

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

⁵ ORS 197.303 defines needed housing as “all housing on land zoned for residential use or mixed residential and commercial use that is determined to meet the need shown for housing within an urban growth boundary at price ranges and rent levels that are affordable to households within the county with a variety of incomes.”

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

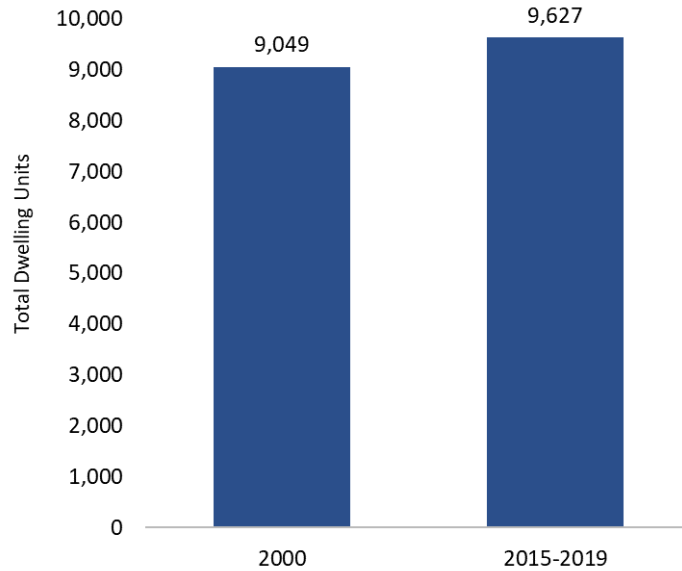
- **Single-dwelling detached housing accounted for the majority of new housing permitted in Milwaukie between 2010 and 2021.** About 76% of permits were for single-dwelling detached, 17% for multi-dwelling units, and 6% for accessory dwelling units.
- **Milwaukie is expected to have a substantial amount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

Housing Mix

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

Milwaukie added 578 new dwelling units since 2000.

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

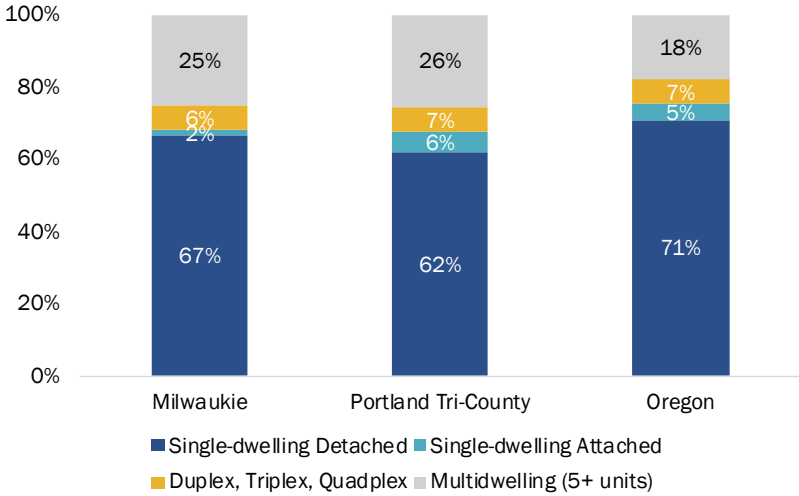


Sixty-seven percent of Milwaukie’s housing stock was single-dwelling detached.

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

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

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



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

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

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

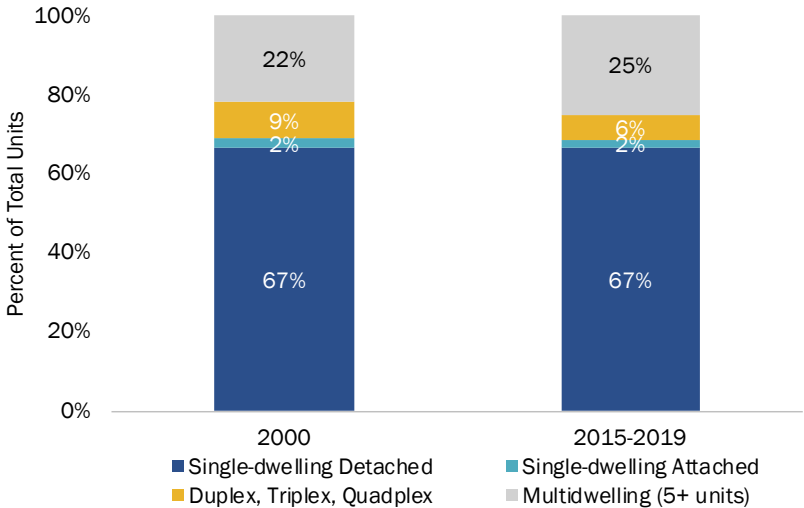
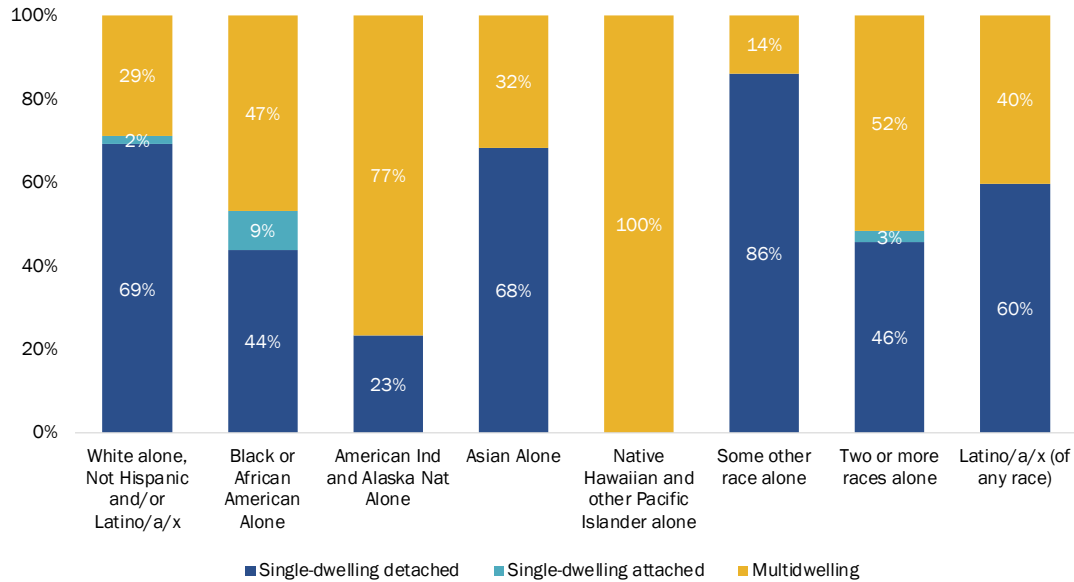


Exhibit 13 shows that householders that identified as White Alone, Asian Alone, and Some Other Race Alone were most likely to live in single-dwelling detached housing (69%, 68%, and 86%, respectively). Black/African American households or those who identified as Two or more races were more likely to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

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

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



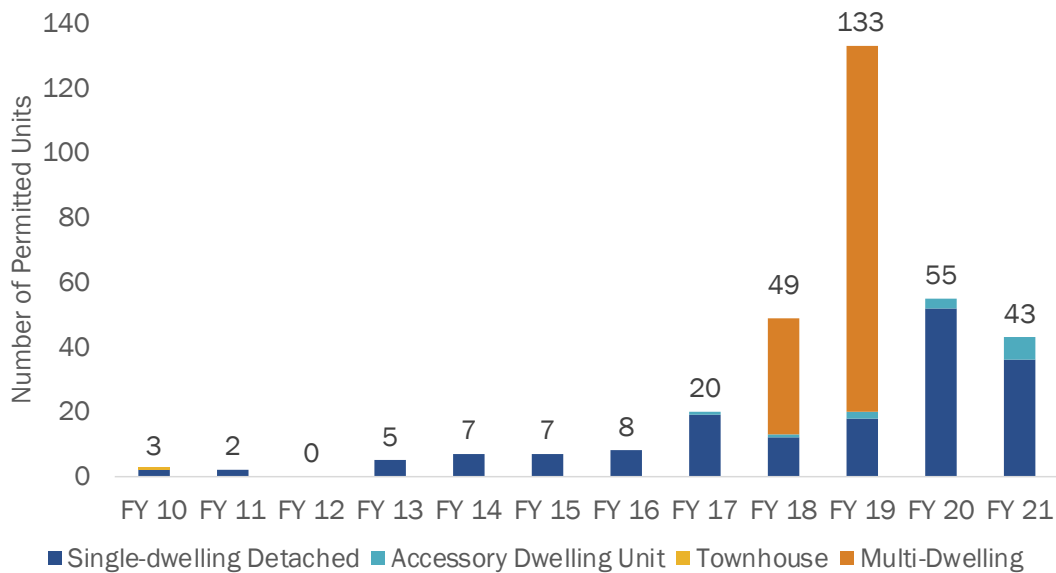
Building Permits

Over the 2010 to 2021 fiscal year period, Milwaukie issued 189 building permits for new residential construction, which included a total of 332 permitted units. Of these 332 units, about 51% were for single-dwelling units, 45% were for multi-dwelling buildings, and 4% were for accessory dwelling units.⁶

⁶ Milwaukie building permit data includes duplexes in the single-dwelling category and triplexes under multi-dwelling.

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

Source: City of Milwaukie, Permit Database.



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

Trends in Housing Density

Housing density is the density of residential structures by structure type, expressed in dwelling units per net or gross acre.⁷ The US Census does not track residential development density; thus, this study analyzes housing density based on the RLIS database for development between 2000 and 2020.

Exhibit 15 shows that between 2000 and 2020, Milwaukie’s newly permitted housing was developed⁸ at a net density of 7.9 dwelling units per net acre. Exhibit 15 shows average net residential density by structure type for the historical analysis period. Single-dwelling⁹ housing developed at 5.2 dwelling units per net acre, and multidwelling housing developed at 34.6 dwelling units per net acre.

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

Source: RLIS.

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

⁷ OAR 660-024-0010(6) uses the following definition of net buildable acre. “Net buildable acre” consists of 43,560 square feet of residentially designated buildable land after excluding future rights-of-way for streets and roads. While the administrative rule does not include a definition of a gross buildable acre, using the definition above, a gross buildable acre will include areas used for rights-of-way for streets and roads. Areas used for rights-of-way are considered unbuildable.

⁸ Note (for the density analysis by zone): ADUs were included in the single-dwelling housing type category.

⁹ This analysis does not differentiate between single-dwelling detached and single-dwelling attached units because Milwaukie’s building permit database combines them into one category: single dwelling.

Trends in Tenure

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

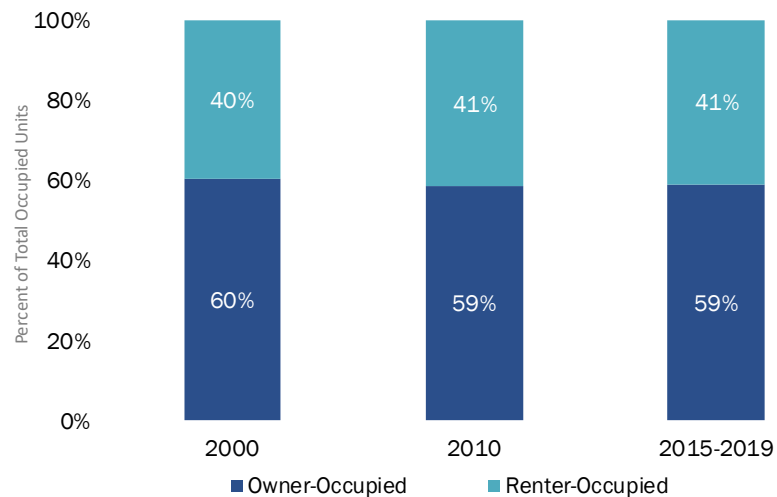
- **Homeownership rates in Milwaukie were slightly lower than the Portland regions and Oregon’s rates.** About 59% of Milwaukie’s households own their home. In comparison, 60% of Portland region’s households and 62% of Oregon households are homeowners.
- **Homeownership rates in Milwaukie remained largely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

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

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

Exhibit 16. Tenure, Occupied Units, Milwaukie, 2000, 2010, 2015-19

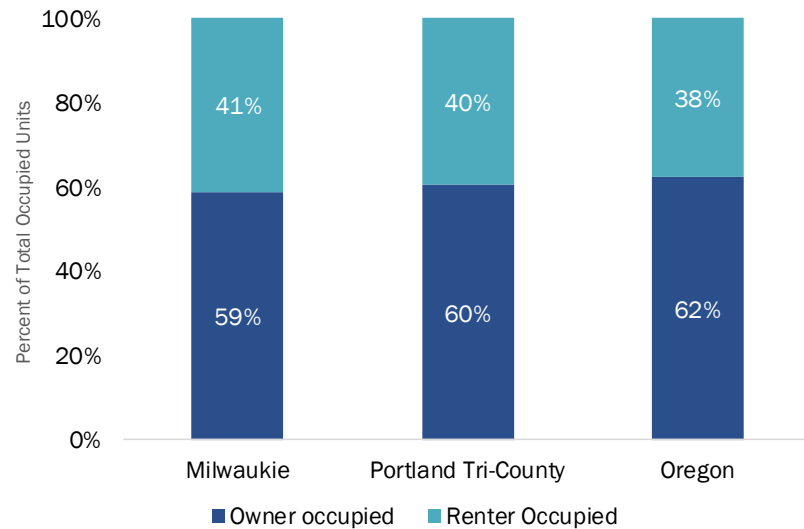
Source: US Census Bureau, 2000 Decennial Census SF1 Table H004, 2010 Decennial Census SF1 Table H4, 2015-2019 ACS Table B25003.



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

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

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



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

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

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

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

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

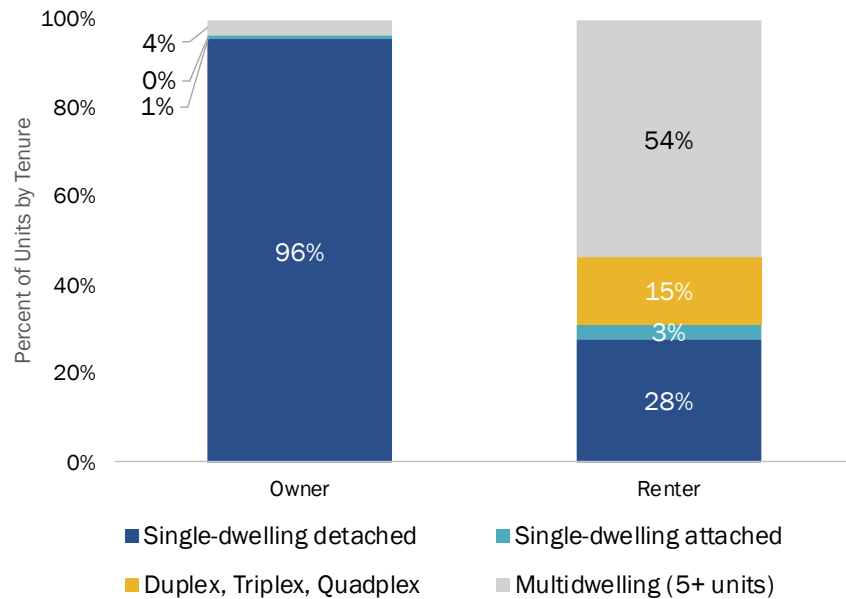
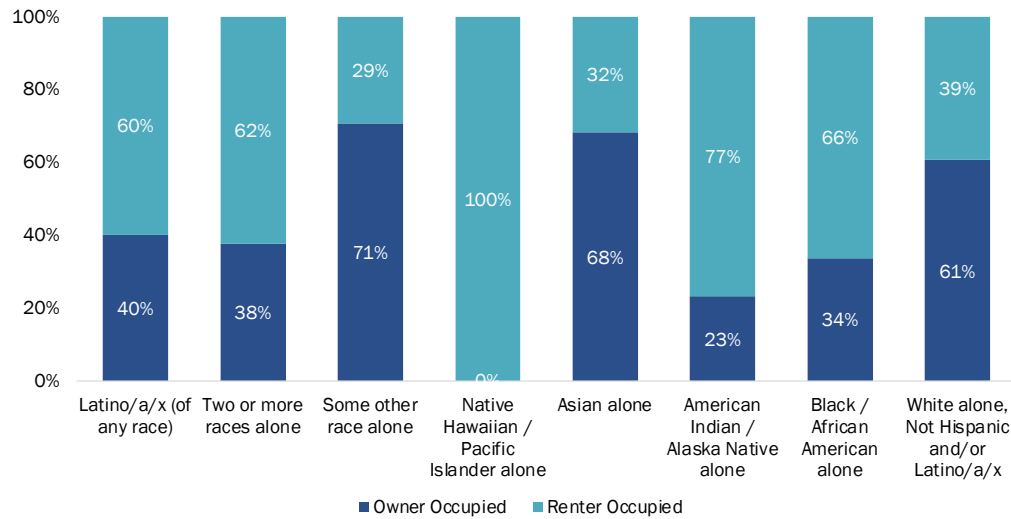


Exhibit 19 shows housing tenure by race and ethnicity for Milwaukee’s households. Households that identified as Black/African American, American Indian and Alaska Native Alone, and Native Hawaiian/Pacific Islander had the lowest rates of homeownership (34%, 23%, and 0%, respectively). In comparison, 61% of households that identified as White Alone, 68% of households that identified as Asian Alone, and 71% of households that identified as Some other Race Alone were homeowners. About 40% of households who identified as Latino/a/x (of Any Race) owned their own home.

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

Source: US Census Bureau, 2015-2019 ACS Table B25003A-1.

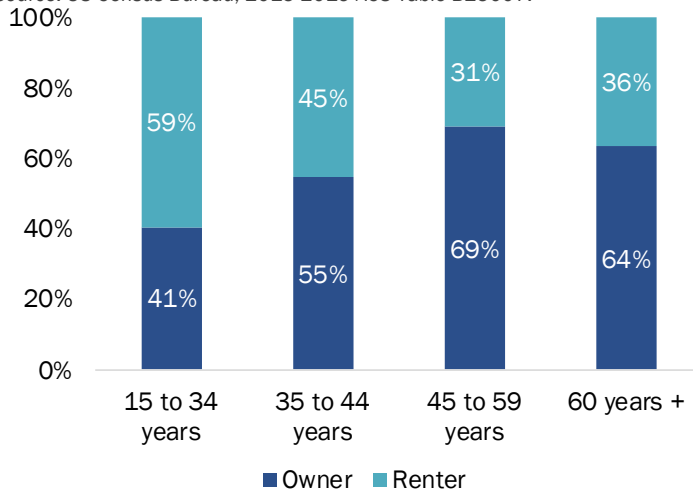


The homeownership rate in Milwaukee increased with age. In Milwaukee, about 55% of householders 35 years or older owned their homes.

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

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

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



Vacancy Rates

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

- According to the 2010 Census, the vacancy rate in Milwaukie was 4.4%, compared to 5.6% for the Portland region and 8.9% for Oregon.
- According to the 2015-2019 American Community Survey, the rate was 5.2% in Milwaukie, compared to 6.2% for the Portland region and 9.3% for Oregon.
- In Spring 2022, *The Apartment Report* showed a vacancy rate of 2.68% in Milwaukie, compared to a regional vacancy rate of 3.56%.¹⁰

Government-Assisted Housing

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

Exhibit 21. Government-Assisted Housing, Milwaukie and nearby areas, 2019

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

Note: bedroom size data not available for Jennings Lodge.

*Note: These developments are not within the Milwaukie city limits.

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

¹⁰ The Apartment Report, Multifamily NW, Spring 2022.

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

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

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

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

Manufactured Homes

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

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

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

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

Source: Oregon Manufactured Dwelling Park Directory, 2022

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

4. Demographic and Other Factors Affecting Residential Development in Milwaukie

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

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

Demographic and Socioeconomic Factors Affecting Housing Choice¹¹

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

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

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

¹¹ The research in this chapter is based on numerous articles and sources of information about housing and has been adapted to Milwaukie's unique circumstances using a prior housing capacity analysis conducted by ECONorthwest.

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

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

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

Regional and Local Demographic Trends May Affect Housing Need in Milwaukie

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

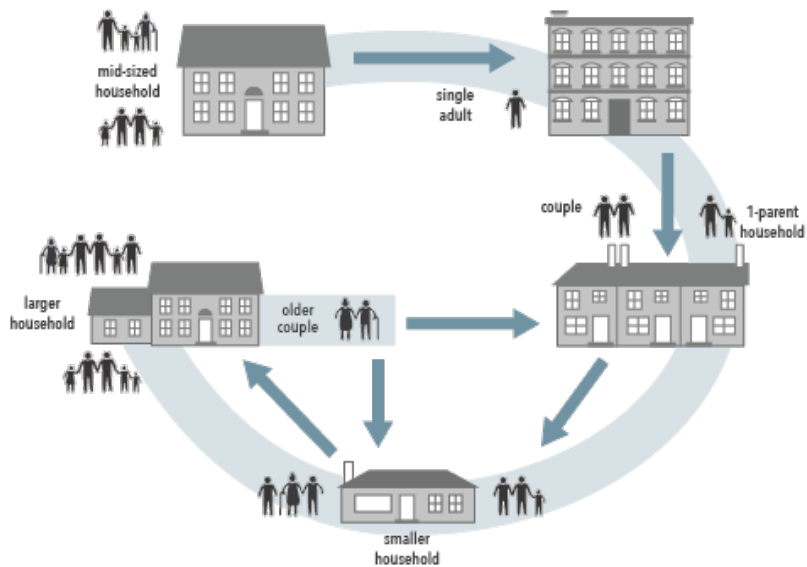
An individual’s housing needs change throughout their life, with changes in income, family composition, and age. The types of housing needed by a 20-year-old college student differ from the needs of a 40-year-old parent with children, or an 80-year-old single adult. As Milwaukie’s population ages, different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

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

Households of different sizes need different types of housing.

Exhibit 24. Effect of Demographic Changes on Housing Need

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



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

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

Growing Population

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

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

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

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

Aging Population

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

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

The impact of growth in seniors in Milwaukie will depend, in part, on whether older people already living in Milwaukie continue to reside there as they retire. National surveys show that, in general, most retirees prefer to age in place by continuing to live in their current home and community as long as possible.¹²

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

¹² A survey conducted by the AARP indicates that 90% of people 50 years and older want to stay in their current home and community as they age. See <http://www.aarp.org/research>.

single-dwelling homes (detached and attached) or multi-dwelling units, or moving into group housing (such as assisted-living facilities or nursing homes) as their health declines. The challenges aging seniors face in continuing to live in their community include changes in health-care needs, loss of mobility, the difficulty of home maintenance, financial concerns, and increases in property taxes.¹³

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

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

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

In the near term, millennials and Generation Z may increase demand for rental units. Research suggests that millennials’ housing preferences may be similar to baby boomers’, with a preference for smaller, less-costly units. Surveys about housing preference suggest that millennials want affordable single-dwelling homes in areas that offer transportation alternatives to cars, such as suburbs or small cities with walkable neighborhoods.¹⁴ Recent growth in homeownership among millennials proves that millennials prefer to become homeowners, with the millennial homeownership rate increasing from 33% in 2009 to 43% in 2019.¹⁵ While researchers do not yet know how Generation Z will behave in adulthood, many expect they will follow patterns of previous generations.¹⁶

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

¹³ “Aging in Place: A toolkit for Local Governments” by M. Scott Ball.

¹⁴ The American Planning Association, “Investing in Place; Two generations’ view on the future of communities.” 2014.

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

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

¹⁵ “Millennials and Housing: Homeownership Demographic Research.” Freddie Mac Single-Family, 2021.

https://sf.freddiemac.com/content/_assets/resources/pdf/fact-sheet/millennial-playbook_millennials-and-housing.pdf.

¹⁶ “2021 Home Buyers and Sellers Generational Trends Report.” National Association of Realtors, 2021.

<https://www.nar.realtor/sites/default/files/documents/2021-home-buyers-and-sellers-generational-trends-03-16-2021.pdf>.

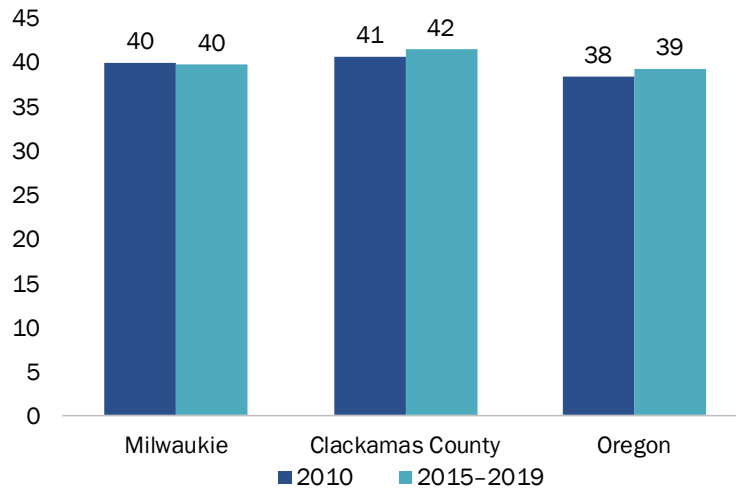
factor in choosing housing for younger residents.¹⁷ The survey results suggest millennials are more likely than other groups to prefer housing in an urban neighborhood or town center. While this survey is older and for the entire Portland region, it shows similar results to national surveys and studies about housing preference for millennials.

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

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

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

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



¹⁷ Davis, Hibbits, & Midghal Research, “Metro Residential Preference Survey,” May 2014.

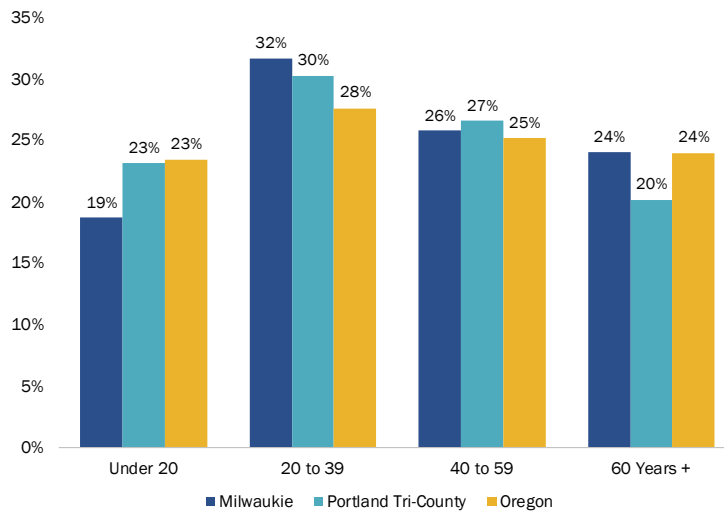
In the 2015-2019 period, about 57% of Milwaukie's residents were between the ages of 20 and 59 years.

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

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

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

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

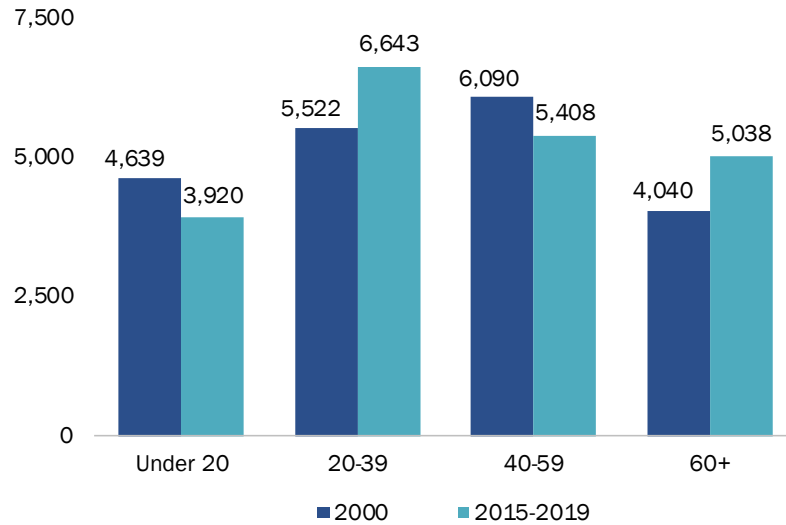


Between 2000 and 2015-2019, all age groups in Milwaukie grew in size.

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

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

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



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

The groups who will add the most people are those over the age of 60 (forecast to grow by 34%, adding more than 37,000 new people) and people aged 40 to 59 (forecast to grow by nearly as many, adding 34,000 people).

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

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

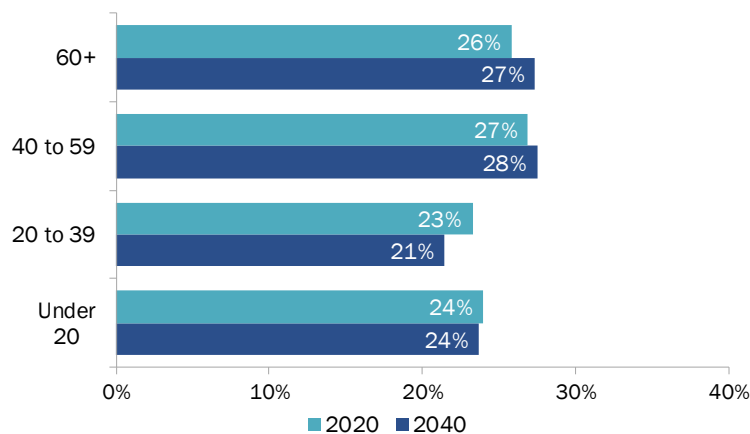
Exhibit 29. Fastest-Growing Age Groups, Clackamas County, 2020 to 2040

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

25%	16%	29%	34%
25,514 People	16,395 People	33,794 People	37,380 People
Under 20	20-39 Yrs	40-59 Yrs	60+ Yrs

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

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



Increased Ethnic Diversity

The number of residents that identified as Latino/a/x increased in Milwaukie by 516 people, from 1,426 people in 2010 to 1,942 people in the 2015-2019 period. The US Census Bureau forecasts that at the national level, the Latino/a/x population will continue growing faster than most other non-Latino/a/x populations between 2020 and 2040. The Census forecasts that the Latino/a/x population will increase 93% from 2016 to 2060, and foreign-born Latino/a/x populations will increase by about 40% in that same time.¹⁸

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

¹⁸ US Census Bureau, *Demographic Turning Points for the United States: Population Projections for 2020 to 2060*.

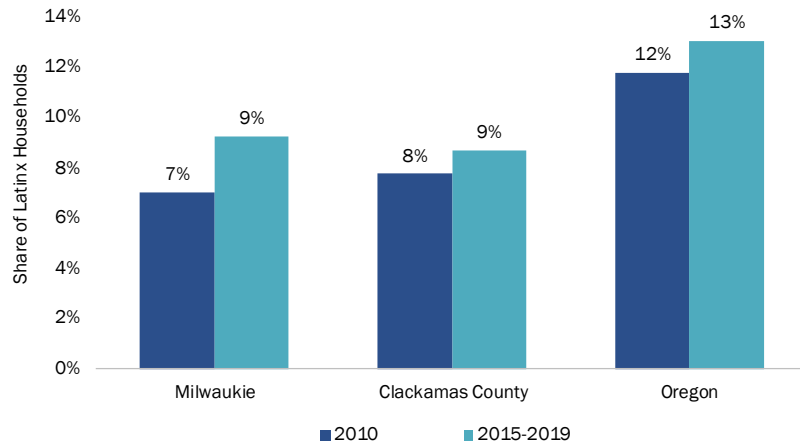
include multigenerational households than the general populace.¹⁹ As Latino/a/x households change over generations, household size typically decreases and housing needs become similar to housing needs for all households.

According to the *State of Hispanic Homeownership* report from the National Association of Hispanic Real Estate Professionals, the Latino population accounted for 29.2% of the nation’s new household formation between 2017 and 2021.²⁰ The rate of homeownership for Latino households increased from 45.6% in 2015 to 48.4% in 2021. Latino homeownership growth has remained steady over the last decade and is at its highest rates since 2009.

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

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

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



¹⁹ Pew Research Center. (2013). *Second-Generation Americans: A Portrait of the Adult Children of Immigrants*. National Association of Hispanic Real Estate Professionals (2019). *2019 State of Hispanic Homeownership Report*.
²⁰ National Association of Hispanic Real Estate Professionals (2021). *2021 State of Hispanic Homeownership Report*.

Racial Diversity

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

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

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

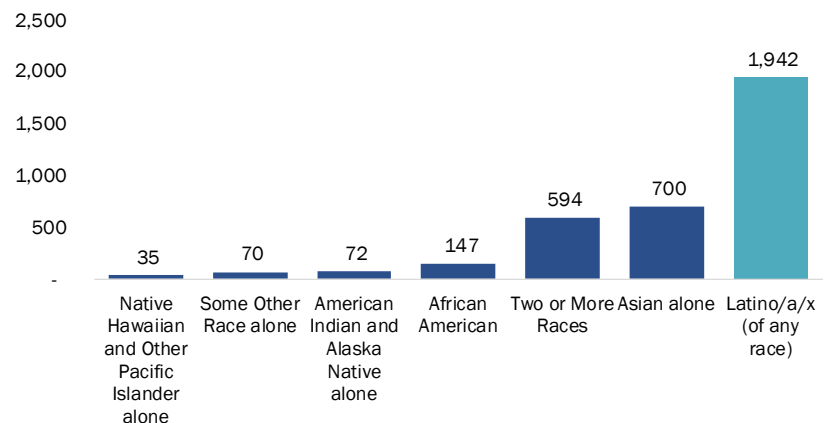
	Milwaukie	Clackamas Co.	Oregon
White Alone	83%	82%	76%
Latino/a/x (of any race)	9%	9%	13%
Two or More Races	3%	3%	4%
Asian Alone	3%	4%	4%
American Indian and Alaska Native Alone	0%	1%	1%
Black or African American Alone	1%	1%	2%
Native Hawaiian and Other Pacific Islander Alone	*	*	*
Some Other Race Alone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

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

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

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

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



Household Size and Composition

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

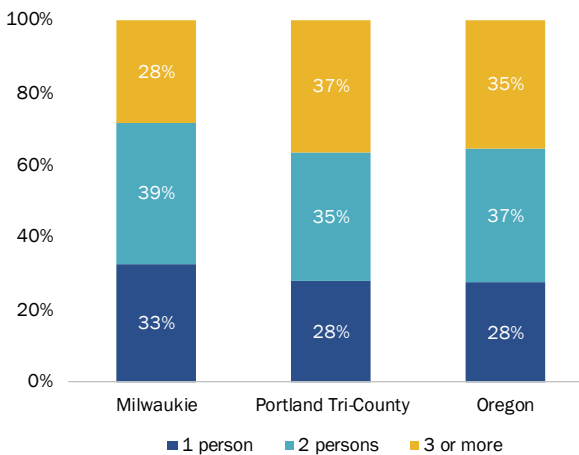
Milwaukie's average household size was smaller than both Clackamas County's and Oregon's.

Exhibit 34. Average Household Size, Milwaukie, Clackamas County, Oregon, 2015-2019
Source: US Census Bureau, 2015-2019 ACS 5-Year Estimate, Table B25010.

2.25 Persons Milwaukie **2.59 Persons** Clackamas County **2.51 Persons** Oregon

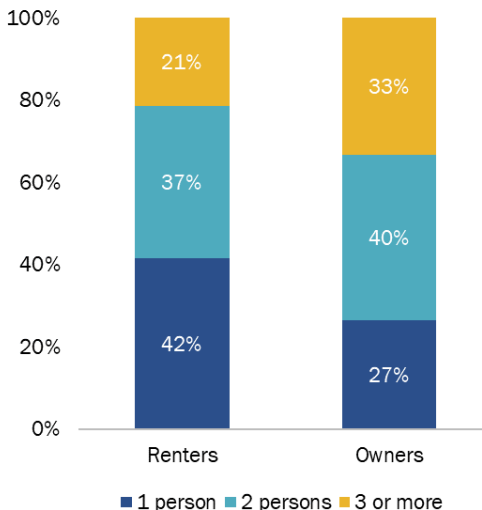
About 72% of Milwaukie's households were one and two-person households. Milwaukie has a smaller share of households with 3 or more people than the Portland region or Oregon.

Exhibit 35. Household Size, Milwaukie, the Portland region, Oregon, 2015-2019
Source: US Census Bureau, 2015-2019 ACS 5-Year Estimate, Table B25010.



Almost half of all renter-occupied households in Milwaukie were 1-person households (42%). The majority of owner-occupied households were 2- and 3-person households, a larger percentage than renter-occupied households (73% and 58%, respectively).

Exhibit 36. Tenure by Household Size, Milwaukie, 2015-2019
Source: US Census Bureau, 2015-2019 ACS 5-Year Estimate, Table B25009

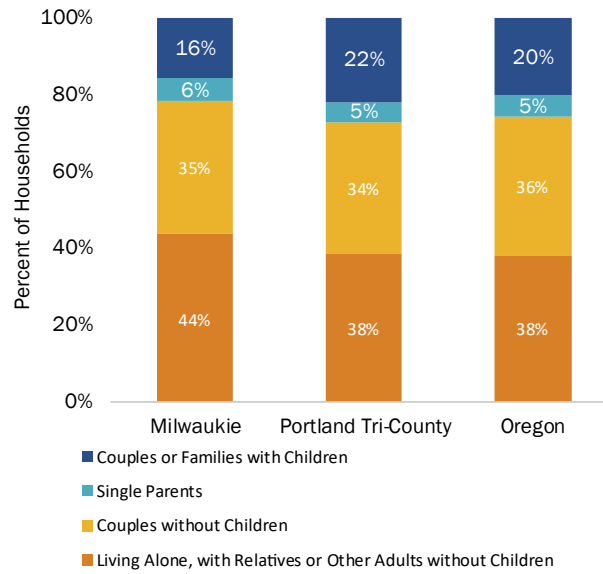


Milwaukie has a larger share of households with no children (79%) than the Portland region (72%) or State (74%).

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

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

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



Income of Milwaukie Residents

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

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

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

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

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

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

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

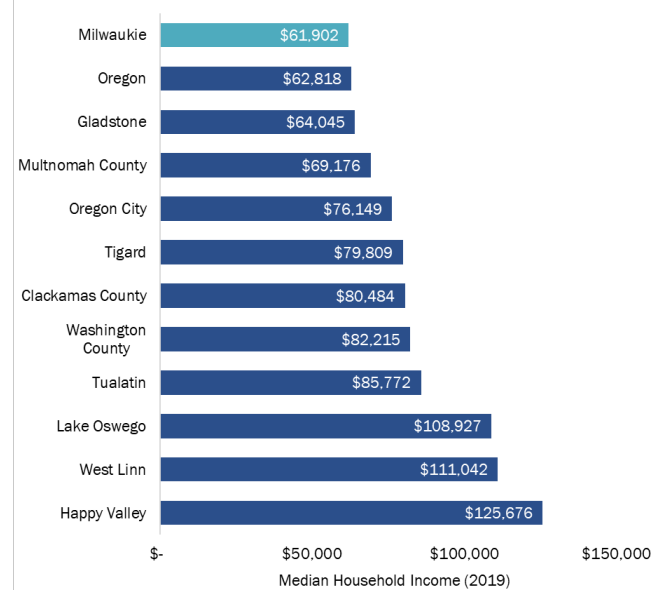
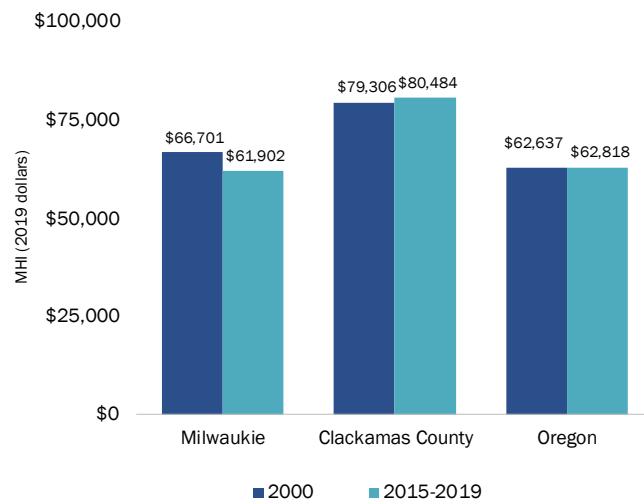


Exhibit 39. Change in Median Household Income, Milwaukie, Clackamas County, Oregon, 2000 to 2015-2019, Inflation-Adjusted

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

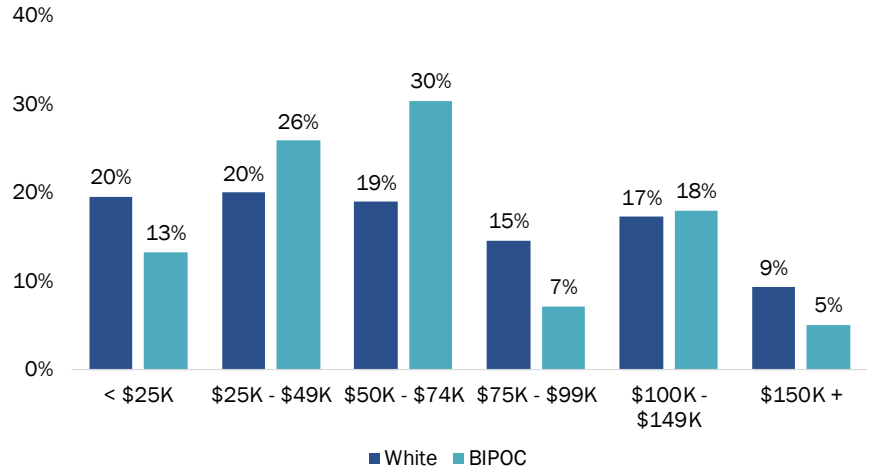


More than half of BIPOC households have household incomes below \$74k (69%).

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

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

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

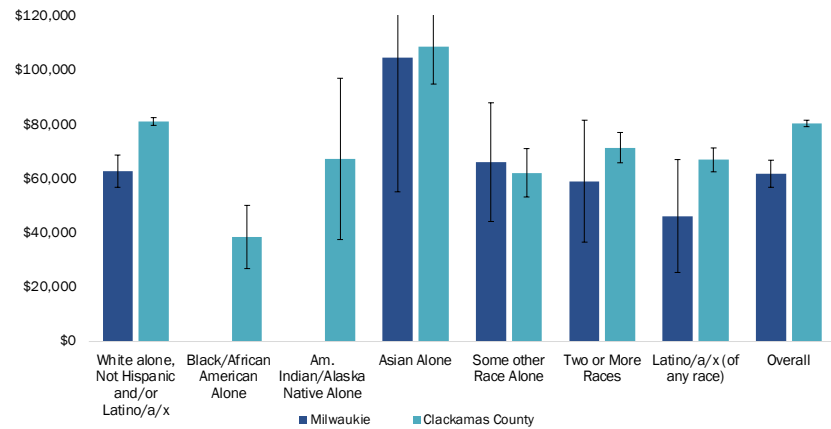


Income varies by race, with some communities of color having lower average household incomes than the overall average.

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

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

Source: US Census Bureau, 2015-2019 ACS 5-Year Estimate, Table S1901. Note: This graph shows “whiskers” that indicate margin of error for this data. The margin of error is largest for groups with fewer people, such as Asian Alone in Milwaukee. Median family income for Portland-Vancouver-Hillsboro, OR-WA MSA was \$96,900 (US Department of Housing and Urban Development).

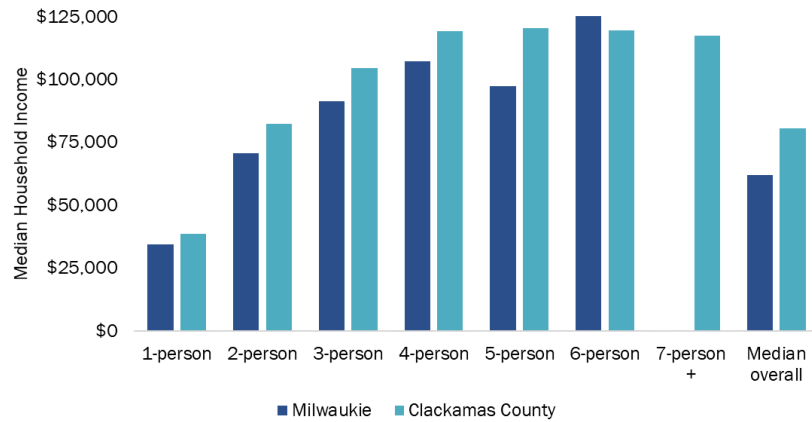


In general, larger households in Milwaukie have higher household incomes than smaller ones.

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

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

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

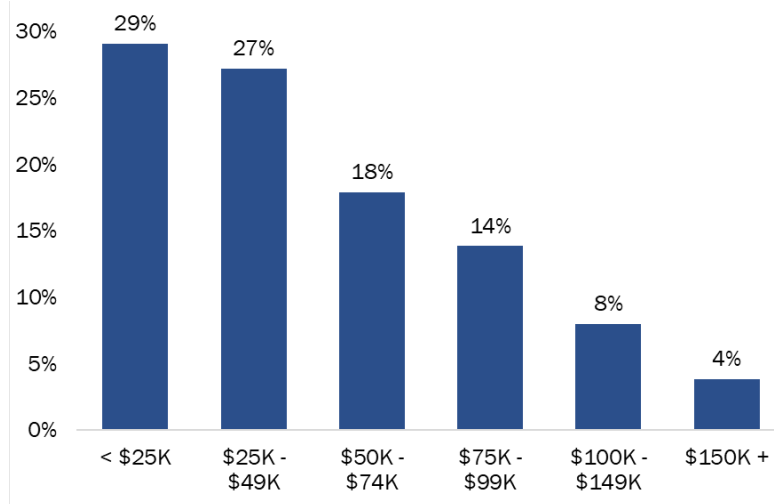


Seniors were more likely to have incomes at or below the average of about \$61,000.

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

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

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

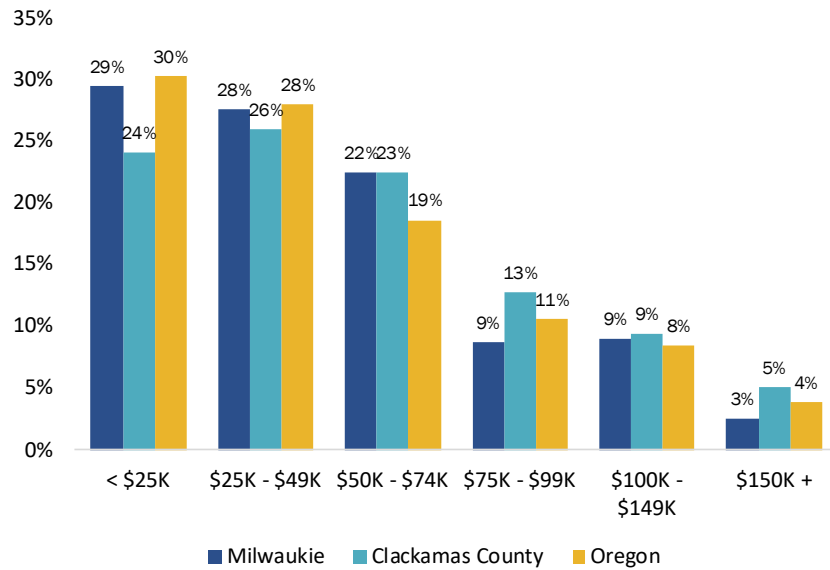


Across all regions, as incomes increased, the percentage of renter-occupied households decreased.

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

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

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

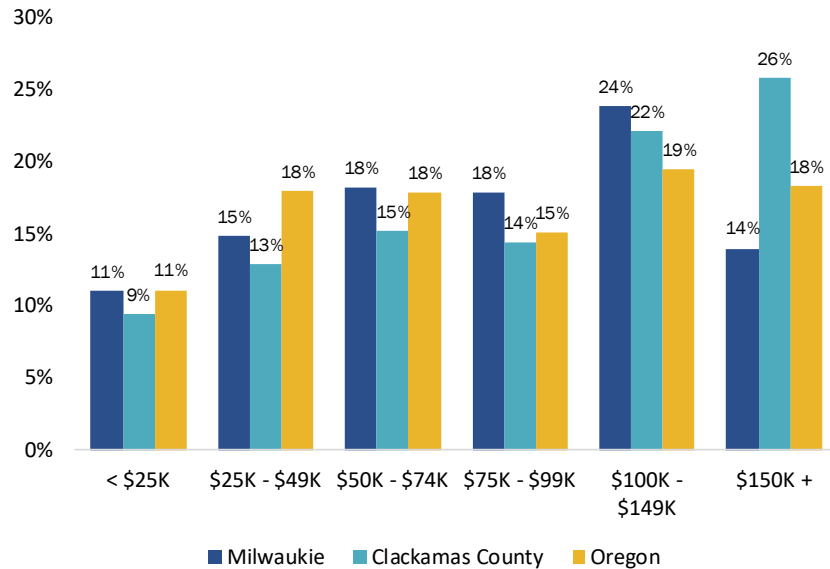


The majority of owner-occupied households have household incomes over \$50,000.

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

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

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

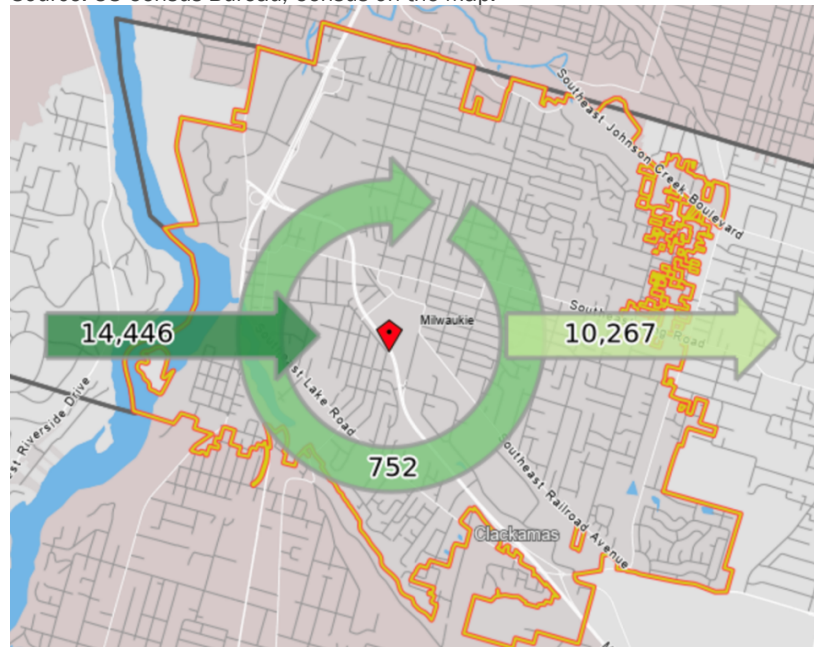


Commuting Trends

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

About 15,198 people work in Milwaukie. A majority of these people commute into Milwaukie for work.
 About 752 people live and work in Milwaukie, accounting for about 5% of jobs in Milwaukie.
 About 10,267 people live in Milwaukie but commute outside of the city for work.

Exhibit 46. Commuting Flows, Milwaukie, 2019
 Source: US Census Bureau, Census on the Map.



About 5% of people who work at businesses located in Milwaukie also live in Milwaukie.
 The remainder commute from Portland and other parts of the Metro.

About 7% of Milwaukie residents worked in Milwaukie.

Exhibit 47. Places where Workers at Businesses in Milwaukie Lived, 2019
 Source: US Census Bureau, Census on the Map.



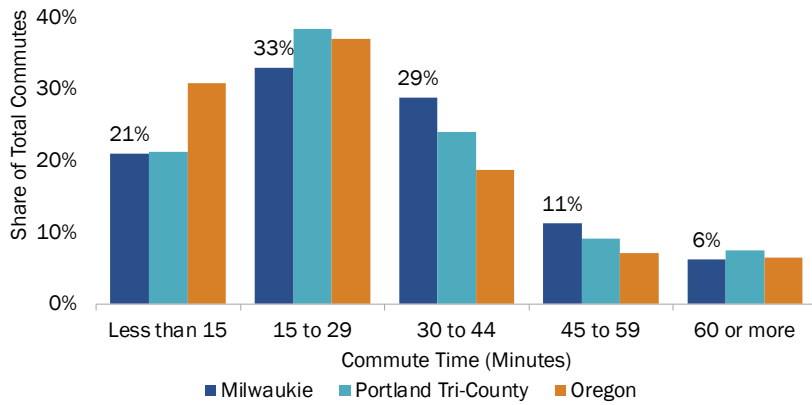
Exhibit 48. Places where Milwaukie Residents Were Employed, 2019
 Source: US Census Bureau, Census On the Map.



Less than a quarter of Milwaukie residents (21%) had a commute time that took less than 15 minutes.

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

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

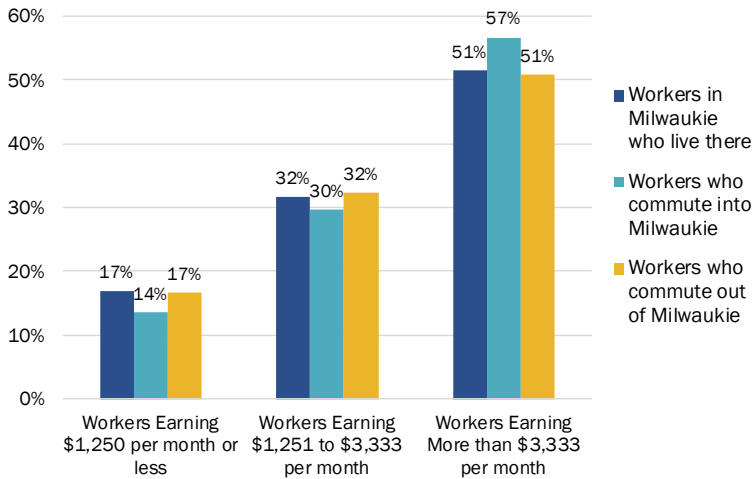


Workers commuting into Milwaukie tended to have higher wages on average than those who lived and worked in Milwaukie or those who lived in Milwaukie but commuted out to work.

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

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

Source: US Census Bureau, Census on the Map.

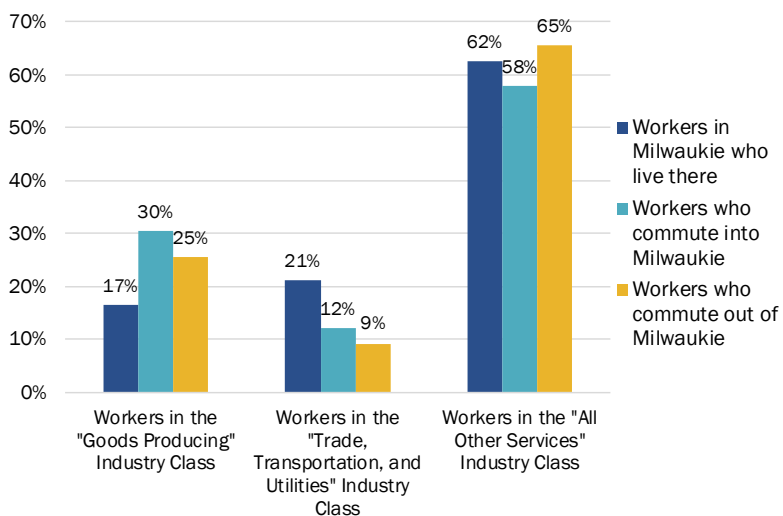


Workers commuting into Milwaukie had a higher percentage of workers in the “Good Producing” Industry Class than workers in Milwaukie who live there and workers who commute out of Milwaukie.

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

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

Source: US Census Bureau, Census on the Map.



Populations with Special Needs

People Experiencing Houselessness

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

According to HUD’s 2021 Annual Homeless Assessment Report (AHAR), across the United States, the number of people experiencing *sheltered* homelessness has been decreasing since 2015, but the drop between 2020 and 2021 was steeper than in recent years.²¹ It is likely that some of this decline is due to COVID-related precautions that resulted in fewer beds available (due to the need to have more space between beds). Other factors include people being unwilling to use shelter beds due to health risks as well as eviction moratoria and stimulus payments, which may have prevented people from needing emergency shelter.

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

This section uses the following sources of information:

Point-in-Time (PIT) Count: The PIT count is a snapshot of individuals experiencing houselessness on a single night in a community. It records the number and characteristics (e.g., race, age, veteran status) of people who live in emergency shelters, transitional housing, rapid rehousing, Safe Havens, or PSH—as well as recording those who are unsheltered. HUD requires that communities and Continuums of Care (CoC) perform the PIT count during the last ten days of January on an annual basis for sheltered people and on a biennial basis for unsheltered people. Though the PIT count is not a comprehensive survey, it serves as a measure of houselessness at a given point of time and is used for policy and funding decisions.

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

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

²¹ The U.S. Department of Housing and Urban Development (2021). The 2021 Annual Homeless Assessment Report (AHAR) to Congress. Office of Community Planning and Development.

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

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

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

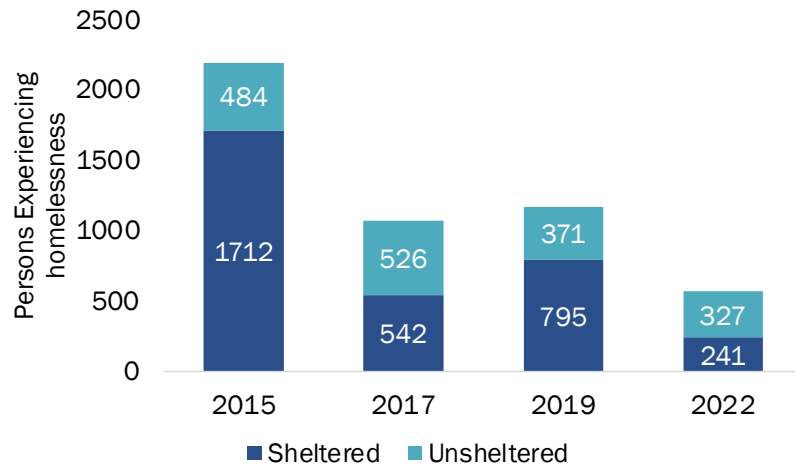
Source: Oregon Housing and Community Services.



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

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

Source: Oregon Housing and Community Services.

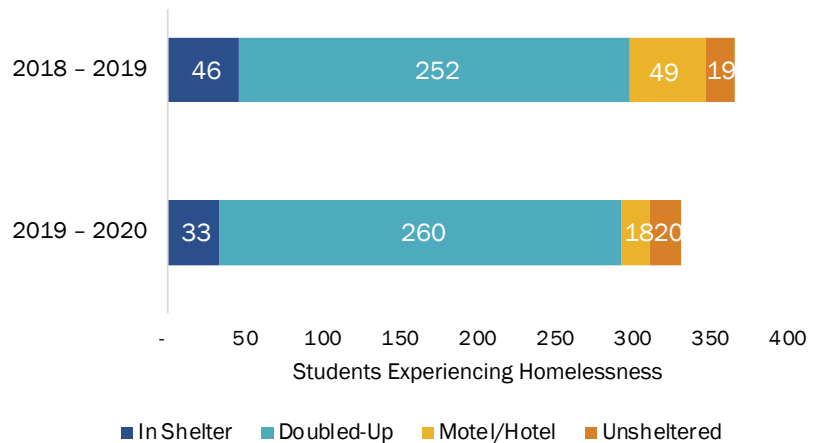


From the 2018-19 school year to the 2019-20 school year, student houselessness decreased by 10% (35 students), from 366 students in 2018-19 to 331 students in 2019-20.

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

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

Source: McKinney Vento, Houseless Student Data.

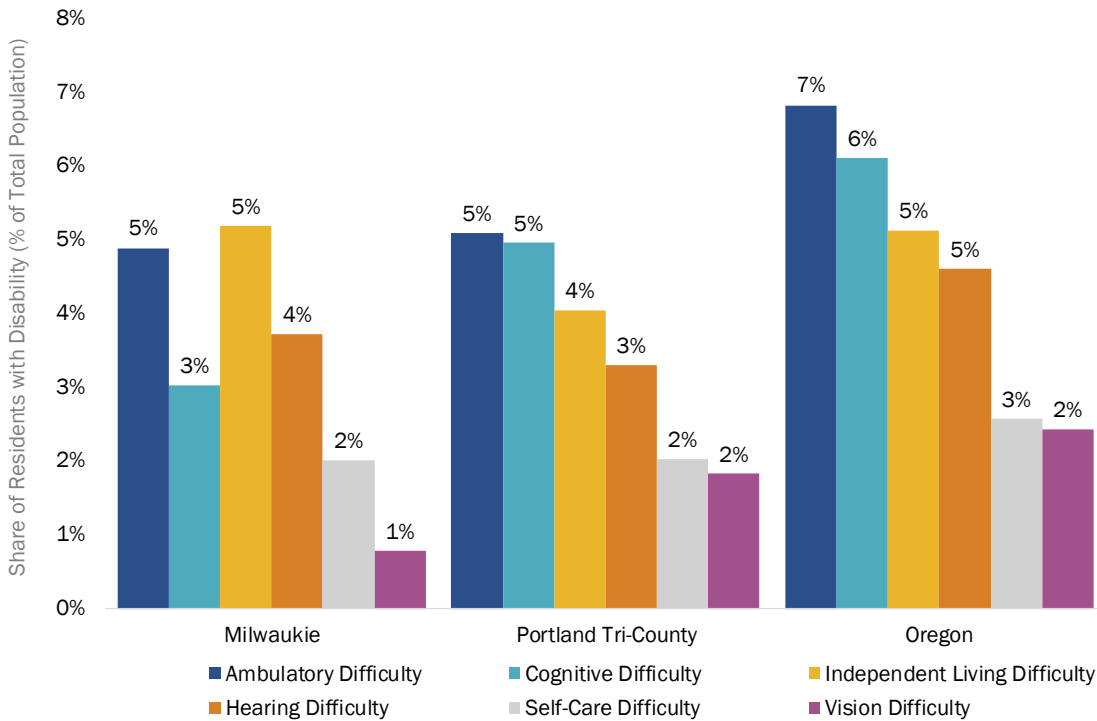


People with Disabilities

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

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

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



Regional and Local Trends Affecting Affordability in Milwaukie

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

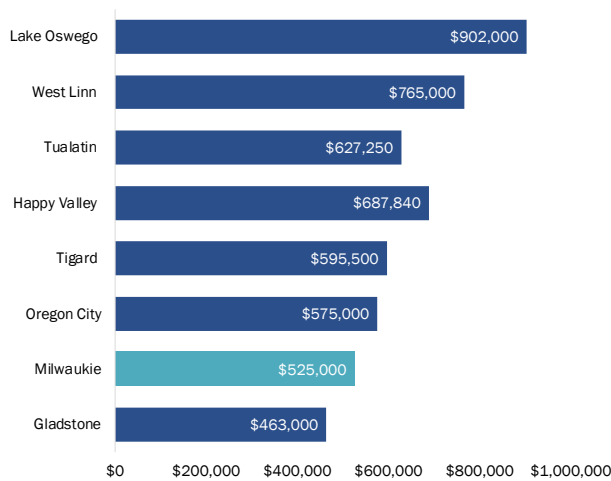
Changes in Housing Costs

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

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

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

Source: Redfin Data Center, 2022.



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

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

Source: Redfin Data Center, 2022.

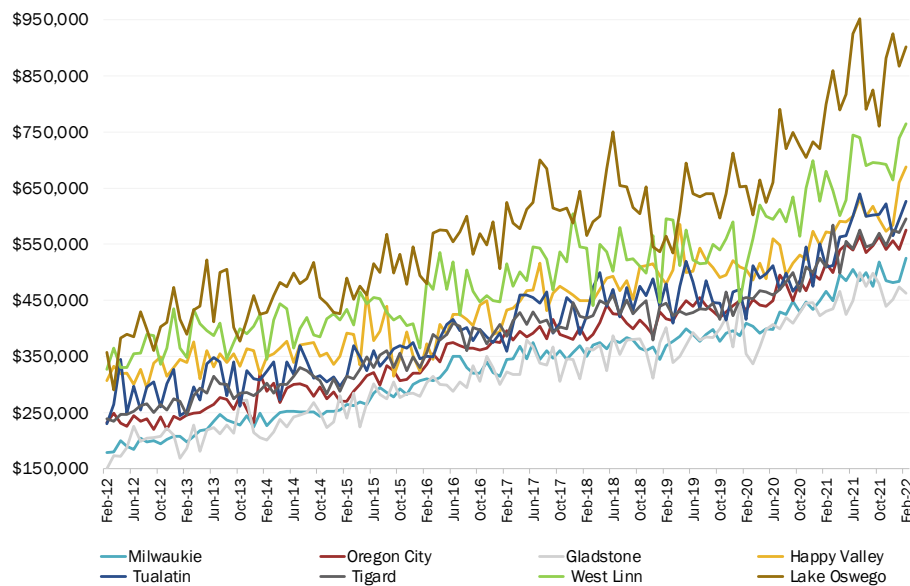
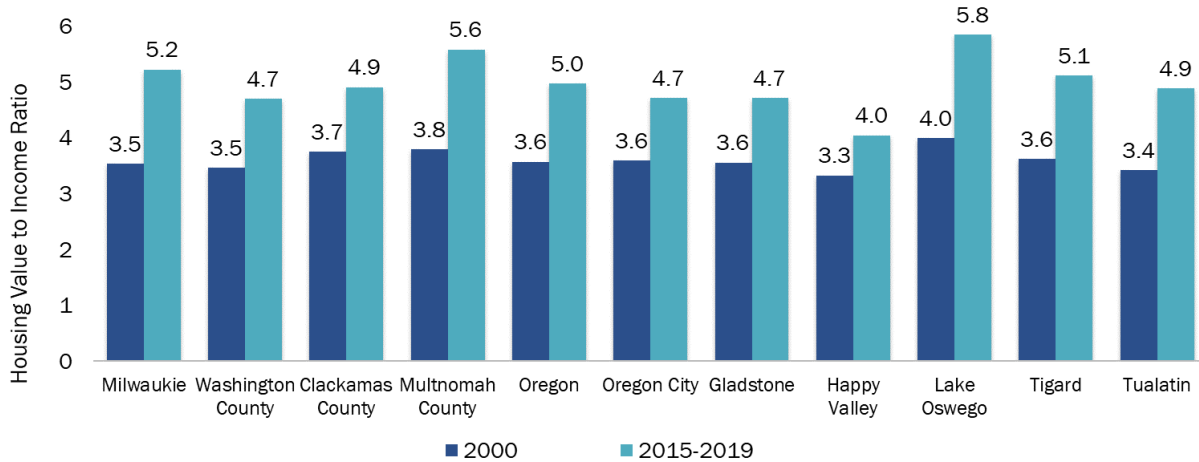


Exhibit 58 shows that, since 2000, housing costs in Milwaukie increased faster than incomes. The household-reported median value of a house in Milwaukie was 3.5 times the median household income in 2000 and 5.2 times the median household income in the 2015-2019 period.

Exhibit 58. Ratio of Median Housing Value to Median Household Income, Milwaukie, Comparison Counties, Oregon, and Comparison Cities, 2000 to 2015-2019²²

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



Rental Costs

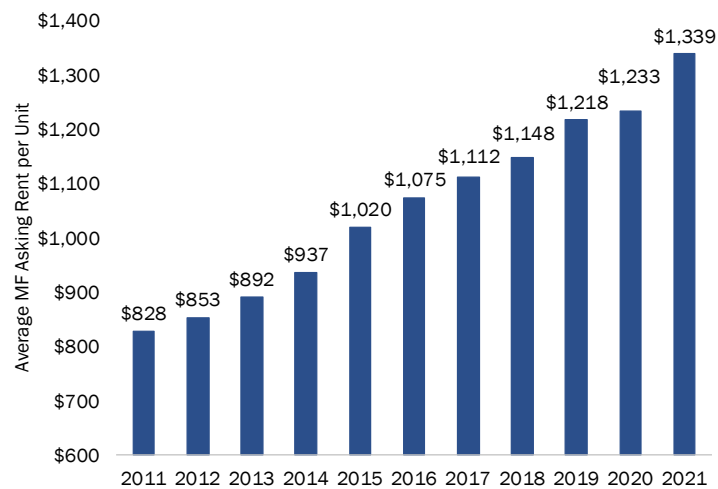
Multi-dwelling average asking rents were \$1,339 per unit in 2021, not including costs of utilities. The asking rents in 2021 vary from \$1,146 for a one-bedroom unit to \$1,683 for a three-bedroom unit.

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

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

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

Source: CoStar.

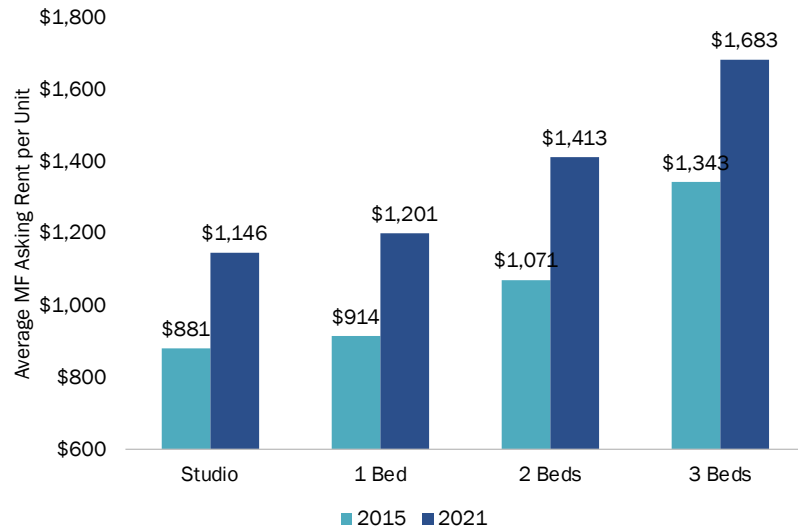


²² This ratio compares the median value of housing in Milwaukie (and other places) to the median household income.

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

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

Source: CoStar.

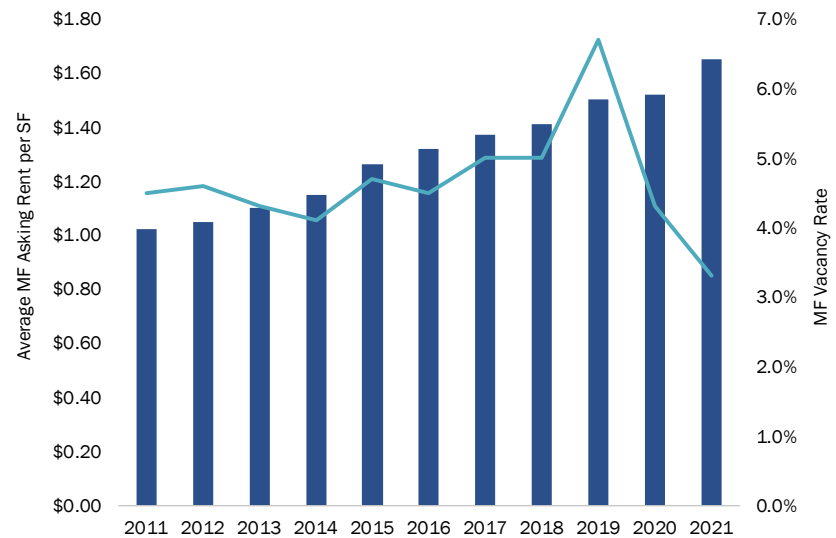


In 2021, Milwaukie’s average multi-dwelling asking rent was \$1.65 per square foot, up from \$1.26 per square foot in 2015.

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

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

Source: CoStar.



Housing Affordability

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

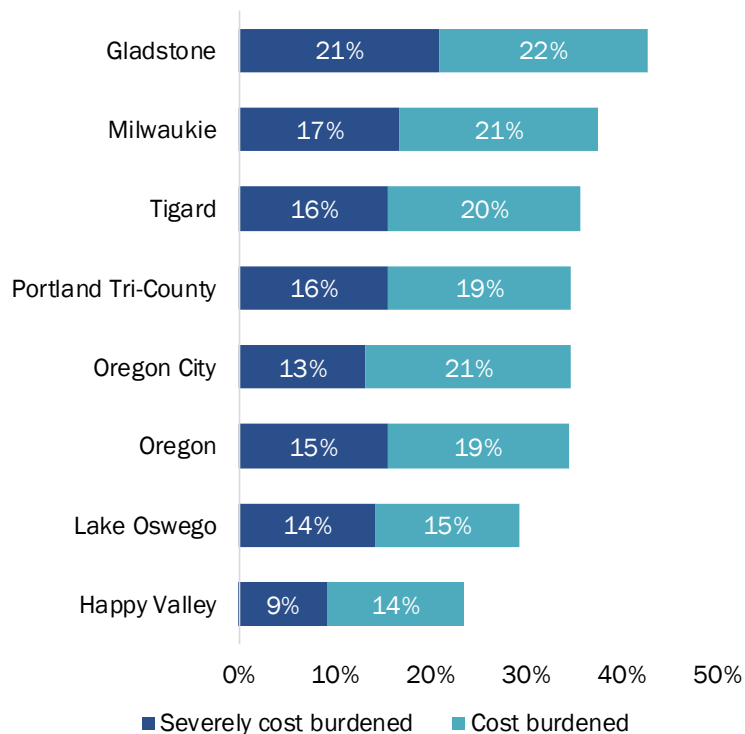
About 38% of Milwaukie's households were cost burdened in the 2015-2019 period and 17% were severely cost burdened. In this period, about 52% of *renter* households were cost burdened or severely cost burdened, compared with 29% of homeowners. Overall, a larger share of households in Milwaukie experienced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

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

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

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

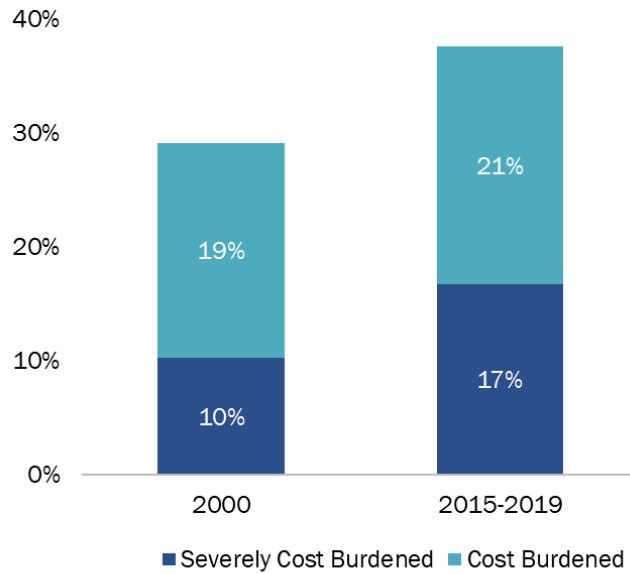
Source: US Census Bureau, 2015-2019 ACS Tables B25091 and B25070.



From 2000 to the 2015-2019 period, the number of cost-burdened and severely cost-burdened households grew by 9% in Milwaukee.

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

Source: US Census Bureau, 2000 Decennial Census, Tables H069 and H094 and 2015-2019 ACS Tables B25091 and B25070.



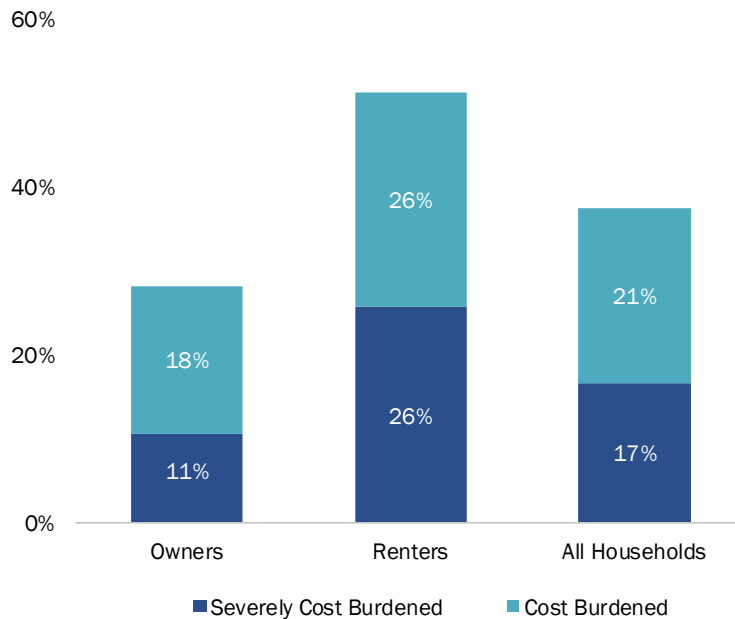
Renters are much more likely to be cost burdened than homeowners.

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

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

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

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



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

Most households earning less than \$20k are cost burdened (79%), compared with 0% of households with an income of \$75k or more.

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

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



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

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

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

Source: CHAS, 2014-2018, Table 9

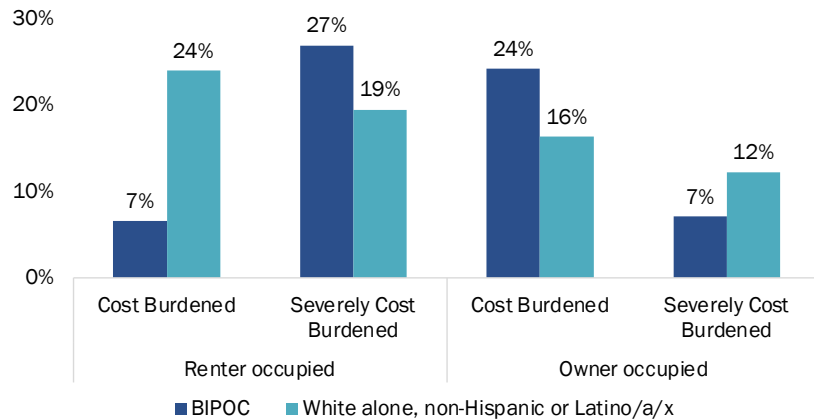


Exhibit 67 through Exhibit 69 show cost burden in Oregon for renter households for seniors, people of color, and people with disabilities.²³ This information is not readily available for a city with a population as small as Milwaukie, which is why we present statewide information. These exhibits show that these groups experience cost burden at higher rates than the overall statewide average.

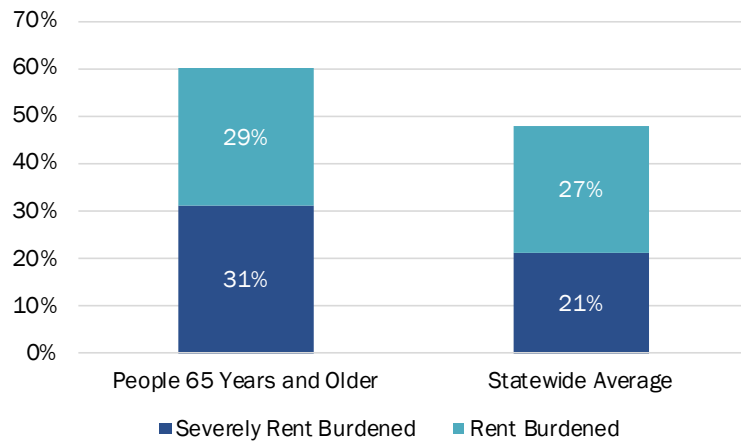
²³ From the report *Implementing a Regional Housing Needs Analysis Methodology in Oregon*, prepared for Oregon Housing and Community Services by ECONorthwest, March 2021.

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

About 60% of renters aged 65 years and older were rent burdened, compared with the statewide average of 48% of renters.

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

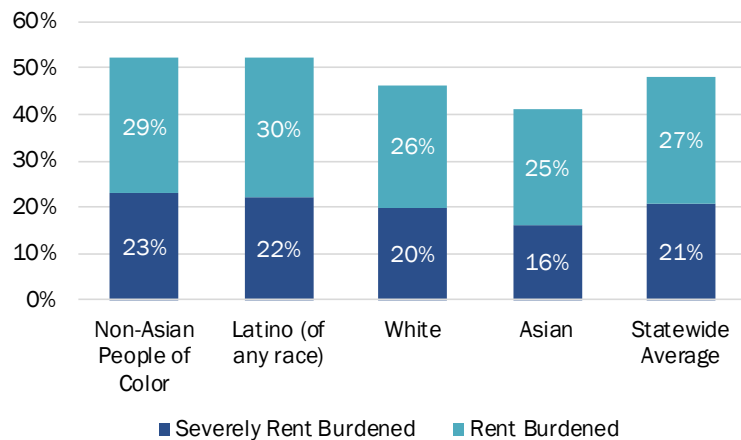
Source: US Census, 2018 ACS 1-Year PUMS Estimates. From the Report *Implementing a Regional Housing Needs Analysis Methodology in Oregon: Approach, Results, and Initial Recommendations* by ECONorthwest, August 2020.



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

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

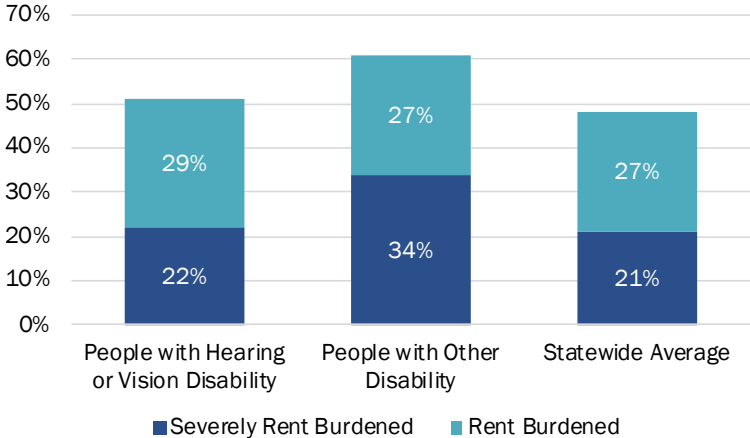
Source: US Census, 2018 ACS 1-Year PUMS Estimates. From *Implementing a Regional Housing Needs Analysis Methodology in Oregon: Approach, Results, and Initial Recommendations* by ECONorthwest, August 2020.



Renters with a disability in Oregon were disproportionately cost burdened.

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

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



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

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

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

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

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

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

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

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

\$30.03 per hour

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

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

The Median Family Income (MFI) in the Portland region (and Clackamas County) in 2021 was \$96,900 for a household of four people. MFI is a standard used (and defined) by the US Department of Housing and Urban Development on a county-by-county basis. It is used to estimate affordable rental costs for income-restricted housing based on household size. A household earning 100% of MFI (\$96,900) can afford a monthly rent of about \$2,420 or a home roughly valued between \$339,000 and \$388,000. As Exhibit 73 shows, about 39% of Milwaukie's households have an income less than \$48,450 (50% or less of MFI) and cannot afford a two-bedroom apartment at Portland-Vancouver-Hillsboro, OR-WA MSA's Fair Market Rent (FMR) of \$1,735.

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

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

Exhibit 72. Financially Attainable Housing, by Median Family Income (MFI) for Portland-Vancouver-Hillsboro, OR-WA MSA (\$96,900), 2021

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

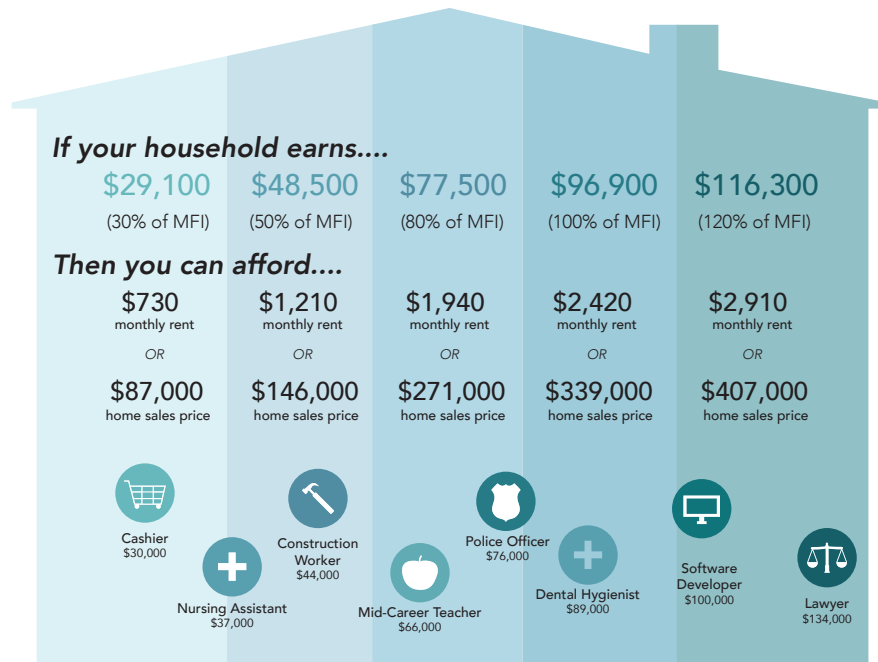


Exhibit 73 shows that 39% of Milwaukie’s households are extremely low or very low income, with incomes below \$48,450. These households can afford monthly rent of \$1,210 or less, which is below the HUD Fair Market Rent of \$1,735 and below the market rent of \$1,413 for a two-bedroom unit. Private housing developers generally cannot build housing affordable to households in these income groups because the rents are too low to pay for the cost of development. Newly built housing for households with these incomes is generally income-restricted affordable housing, built with government subsidy.

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

About 21% of Milwaukie’s households are middle income (with incomes between \$78,000 and \$116,000) and 19% are high income (with incomes above \$116,000). These households can afford rental housing in Milwaukie, and some can afford the cost of homeownership (generally

households with incomes above \$116,000). Private housing developers can build most types of housing affordable to these income groups without government subsidy.

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

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

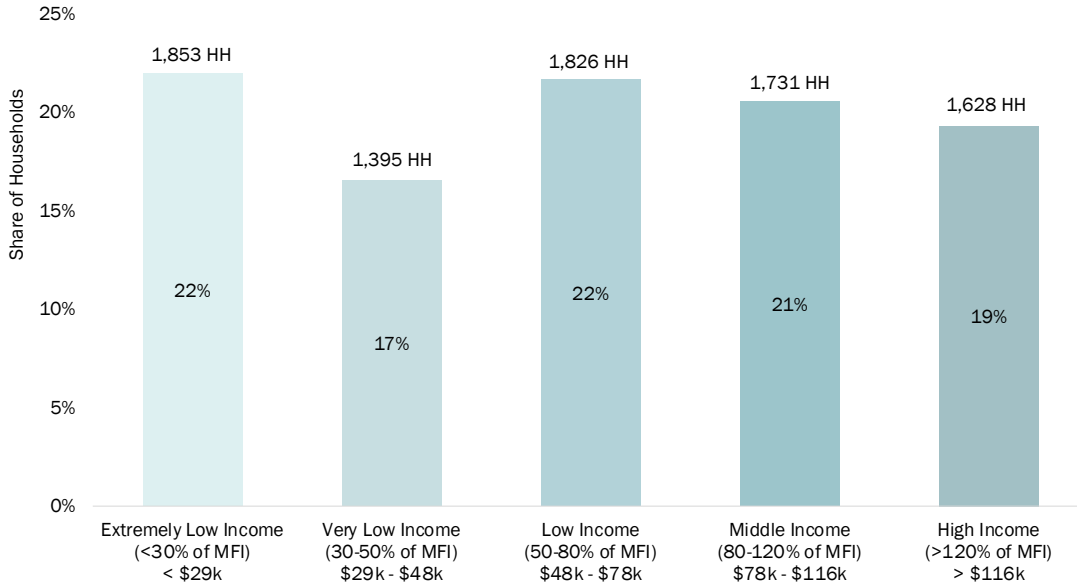


Exhibit 74 compares the number of households by income category with the number of units affordable to those households in Milwaukie. Milwaukie currently has a deficit of housing units for households earning 0-50% of the MFI (less than \$48,450 per year), resulting in cost burden of these households. Similarly, Milwaukie has a deficit of units affordable to households earning 50-80% of the MFI (\$48,450 to \$77,520) who are also cost burdened. This indicates a deficit of more affordable housing types (such as government-subsidized housing, existing lower-cost apartments, and manufactured housing). For households earning more than 80% of the MFI, some households are renting or buying down, which means that they are occupying units affordable to lower-income households. These households could afford more costly housing but either choose to live in less costly housing or cannot find higher-cost housing that meets their needs.

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

Source: CHAS, 2014-2018, Table 18.

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

Summary of the Factors Affecting Milwaukie's Housing Needs

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

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

The data illustrates what more detailed research has shown and what most people understand intuitively: life cycle and housing choice interact in ways that are predictable in the aggregate, age of the household head is correlated with household size and income, household size and age of household head affect housing preferences, and income affects the ability of a household to afford a preferred housing type. The connection between socioeconomic and demographic factors and housing choice is often described informally by giving names to households with certain combinations of characteristics: the "traditional family," the "never-marrieds," the "dinks" (dual income, no kids), and the "empty nesters."²⁴ Thus, simply looking at the long wave of demographic trends can provide good information for estimating future housing demand.

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

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

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

²⁴ See *Planning for Residential Growth: A Workbook for Oregon's Urban Areas* (June 1997).

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

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

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

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

- *The baby boomer population is continuing to age.* Household sizes decrease as this population ages. The majority of baby boomers are expected to remain in their homes as long as possible, downsizing or moving when illness or other issues cause them to move. Demand for specialized senior housing, such as age-restricted housing or housing in a continuum of care from independent living to nursing home care, may grow in Milwaukie. Given the regional concentration of hospitals and health care, Milwaukie could attract a larger share of need for these types of housing.
- *Millennials and Generation Z will continue to form households and make a variety of housing choices.* As millennials and Generation Z age, generally speaking, their household sizes will increase, and their homeownership rates will peak by about age 55. Between 2023 and 2043, millennials and Generation Z will be a key driver in demand for housing for families with children. The ability to attract millennials and Generation Z will depend on the City’s availability of renter and ownership housing that is large enough to accommodate families while still being relatively affordable. It will also depend on the location of new housing in Milwaukie, as many millennials prefer to live in more urban or walkable environments.²⁵

²⁵ Choi, Hyun June; Zhu, Jun; Goodman, Laurie; Ganesh, Bhargavi; Stochak, Sarah. (2018). Millennial Homeownership, Why is it So Low, and How Can We Increase It? Urban Institute. https://www.urban.org/research/publication/millennial-homeownership/view/full_report

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

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

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

5. Housing Need in Milwaukie

Projected New Housing Units Needed in the Next 20 Years

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

Forecast for Housing Growth

A 20-year household forecast (in this instance for 2023 to 20443) is the foundation for estimating needed new dwelling units. The forecast for Milwaukie is based on Metro’s 2045 Household Distributed Forecast.²⁶ Exhibit 76 shows the forecast of new housing based on the Metro 2045 Distributed Forecast for both the Milwaukie city limits and the UGMA.

Exhibit 75. Forecast of Demand for New Dwelling Units, Milwaukie City Limits, 2023 to 2043

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

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

²⁶ Metro’s 2045 Distributed Forecast shows that the Milwaukie city limits had 9,141 households in 2020. The forecast shows Milwaukie growing to 11,328 households in 2045, an average annual growth rate of 0.86% for the 25-year period. Using this growth rate, ECONorthwest extrapolated the forecast to 2023 and 2043 in Exhibit 75.

Housing Units Needed Over the Next 20 Years

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

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

- Milwaukie's existing housing mix is predominately single-dwelling detached. In the 2015-2019 period, 67% of Milwaukie's housing was single-dwelling detached, 2% was single-dwelling attached, 6% was multi-dwelling housing (with two to four units per structure), and 25% was multi-dwelling housing (with five or more units per structure). Between 2010 and 2021, Milwaukie issued building permits, of which 76% were single-dwelling units (both single-dwelling detached and attached), 17% were multi-dwelling of all types, and 6% were accessory dwelling units.
- Demographic changes across Milwaukie suggest increases in demand for single-dwelling attached housing and multi-dwelling housing. The key demographic and socioeconomic trends that will affect Milwaukie's future housing needs are an aging population, increasing housing costs, and housing affordability concerns for millennials, Generation Z, and Latino/a/x populations. The implications of these trends are increased demand from smaller, older (often single-person) households and increased demand for affordable housing for families, both for ownership and rent.
- Milwaukie's median household income was \$61,902, about \$18,000 lower than Clackamas County's median. Since 2000, housing costs in Milwaukie increased faster than incomes. The median value of a house in Milwaukie was 3.5 times the median household income in 2000 and 5.2 times the median household income in the 2015-2019 period.
- About 38% of Milwaukie's households are cost burdened (paying 30% or more of their household income on housing costs). About 52% of Milwaukie's **renters** are cost burdened and about 29% of Milwaukie's **homeowners** are cost burdened. Cost-burden rates in Milwaukie are similar to those in the Portland region.
- Milwaukie needs more affordable housing types for homeowners. Housing sales prices increased in Milwaukie over the last several years. Since 2015, rental costs increased by about 31% and sales prices increased by about 98%. But incomes in Milwaukie (and the Portland region) have remained flat, with a decrease in income since 2000 when adjusted for inflation.
- To afford the average asking rent of \$1,413, a household would need to earn about \$56,520 or 58% of MFI. About 40% of Milwaukie's households earn less than \$50,000 and cannot afford these rents. In addition, about 22% of Milwaukie's households have incomes of less than \$29,070 (30% of MFI) and are at risk of becoming houseless.

- To afford the median home sales price of \$525,000, a household would need to earn about \$145,000 or 150% of MFI. About 9% of Milwaukie’s households have income sufficient to afford this median home sales price.
- Milwaukie needs more affordable housing types for renters. To afford the average asking rent for a two-bedroom unit of \$1,413, a household would need to earn about \$56,520 or 58% of MFI. About 40% of Milwaukie’s households earn less than \$50,000 and cannot afford these rents. In addition, about 22% of Milwaukie’s households have incomes of less than \$29,070 (30% of MFI) and are at risk of becoming houseless.

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

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

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

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

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

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

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

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

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

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

Source: ECONorthwest.

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

Exhibit 15 shows densities for development in Milwaukie for 2000 to 2022. Exhibit 78 shows the following densities, using the densities shown in Exhibit 15 as a base.²⁷ The densities in Exhibit 78 include an assumption that densities in Moderate and High Density zones will increase by 3%, a result of complying with House Bill 2001.²⁸

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

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

Source: ECONorthwest. Note: DU is dwelling unit.

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

²⁷ OAR 660-024-0010(6) uses the following definition of net buildable acre. Net buildable acre “consists of 43,560 square feet of residentially designated buildable land after excluding future rights-of-way for streets and roads.” While the administrative rule does not include a definition of a gross buildable acre, using the definition above, a gross buildable acre will include areas used for rights-of-way for streets and roads. Areas used for rights-of-way are considered unbuildable.

²⁸ ORS 197.296(6) limits assumptions about increases in future density to a 3% increase based on complying with HB 2001, without additional quantifiable information about density increase. Given that the City just adopted zoning code to comply with HB 2001 earlier in 2022, such information is not yet available.

Needed Housing by Income Level

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

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

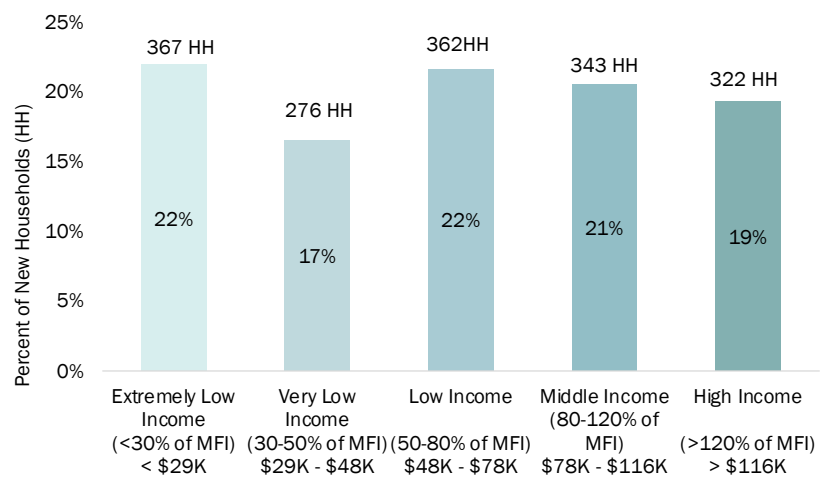
About 39% of Milwaukie’s future households will have income below 50% of Clackamas County’s median family income (less than \$48,000).

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

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

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

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



Other Housing Needs

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

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

Park Directory,²⁹ Milwaukie has 2 manufactured home parks within the city, with 65 spaces.

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

²⁹ Oregon Housing and Community Services, Oregon Manufactured Dwelling Park Directory, <http://o.hcs.state.or.us/MDPCRParcs/ParkDirQuery.jsp>

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

- Over the next 20 years (or longer), one or more manufactured home parks may close in Milwaukie. This may be a result of manufactured home park landowners selling or redeveloping their land for uses with higher rates of return, rather than lack of demand for spaces in manufactured home parks. Manufactured home parks contribute to the supply of low-cost affordable housing options, especially for affordable homeownership.
- While there is statewide regulation of manufactured home parks closures designed to lessen the financial difficulties of closures for park residents,³⁰ the City has a role to play in ensuring that there are opportunities for housing for the displaced residents. The City's primary roles are to ensure that there is sufficient land zoned for new multi-dwelling housing and to reduce barriers to residential development to allow for the development of new, relatively affordable housing.

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

- **Housing for People with Disabilities.** Housing for people with disabilities can apply to all housing types, with the same development standards as market-rate housing. It can also apply to other residential/group living uses (such as nursing homes, residential care homes or facilities, or room and boarding facilities) as well as government-subsidized housing (including units that are population restricted). Broadly, housing options for people with disabilities include (1) living in housing independently (alone or with roommates/family), (2) living in housing with supportive services (e.g., with help from a live-in or visiting caregiver), or (3) living in housing in a supervised residential setting. Meeting the housing needs for people with disabilities will require addressing affordability issues, as well as ensuring that people with disabilities have access to housing that addresses their disability and that they have access to housing without discrimination.
- **Housing for People Experiencing Homelessness.** Meeting the housing needs of people experiencing homelessness ranges from emergency shelter, transitional housing, and permanent supportive housing (including supportive housing with services) and improved access to an affordable unit (including rent and utility assistance). Persons experiencing homelessness or those at risk of becoming homeless will require assistance with addressing individual, complex barriers to improve long-term housing stability.

³⁰ ORS 90.645 regulates rules about the closure of manufactured dwelling parks. It requires that the landlord must give at least one year's notice of park closure and pay tenants between \$5,000 and \$9,000 for each manufactured dwelling park space, in addition to not charging tenants for demolition costs of abandoned manufactured homes.

6. Residential Land Sufficiency in Milwaukie

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

Capacity Analysis

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

Milwaukie Capacity of Buildable Land

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

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

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

dwelling units per acre.³¹

Exhibit 80. Estimate of Capacity on Buildable Land, Milwaukie City Limits, 2023 to 2043

Source: Buildable Lands Inventory; Calculations by ECONorthwest. *Note: These acres are net acres because the buildable land inventory shows that most vacant unconstrained land is on small parcels with existing rights-of-way. There is no need to account for need for new roads in most areas of Milwaukie.

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

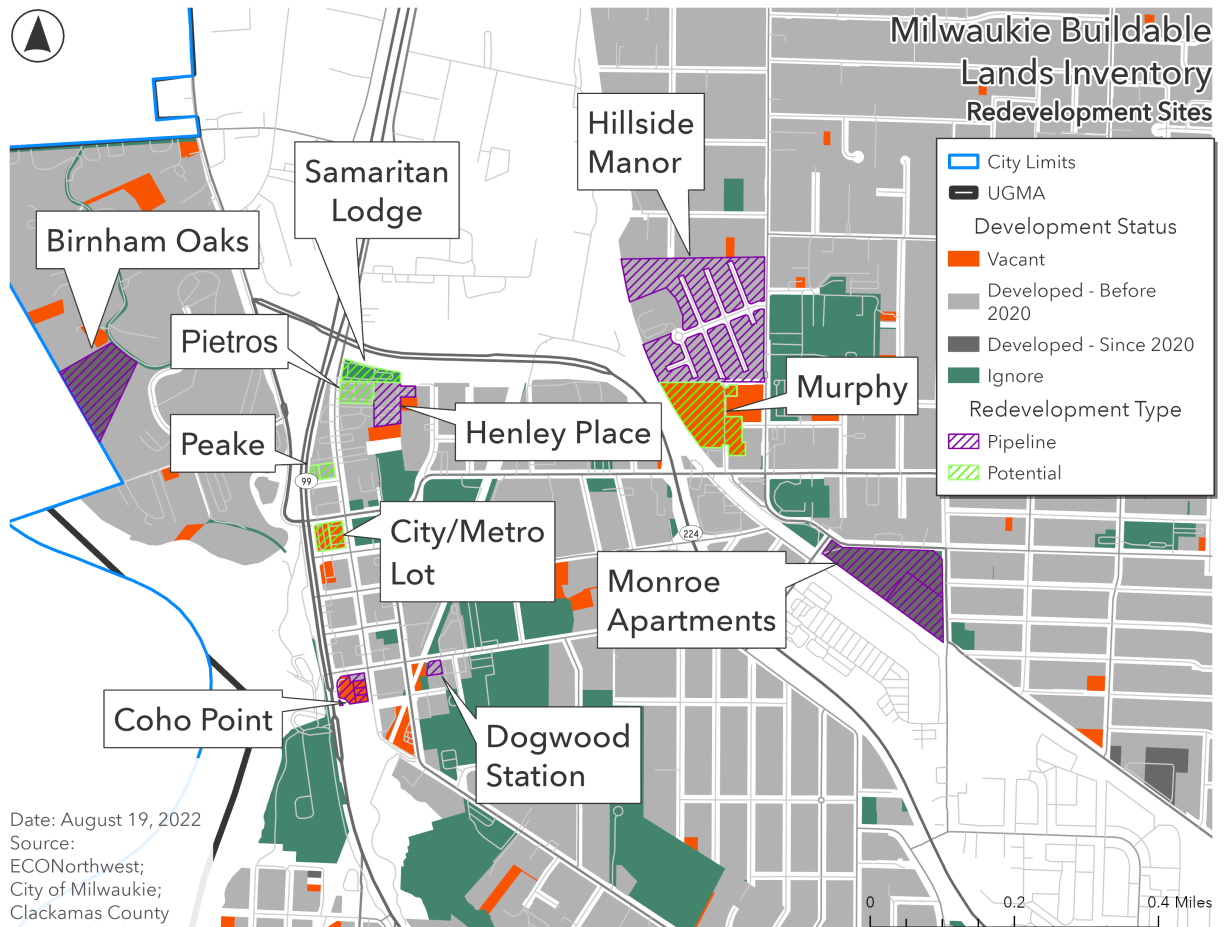
Note: Since this analysis was completed, Milwaukie increased the allowed densities in High Density to allow for 25 to 32 dwelling units per acre. This table uses the historical density assumption based on information in Exhibit 15.

³¹ Exhibit 80 shows that 972 new dwelling units can be accommodated on Milwaukie's 51 unconstrained buildable acres, which is 18.89 dwelling units per acre. These acres are net acres because the buildable land inventory shows that most vacant unconstrained land is on small parcels with existing rights-of-way. There is no need to account for need for new roads in most areas of Milwaukie.

Downtown Redevelopment Analysis

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

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



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

Exhibit 82: Downtown Mixed-Use Redevelopment Capacity

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

Summary of Development Capacity

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

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

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

Source: Buildable Lands Inventory; Calculations by ECONorthwest. *Note: These acres are net acres because the buildable land inventory shows that most vacant unconstrained land is on small parcels with existing rights-of-way. There is no need to account for need for new roads in most areas of Milwaukie.

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

Residential Land Sufficiency

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

Exhibit 84 shows the following about land sufficiency in Milwaukie:

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

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

Source: Buildable Lands Inventory; Calculations by ECONorthwest.

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

Conclusions

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

- **Milwaukie's population is forecast to grow slower than in the past.** Milwaukie's city limit is forecast to grow from 9,559 households in 2023 to 11,230 households in 2043, an increase of 1,670 households, about 83 dwelling units per year on average. This household growth will occur at an average annual growth rate of 0.81%.
- **Milwaukie's development occurred at an average of eight dwelling units per net acre over the 2000 to 2020 period.** Over the 2023 to 2043 period, if new housing develops at the same densities as the 2000 to 2020 period, Milwaukie's housing will develop with between 5 and 74 dwelling units per acre.
- **Milwaukie is able to meet the requirement for future development of at least 8 dwelling units per net acre, as required in OAR 660-007.** Overall, Milwaukie is planning for future densities of about 18.9 dwelling units per net acre,³² mostly as a result of the relatively high development densities achieved in Commercial Mixed-Use.
- **Milwaukie has enough capacity within city limits to accommodate the forecast of growth in some plan designations between 2023 and 2043.**
 - Milwaukie likely has enough capacity in the Moderate Density Plan Designation to accommodate growth. It seems likely that the City will have more than the estimate of 600 units of middle housing infill and redevelopment, which suggests that there is enough capacity to accommodate the forecast of growth in Moderate Density. It also seems unlikely that Milwaukie will see the high estimate of infill and redevelopment of missing middle housing (1,600 dwelling units). The amount of middle housing development in Milwaukie will depend on factors such as property owner preference for new development, financial feasibility of infill or redevelopment (which is supported in 2022 by a strong housing market), and characteristics of parcels that infill or redevelop (such as the size and configuring of existing development on individual parcels).
 - Milwaukie has a deficit of capacity to accommodate growth in the High Density Plan Designation. One reason for this is that Milwaukie has little land in this plan designation. Equally important is that Milwaukie's High Density Plan Designation is developing at relatively low densities, about 7.8 dwelling units per net acre. Milwaukie may want to identify reasons for this low development density and propose code changes to increase densities in the High Density Plan Designation.

³² The estimate of 18.9 dwelling units per net acre for future density is based on the estimate of vacant land (51 acres) and expected future densities for new development. Much of this capacity is in Commercial Mixed-Use areas, which have historically developed at 74.5 dwelling units per acre. Even if future development in Commercial Mixed-Use areas occurs at a substantially lower density (like 20 dwelling units per net acre), Milwaukie's vacant land would still likely achieve development densities of more than 8 dwelling units per net acre.

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

Under the current conditions, 643 new households will have incomes of \$48,450 (in 2021 dollars) or less. These households often cannot afford market-rate housing, and for newly built housing to be affordable, it will need to be income-restricted government-subsidized housing. About 705 new households will have incomes

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

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

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

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

Appendix A: Residential Buildable Lands Inventory Methodology

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

Overview of the Methodology

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

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

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

Inventory Steps

The BLI consists of several steps:

1. Generate land base
2. Classify lands
3. Identify and apply constraints
4. Remove ROW

5. Verification
6. Tabulation and mapping.

Step 1: Generate “land base”

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

Milwaukie:

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

Clackamas County:

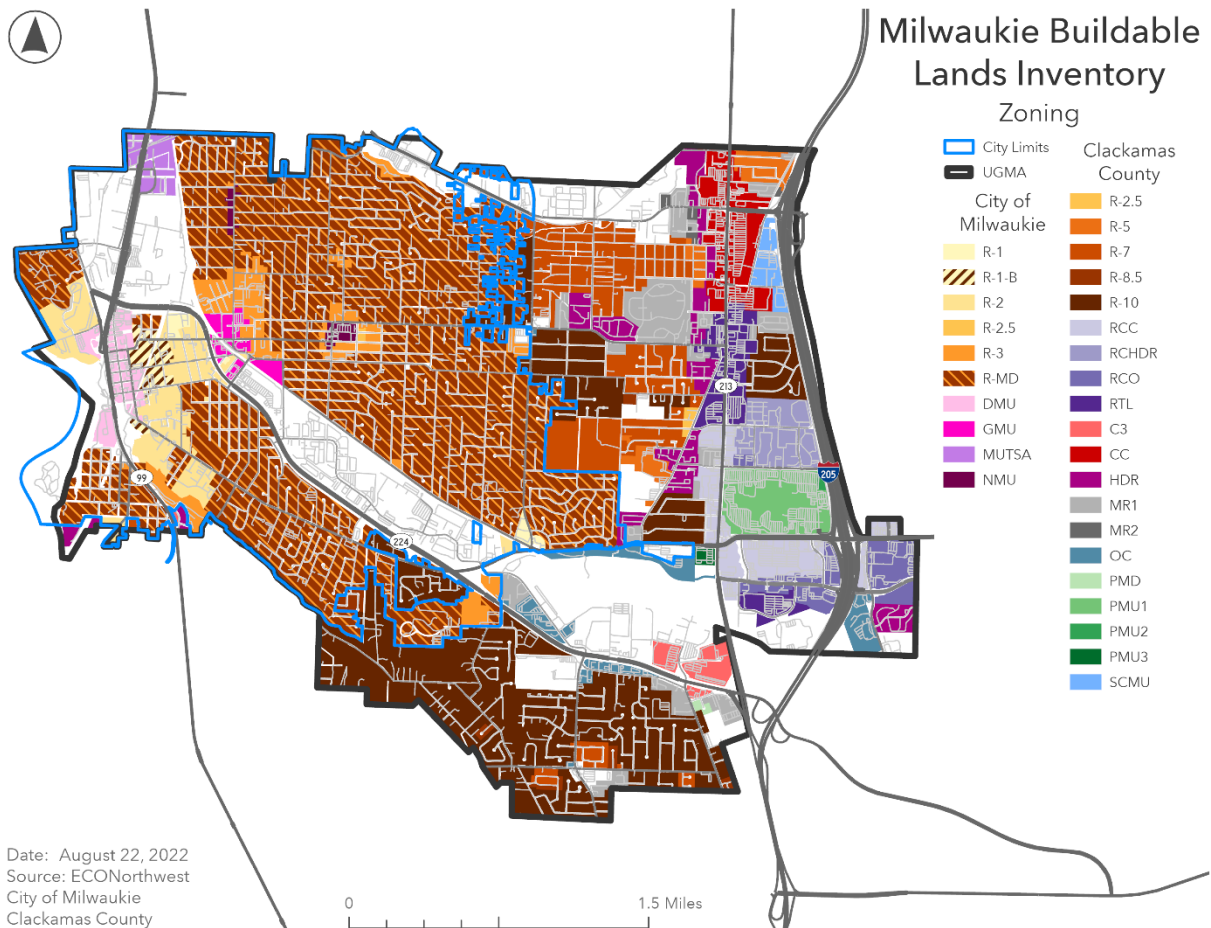
- Urban Low Density Residential
 - R-2.5
 - R-5
 - R-7
 - R-8.5
 - R-10
- Medium Density Residential
 - MR-1
 - MR-2
- Planned Medium Density Residential (PMD)
- High Density Residential (HDR)
- Regional Center High Density Residential (RCHDR)
- Planned Mixed Use
 - PMU-1
 - PMU-2
 - PMU-3
- Corridor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

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

Exhibit 85 shows the residential zones included in the BLI.

Exhibit 85. Residential Land Base by Plan Designation, Milwaukie City Limits and Urban Growth Management Area, 2022

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



Step 2: Classify lands

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

Exhibit 86. Rules for Development Status Classification

Development Status	Definition
Vacant	<ul style="list-style-type: none"> Any tax lot that is fully vacant (using aerial photography). A tax lot with less than 2,000 sq. ft. of developed area and where this area is less than 10% of the total tax lot area. Tax lots that are 95% or more “vacant” as identified in the Metro vacant land inventory.
Developed	Land that does not meet the Vacant or Ignore development status definitions.
Ignore	Publicly owned parcels (unless intended for residential/employment development), schools, churches and social organizations, private rights-of-way, rail properties, tax lots under 1,000 sq. ft., parks open spaces, and private residential common areas.

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

Step 3: Identify and apply constraints

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

Exhibit 87. Constraints to be included in BLI

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

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

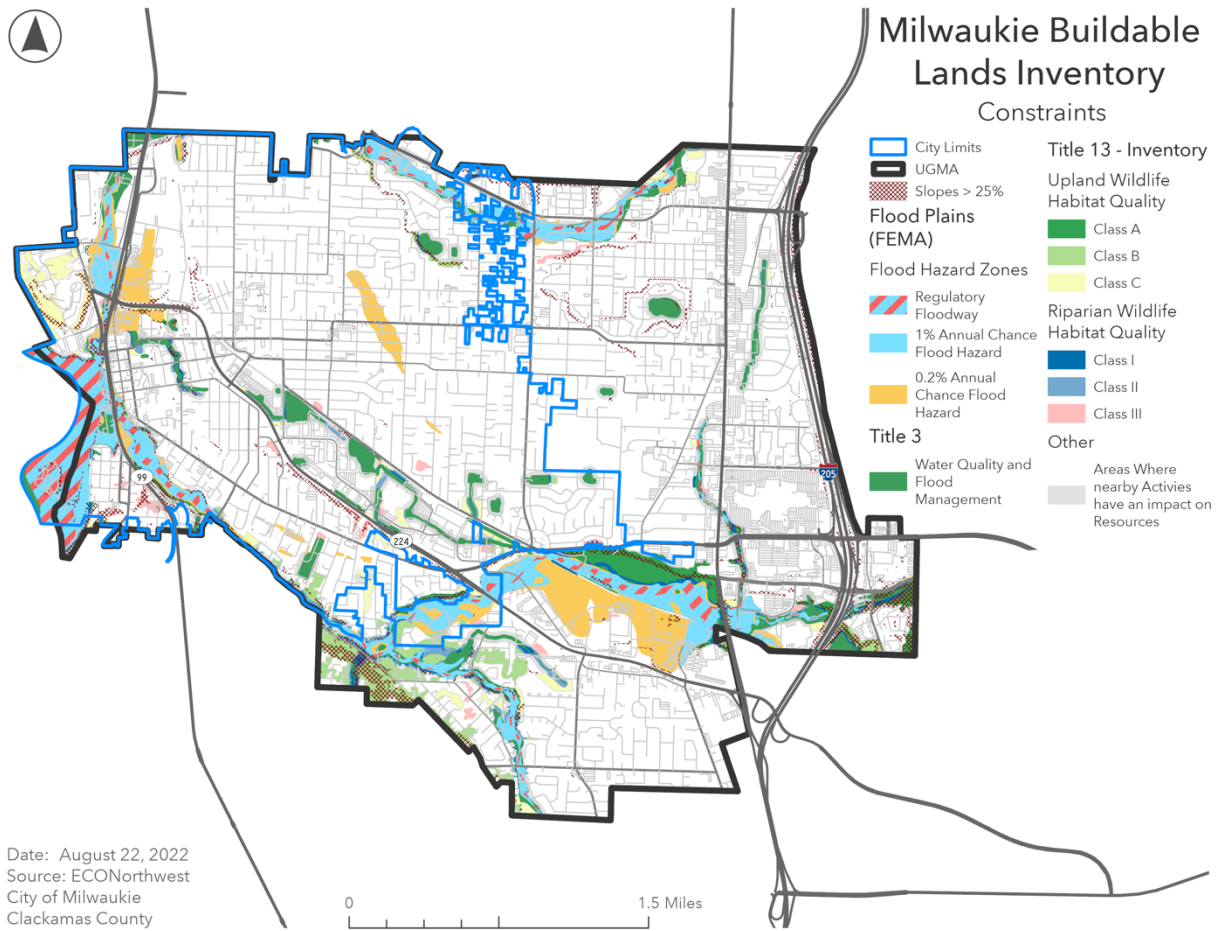
Single-dwelling residential lots removed 100% of floodways and floodplains. Slopes greater than 25% and Title 3 were treated the same with 100% removed. If tax lots where slopes greater than 25% constrained 50% or more of said lot, a maximum capacity rule was utilized to add back units. If these slopes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

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

These constraints are shown in Exhibit 88:

Exhibit 88. Residential Development Constraints, Milwaukie City Limits and Urban Growth Management Area, 2020

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



Step 4: Remove ROW

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

Step 5: Verification

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

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

Step 6: Tabulation and mapping

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

Results of the Buildable Lands Inventory

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

Exhibit 89. Development Status with Constraints, Milwaukie City Limits and UGMA, 2022
Source: ECONorthwest analysis, Clackamas County, City of Milwaukie.

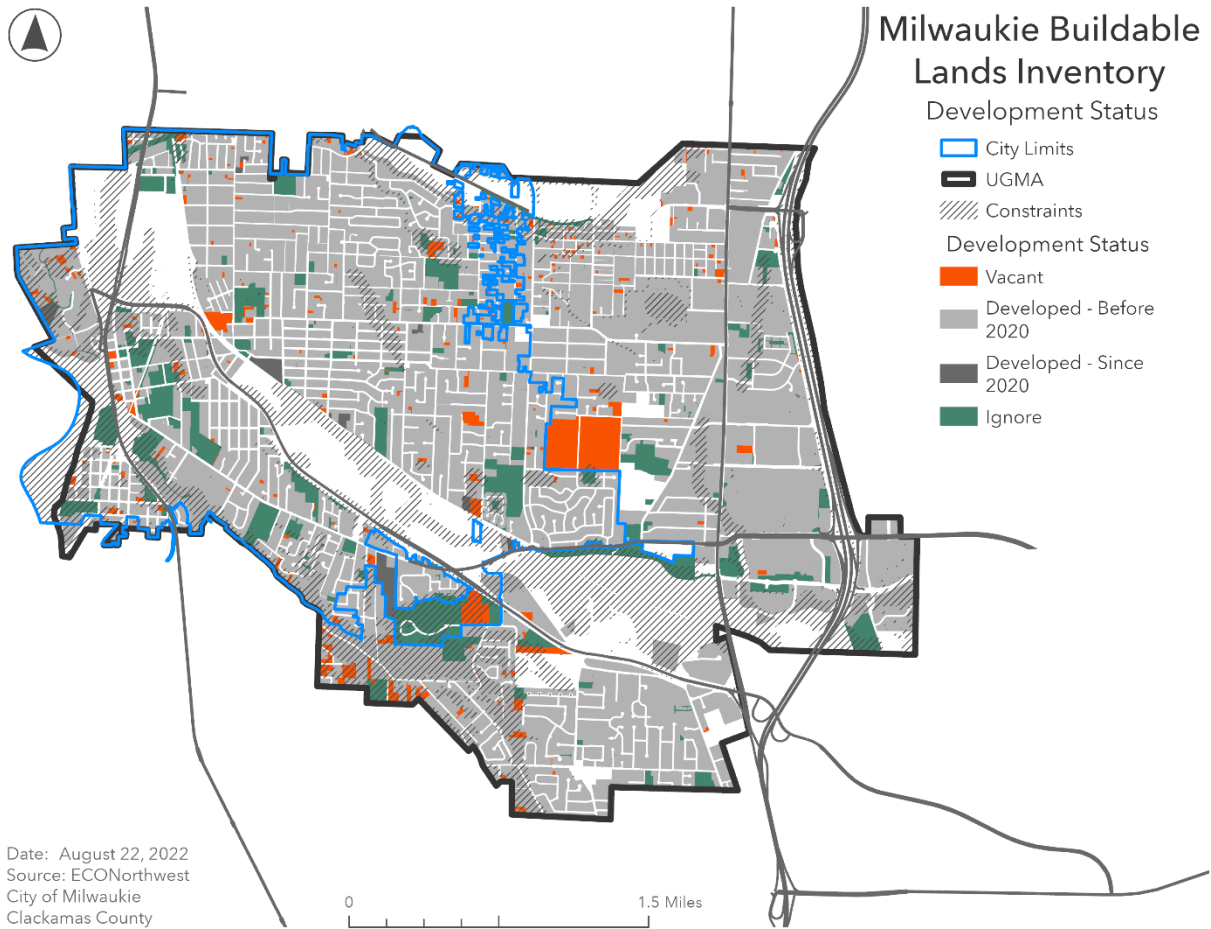


Exhibit 90 shows the total acreage of all Residential lands within the City of Milwaukie, Clackamas County, and the dual interest area, as well as total unconstrained area and net acres (with rights-of-way removed).

Exhibit 90. Residential Land with Constraints Applied and ROW Removed, Milwaukie City Limits and UGMA, 2022

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

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

Vacant Buildable Land

Exhibit 91 shows buildable acres (i.e., acres in tax lots after constraints are deducted) for vacant land by zone. Milwaukie has 51 acres of unconstrained, vacant buildable lands within its city limits. Most of that land is in the R-MD.

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

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

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

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

Exhibit 92. Unconstrained Vacant Residential Land, Milwaukie City Limits and UGMA, 2022
 Source: ECONorthwest analysis, Clackamas County, City of Milwaukie.

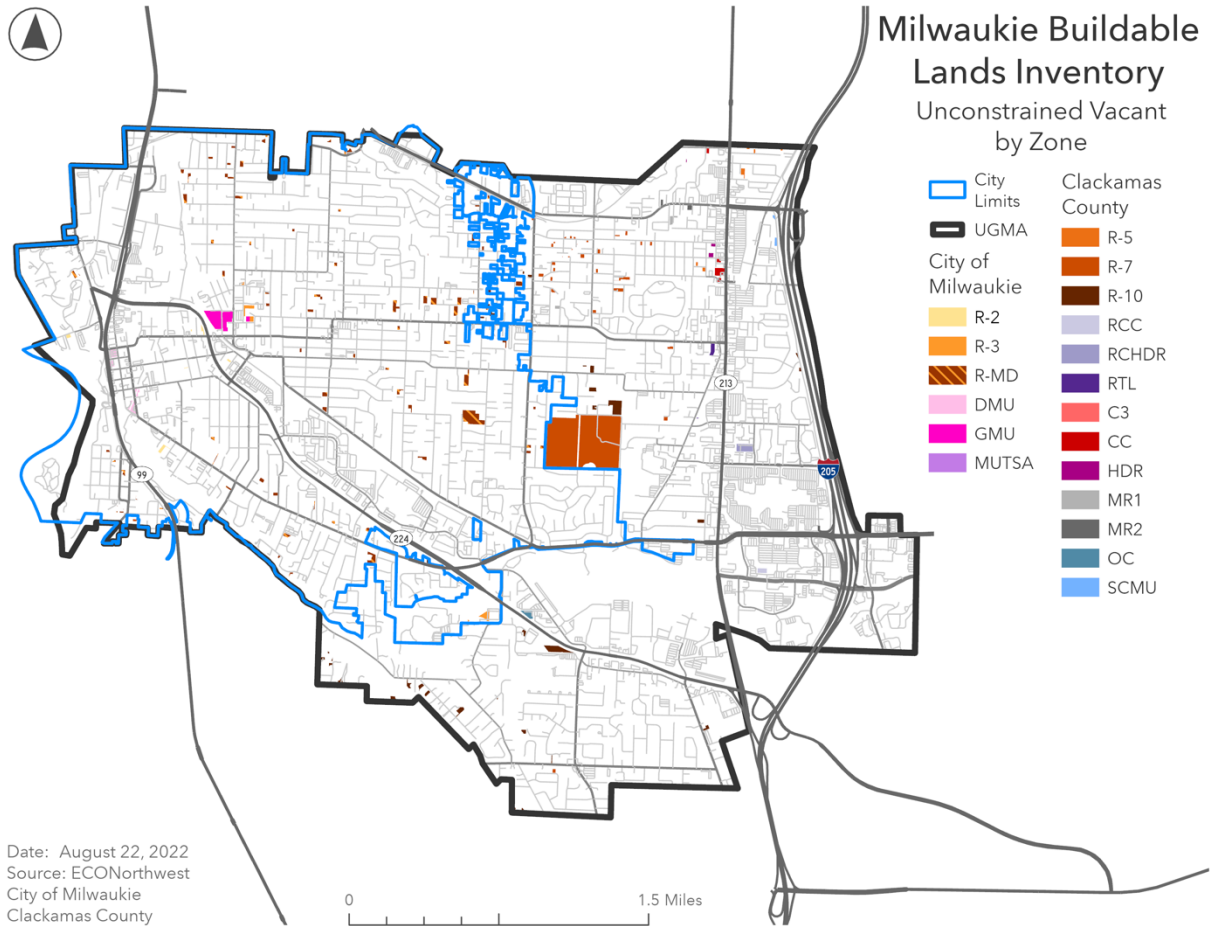
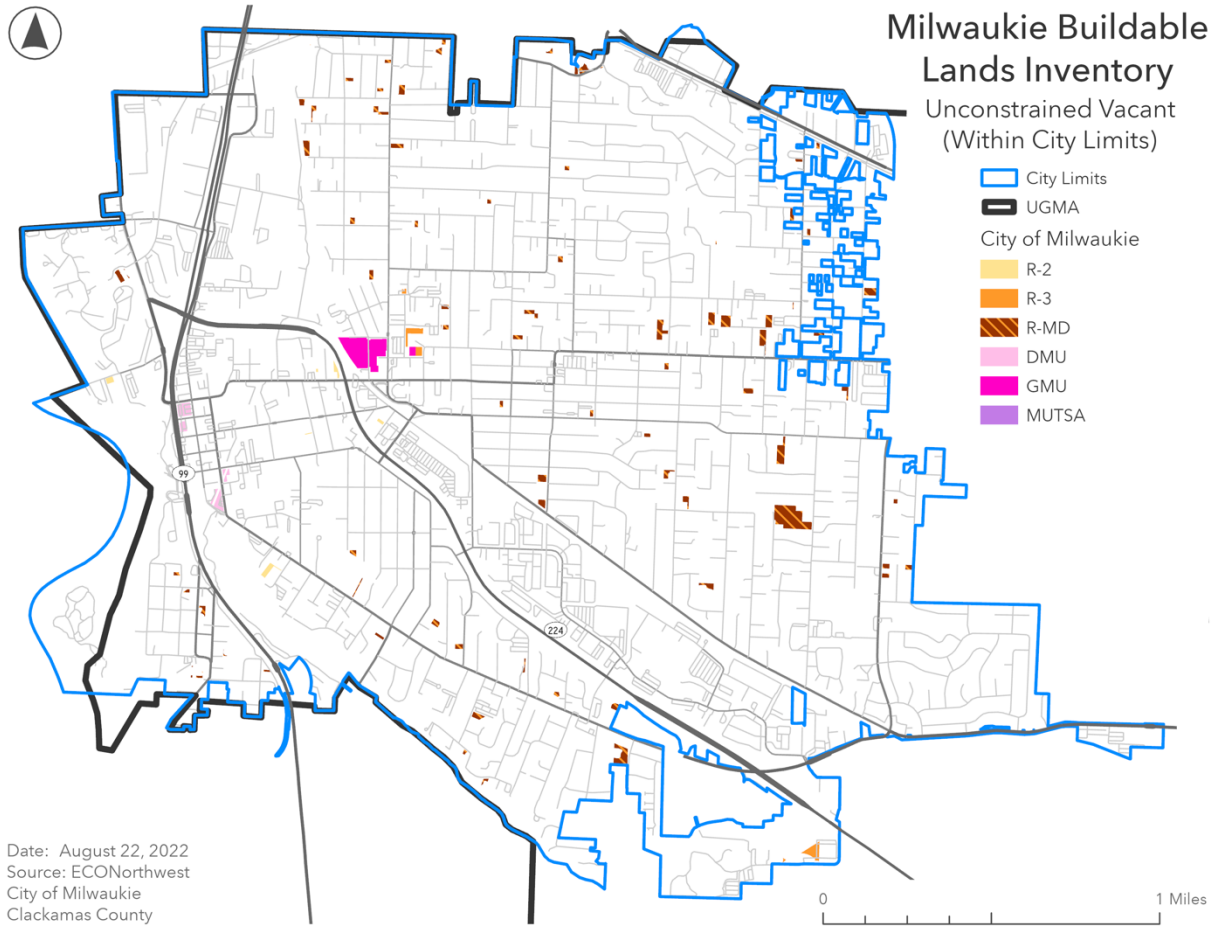


Exhibit 93. Unconstrained Vacant Residential Land, City of Milwaukie, Milwaukie City Limits, 2022
 Source: ECONorthwest analysis, Clackamas County, City of Milwaukie.



Appendix B: Middle Housing Infill and Redevelopment Analysis of Potential

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

Property Criteria

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

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

Housing Types: Form and Market Assumptions

The analysis focuses on middle housing types that are most likely to drive infill and redevelopment potential. ECONorthwest selected detached plexes, cottage clusters, stacked fourplexes, and town houses based on prior experience.³³ The analysis also includes single-dwelling detached housing as a comparison. The specific prototypical developments used in the analysis have assumed building heights, unit sizes, and lot sizes/site areas that are allowed under the development code and are informed by real-world developments and local market conditions. Required site area assumptions are not necessarily set to the minimums allowed by zoning—some prototypes likely need larger site areas to account for parking, lot coverage, circulation, and site layout.

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

³³ Attached duplexes and triplexes are excluded from this analysis because they are allowed on the same size lot as a fourplex, and the fourplex maximizes the yield of the site to a greater extent than a duplex or triplex. Detached duplexes and triplexes are included in this analysis.

Exhibit 94: Housing Prototype Assumptions

Source: ECONorthwest

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

Evaluating Infill and Redevelopment Potential

Infill and Redevelopment Criteria

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

Exhibit 95: Infill and Redevelopment Criteria

Source: ECONorthwest

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

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

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

Buildable Area Criteria and Unit Yield

ECONorthwest estimated how many of each prototype could fit on each lot included in the analysis, given the buildable area of the lot and the required site size for each prototype in both an infill and a redevelopment scenario. For the infill scenario, the existing structure is assumed to remain, with some land retained around the existing home.³⁴ For the redevelopment scenario, the existing home is assumed to be removed, and all buildable area on the parcel is assumed to

³⁴ For most homes, the analysis assumes 4,000 square feet of land would remain around the existing home in the infill scenario; for homes with a building value (per the assessor's data) over \$525,000, the analysis assumes 10,000 square feet would remain around the existing home.

be available for development. For sites that are large enough to fit several housing prototypes, the analysis accounts for land needed for access/circulation (e.g., a new public or private road).³⁵

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

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

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

Exhibit 96: Comparison of Sale Price to RMV, Milwaukie

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

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

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

³⁵ The analysis assumes 10% of the buildable parcel area would be needed for circulation and access (either as a shared driveway or as a new street) if more than one prototype could be built on a given lot.

From Infill and Redevelopment Potential to Housing Production

Factors Limiting Infill and Redevelopment

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

Site Layout

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

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

Source: ECONorthwest



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

Property Owner Preferences and Other Ways to Add Value

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

Approaches to Estimating Realistic Infill/Redevelopment Housing Production

ECONorthwest used several approaches to account for the difference between infill/redevelopment potential and housing production, looking at data from a range of sources comparing properties where infill or redevelopment was allowed to properties where infill or redevelopment occurred within a given period of time. These are summarized below, along with the resulting calculations.

Approach 1: Viable Property Sales and Conversion Following Sale

Conversion Following Sale

ECONorthwest collected and analyzed sales transaction data from a neighborhood in Southeast Portland where many homes are zoned to allow at least one additional unit. ECONorthwest identified properties that sold for up to \$425,000 in the past five years—a sale price below which anecdotal evidence suggests that redevelopment may be possible in some situations. Among these properties, ECONorthwest identified whether additional housing units were allowed under zoning and whether redevelopment had occurred or was in process based on permit records, using data from Portland Maps. Roughly 25% of the properties included in the analysis that were eligible for additional units were redeveloped with or permitted for more than one new unit as of August 2022.

Properties Available for Sale per Year

ECONorthwest estimated the share of properties within the parcel data set used for the middle housing infill and redevelopment analysis that sold annually based on an average across three years of sales transactions. This showed that an average of 8.7% of the properties in the data set sold per year between 2018 and 2021. This was one input into some of the approaches contemplating potential annual housing production due to middle housing infill or redevelopment.

Approach 1 Calculations for Milwaukie Middle Housing Production

- 1,256 properties were estimated to be viable for infill and/or redevelopment after accounting for sites with prevalent access/layout limitations (see Exhibit 7, page 10).
- 8.7% of subject parcels sell per year on average
- $1,256 \text{ viable properties} \times 8.7\% \text{ sold per year} = \sim 109 \text{ viable properties available for infill/redevelopment per year}$
- $\sim 25\%$ of viable properties in Southeast Portland study area converted following sale
- $109 \text{ viable properties sold per year} \times 25\% \text{ conversion rate} = \sim 27 \text{ properties converted per year}$
- 3.02 net new units estimated per viable site on average (see Exhibit 9, page 11)
- $27 \text{ properties converted per year} \times 3.02 \text{ net new units per property} = \sim 82 \text{ net new units per year}$
- $82 \text{ net new units per year} \times 20 \text{ years} = \sim 1,640 \text{ net new units over 20 years}$

Approach 2: Share of Viable Properties Converted Based on Recent Milwaukie Infill

Share of Single-Detached Housing Infill Potential Delivered

ECONorthwest used the 2020 Milwaukie BLI data and the City permit data used to update the BLI in mid-2022 to identify the share of properties that had infill potential based on prior zoning that were permitted for development since the last BLI update. The analysis also broke this out based on the number of additional units allowed by zoning to see if there is a difference between sites eligible to add just a few units (up to 4) compared to those allowed to add more units (5 or more). The data covers only a short period of observation, and single-detached housing infill may differ from middle housing infill, but the data quality is good and covers the same properties included in the middle housing infill and redevelopment analysis.

ECONorthwest found that close to 1% of developed R-MD properties eligible for infill as of 2020 had building permits for additional units by mid-2022, as shown in Exhibit 98, with much higher conversion rate for properties with potential for more than four units. However, the number of units produced on larger properties was a smaller share of the maximum potential, suggesting that the larger sites are more likely to be developed but may not develop to the maximum entitlements.

Exhibit 98: Single-Detached Housing Infill and Redevelopment on Developed R-MD Parcels in Milwaukie by Number of Potential New Units, 2020-2022

Source: ECONorthwest analysis of City of Milwaukie BLI data and building permit data

Potential New Units	R-MD developed properties as of 2020	Converted 2020-2022	% converted 2020-2022	Over 20 years if continued	Units allowed	Units added through infill 2020-2022	Units produced as a % of units allowed	Over 20 years if continued
1-4 units	694	4	0.58%	7.68%	1017	5	0.49%	6.56%
>4 units	44	3	6.82%	90.91%	357	9	2.52%	33.61%
Total	738	7	0.95%	12.65%	1374	14	1.02%	13.59%

Approach 2 Calculations for Milwaukie Middle Housing Production

Exhibit 99 shows the result of applying those 20-year estimated conversion rates for single-detached housing infill from Exhibit 98 to properties identified as likely viable for infill/redevelopment with middle housing, differentiating based on the number of potential new units.

Exhibit 99: Estimates of Middle Housing Infill/Redevelopment Potential on Developed R-MD Parcels at Recent Conversion Rates by Number of Potential New Units

Source: ECONorthwest analysis

Potential New Units	Est. Viable Properties	Est. conversion rate over 20 years	Viable Properties Potentially Converted in 20 years	Est. Viable Units	Est. % of Viable Units Delivered over 20 years	Viable Units Potentially Delivered in 20 years
1-4 units	823	7.68%	63	1747	6.56%	115
>4 units	433	90.91%	393	3163	33.61%	1063
Total	1256	12.65%	456	4910	13.59%	1178

This suggests potential for just under 1,200 units of middle housing through infill and/or redevelopment over 20 years.

Approach 3: Applying Portland Duplex Conversion Rate

Portland Duplex Conversion Over Time

The City of Portland collected and analyzed data on corner lots that were zoned to allow duplexes prior to the passage of the [Residential Infill Project](#) and HB 2001. The analysis did not include any property value or size factors but did differentiate based on location within the City. It calculated what share of all corner lots where duplexes were allowed were converted to a duplex between 1991 and 2020. This analysis showed roughly **3.4%** of corner lots zoned to allow duplexes citywide converted. The City’s summary stated:

“Corner lot duplexes and attached houses have been allowed citywide in R20-R2.5 zones since 1991. An inventory of assessor data showed that in RIP zones, the “capture rate” or utilization of the corner lot duplex provision ranged from 3.4 to 5.4 percent of corner lots depending on their proximity to designated centers.”³⁶

Results are shown in Exhibit 100, below.

Exhibit 100: Portland Corner Lot Duplex Conversion Rates 1991-2020

Source: City of Portland

Corner lot duplexes (R7, R5 and R2.5 zones)		
Pattern Area	All corner lots	Only corner lots within ¼ mile of centers
East	2.0%	2.9%
Inner	4.3%	6.3%
West	0.6%	1.7%
Citywide	3.4%	5.4%

This analysis has some differences from the analysis of middle housing infill and redevelopment potential in Milwaukie, including:

- Land division was generally not permitted—duplexes were allowed with condominium or rental development only.
- No more than two units were allowed, whereas a greater number of middle housing units could be permitted on many sites in Milwaukie’s R-MD zone.
- Units had to be attached, whereas middle housing units in Milwaukie’s R-MD zone can be attached or detached.

³⁶ City of Portland, "Residential Infill Project, Exhibit A Findings of Fact Report", July 2020, https://www.portland.gov/sites/default/files/2020-08/exhibit_a_rip_findings_adopoted1.pdf, Page 224

- The observation period was close to 30 years, compared to a 20-year forecast period for the HCA.
- The market conditions in Portland from 1991 to 2020 likely differ from current market conditions in Milwaukie.

Despite the longer time horizon, most of these factors would tend to limit uptake relative to the City of Milwaukie’s zoning provisions that allow detached plexes and, pursuant to Senate Bill 458, allow middle housing land divisions that enable the underlying property to be divided.

Approach 3 Calculations for Milwaukie Middle Housing Production

Applying Portland’s citywide average conversion rate for corner lot duplexes (3.4%), as identified in Exhibit 100, to all developed R-MD properties in Milwaukie with zoned potential for middle housing provides one more reference point for consideration, though it is likely a conservative estimate given the factors described previously.

- **5,795** developed R-MD properties zoned to allow more units × **3.4%** converted over 20+ years = **~197** properties converted over 20+ years
- **3.02** net new units estimated per viable site on average (see Exhibit 9, page 11)
- **~197** properties converted × **3.02** net new units per property = **~596** net new units over 20 years

Appendix C: Additional Information

Framework for a Housing Capacity Analysis

This report provides information about how the choices of individual households and the housing market in Clackamas County and Milwaukie have interacted, focusing on implications for future housing need in Milwaukie over the 2023 to 2043 period. This report and the *City of Milwaukie Housing Production Strategy* provide policy options that can influence future housing development, considering opportunities to increase access to affordable housing for lower-income communities and communities of color, as well as housing needs for all residents of Milwaukie.

Statewide Planning Goal 10

The passage of the Oregon Land Use Planning Act of 1974 (ORS Chapter 197) established the Land Conservation and Development Commission (LCDC) and the Department of Land Conservation and Development (DLCD). The Act required the Commission to develop and adopt a set of statewide planning goals. Goal 10 addresses housing in Oregon and provides guidelines for local governments to follow in developing their local comprehensive land use plans and implementing policies.

At a minimum, local housing policies must meet the requirements of Goal 10 and the statutes and administrative rules that implement it (ORS 197.295 to 197.314, ORS 197.475 to 197.490, and OAR 600-008).³⁷ Goal 10 requires incorporated cities to complete an inventory of buildable residential lands. Goal 10 also requires cities to encourage the numbers of housing units in price and rent ranges commensurate with the financial capabilities of its households.

Goal 10 defines needed housing types as “all housing on land zoned for residential use or mixed residential and commercial use that is determined to meet the need shown for housing within an urban growth boundary at price ranges and rent levels that are affordable to households within the county with a variety of incomes, including but not limited to households with low-incomes, very low-incomes and extremely low-incomes.” ORS 197.303 defines needed housing types:

- (a) Housing that includes, but is not limited to, attached and detached single-family housing and multifamily housing for both owner and renter occupancy.
- (b) Government-assisted housing.³⁸
- (c) Mobile home or manufactured dwelling parks as provided in ORS 197.475 to 197.490.

³⁷ ORS 197.296 only applies to cities with populations over 25,000 outside of Metro. Milwaukie is located in the Metro UGB, so ORS 197.296 does not apply to Milwaukie.

³⁸ Government-assisted (income-restricted) housing can be any housing type listed in ORS 197.303 (a), (c), or (d).

- (d) Manufactured homes on individual lots planned and zoned for single-family residential use that are in addition to lots within designated manufactured dwelling subdivisions.
- (e) Housing for farmworkers.

DLCD provides guidance on conducting a Housing Capacity Analysis in the document *Planning for Residential Growth: A Workbook for Oregon's Urban Areas*, referred to as the Workbook.

Milwaukie must identify needs for all of the housing types listed above as well as adopt policies that increase the likelihood that needed housing types will be developed. This Housing Capacity Analysis was developed to meet the requirements of Goal 10 and its implementing administrative rules and statutes.

The Metropolitan Housing Rule

OAR 660-007 (the Metropolitan Housing rule) is designed to “assure opportunity for the provision of adequate numbers of needed housing units and the efficient use of land within the Metropolitan Portland (Metro) urban growth boundary.” OAR 660-0070-005(12) provides a Metro-specific definition of needed housing:

"Needed Housing" is defined as housing types determined to meet the need shown for housing within an urban growth boundary at particular price ranges and rent levels.

The Metropolitan Housing Rule also requires cities to develop residential plan designations:

(1) Plan designations that allow or require residential uses shall be assigned to all buildable land. Such designations may allow nonresidential uses as well as residential uses. Such designations may be considered to be "residential plan designations" for the purposes of this division. The plan designations assigned to buildable land shall be specific so as to accommodate the varying housing types and densities identified in OAR 660-007-0030 through 660-007-0037.

OAR 660-007 also specifies the mix and density of new residential construction for cities within the Metro UGB:

“Provide the opportunity for at least 50 percent of new residential units to be attached single family housing or multiple family housing or justify an alternative percentage based on changing circumstances” OAR 660-007-0030 (1).

OAR 660-007-0035 sets specific density targets for cities in the Metro UGB. Milwaukie's average density target is eight dwelling units per net buildable acre.³⁹

Metro Urban Growth Management Functional Plan

The Metro Urban Growth Management Functional Plan describes the policies that guide development for cities within the Metro UGB to implement the goals in the Metro 2040 Plan.

Title 1: Housing Capacity

Title 1 of Metro's Urban Growth Management Functional Plan is intended to promote efficient land use within the Metro UGB by increasing housing capacity. Each city is required to determine its housing capacity based on the minimum number of dwelling units allowed in each zoning district that allows residential development and maintains this capacity.

Title 1 requires that a city adopt minimum residential development density standards by March 2011. If the jurisdiction did not adopt a minimum density by March 2011, the jurisdiction must adopt a minimum density that is at least 80% of the maximum density.

Title 1 provides measures to decrease development capacity in selected areas by transferring the capacity to other areas of the community. This may be approved as long as the community's overall capacity is not reduced.

Metro's *2019 Compliance Report* concludes that Milwaukie is in compliance with the City's Title 1 responsibilities.

Title 7: Housing Choice

Title 7 of Metro's Urban Growth Management Functional Plan is designed to ensure the production of affordable housing in the Metro UGB. Each city and county within the Metro region is encouraged to voluntarily adopt an affordable housing production goal.

Each jurisdiction within the Metro region is required to ensure that their comprehensive plans and implementing ordinances include strategies to:

- Ensure the production of a diverse range of housing types,
- Maintain the existing supply of affordable housing, increase opportunities for new affordable housing dispersed throughout their boundaries; and
- Increase opportunities for households of all income levels to live in affordable housing (3.07.730).

³⁹ OAR 660-024-0010(6) defines net buildable acres as "43,560 square feet of residentially designated buildable land after excluding future rights-of-way for streets and roads."

Metro's 2019 Compliance Report concludes that Milwaukie is in compliance for the City's Title 7 responsibilities.

Data Used in This Analysis

Throughout this report, we used data from multiple well-recognized and reliable data sources. One of the key sources for housing and household data is the U.S. Census. This report primarily uses data from three Census sources:⁴⁰

- The **Decennial Census** is completed every ten years and is a survey of *all* households in the U.S. The Decennial Census collects detailed household information, such as number of people, household size, race and ethnicity, and age.
- The **American Community Survey (ACS)** is completed every year and is a *sample* of households in the U.S. The ACS collects detailed information about households, including demographics (e.g., number of people, age distribution, ethnic or racial composition, country of origin, language spoken at home, and educational attainment), household characteristics (e.g., household size and composition), housing characteristics (e.g., type of housing unit, year unit built, or number of bedrooms), housing costs (e.g., rent, mortgage, utility, and insurance), housing value, income, and other characteristics. The most up-to-date ACS data available for this report was for the 2015-2019 period.
- **Comprehensive Housing Affordability Strategy (CHAS)** is custom tabulations of American Community Survey (ACS) data from the US Census Bureau for the US Department of Housing and Urban Development (HUD). CHAS data show the extent of housing problems and housing needs, particularly for low-income households. CHAS data are typically used by local governments as part of their consolidated planning work to plan how to spend HUD funds and for HUD to distribute grant funds. The most up-to-date CHAS data covers the 2014-2018 period, which is a year older than the most recent ACS data for the 2015-2019 period.
- **Property Radar** provides real estate sales data.

This report primarily uses data from the 2015-2019 ACS for Milwaukie and comparison areas.⁴¹ Where information is available and relevant, we report information from the 2000 and 2010

⁴⁰ It is worth commenting on the methods used for the American Community Survey. The American Community Survey (ACS) is a national survey that uses continuous measurement methods. It uses a sample of about 3.54 million households to produce annually updated estimates for the same small areas (census tracts and block groups) formerly surveyed via the Decennial Census long-form sample. It is also important to keep in mind that all ACS data are estimates that are subject to sample variability. This variability is referred to as "sampling error" and is expressed as a band or "margin of error" (MOE) around the estimate.

This report uses Census and ACS data because, despite the inherent methodological limits, they represent the most thorough and accurate data available to assess housing needs. We consider these limitations in making interpretations of the data and have strived not to draw conclusions beyond the quality of the data.

⁴¹ Five-year 2020 ACS data was not available when this report was compiled.

Decennial Census.⁴² Among other data points, this report also includes data from Oregon’s Housing and Community Services Department, the US Department of Housing and Urban Development, and the City of Milwaukie.

Through this report, we attempt to bring in data about Black, Indigenous, and people of color (BIPOC) where possible in the information, to better explain disproportionate housing burdens for historically underrepresented groups. While this report attempts to make good use of the available data from the Census, it is important to acknowledge that the Census consistently undercounts BIPOC and low-income people. In developing policies, as part of the *Milwaukie Housing Production Strategy*, we will bring in feedback from underrepresented communities through outreach or additional research.

National and State Housing Trends

This appendix presents national and state housing and demographic trends that may affect housing development in Milwaukie.

National Trends⁴³

This brief summary on national housing trends builds on previous work by ECONorthwest as well as Urban Land Institute (ULI) reports, conclusions from *The State of the Nation’s Housing* report from the Joint Center for Housing Studies of Harvard University, and other research cited in this section. *The State of the Nation’s Housing* report (2021) summarizes the national housing outlook as follows:

Even as the US economy continues to recover, the inequalities amplified by the COVID-19 pandemic remain front and center. Households that weathered the crisis without financial distress are snapping up the limited supply of homes for sale, pushing up prices and further excluding less affluent buyers from homeownership. At the same time, millions of households that lost income during the shutdowns are behind on their housing payments and on the brink of eviction or foreclosure. A disproportionately large share of these at-risk households are renters with low incomes and people of color. While policymakers have taken bold steps to prop up consumers and the economy, additional government support will be necessary to ensure that all households benefit from the expanding economy.

⁴² The 2020 Census was completed at the end of 2020. However, extenuating circumstances brought on by the COVID-19 pandemic has led to some challenges with the data. The 2020 Decennial Census data is more limited than usual as a result of the COVID-19 pandemic. Where appropriate, this report uses 2015-2019 ACS data, rather than 2020 Decennial Census data, for up-to-date information.

⁴³ These trends are based on information from (1) the Joint Center for Housing Studies of Harvard University’s publication “The State of the Nation’s Housing 2021,” (2) Urban Land Institute, “2022 Emerging Trends in Real Estate,” and (3) the US Census.

The domestic housing market sees many interlocking challenges remaining as the world transitions from the COVID-19 pandemic. An extremely limited inventory of entry-level homes make housing unaffordable for many Americans, especially younger ones. However, the conditions for homebuying are ripe for many, resulting in strong demand in the market and increasing home sales prices to record levels. Furthermore, the costs of labor and materials to build new homes increased steeply. While the current amount of new housing starts is robust, newly built homes will not make up the shortfall in residential housing in the near term, especially for single-dwelling homes. The challenges and trends shaping the housing market are summarized below.

- **A continued bounce back in residential construction was led by an increase in single-dwelling and multi-dwelling housing starts.** After a sharp comeback in summer 2020 led by single-dwelling construction, single-dwelling housing starts fell below a 700,000-unit annual rate in April 2020 due to the COVID-19 pandemic. Following that dip, housing starts nearly doubled to a high of 1,315,000 new housing units in December 2020—marking it as the strongest month for single-dwelling homebuilding in over 13 years—with a consistent annual rate of production since then ranging from 1,061,000 to 1,255,000 units; most recently hitting 1,215,000 in February 2022. Multi-dwelling unit starts followed similar trends, reaching a 33-year high in January 2020 of more than half a million buildings with 5 units or more, then hitting a 6-year low in April 2020 of a quarter million. Since that low, multi-dwelling starts have increased 47%, reaching 501,000 units in February 2022.
- **Strong construction numbers did not alleviate the shortage of existing homes for sale.** Inventories fell from three months in December 2019 to just under two months in December 2020, well below what is considered balanced (six months), with lower-cost and moderate-cost homes experiencing the tightest inventories. While *The State of the Nation's Housing* report cited the COVID-19 pandemic as sharing some blame for these tight conditions, the larger cause was the result of underproduction of new homes since mid-2000s. Restrictive land use regulations, the cost and availability of labor, and the cost of building materials were also cited as constraints on residential development.
- **Homeownership rates slowly, but consistently, increased.** After years of decline, the national homeownership rate increased slightly from 64.4% in 2018 to 65.5% in late 2021. Trends suggest the recent homeownership increases are among householders of all age groups, with households under age 35 making up the largest proportions of this increase. About 88% of net new growth (2013 to 2019) was among households with incomes of \$150,000 or more. Significant disparities also still exist between households of color and white households, with the Black-white homeownership gap being 28.1 percentage points in early 2021 and the Hispanic-white gap at 23.8 percentage points (a 1.8 percentage point decrease from 2019).
- **Housing affordability.** Despite a recent downward trend, 37.1 million American households spent more than 30% of their income on housing (Industry standard used for assessing affordability) in 2019, which is 5.6 million more households than in 2001.

Renter households experienced cost burden at more than double the rate of homeowners (46% versus 21%) with the number of cost-burdened renters exceeding cost-burdened homeowners by 3.7 million in 2019. Affordability challenges were most likely to affect households with low incomes, as 60% of renters and nearly half of homeowners earning less than \$25,000 were reported to be severely cost burdened⁴⁴ in 2019, as well as one in six renters and one in eight homeowners earning between \$25,000 and \$49,999. Households under the age of 25 and over the age of 85 had the highest rates of housing cost burden, as well as households of color.

The Department of Housing and Urban Development's guidelines indicate that households paying more than 30% of their income on housing experience "cost burden" and households paying more than 50% of their income on housing experience "severe cost burden." Using cost burden as an indicator is one method of determining how well a city is providing housing that is affordable to all households in a community.

- **Long-term growth and housing demand.** The Joint Center for Housing Studies forecasts that, nationally, demand for new homes could total as many as 10 million units between 2018 and 2028 if current low immigration levels continue. Much of the demand will come from baby boomers, millennials, Generation Z,⁴⁵ and immigrants. The Urban Land Institute cites an increased acceptance of working from home as increasing demand in more suburban or rural environments over closer-in markets.
- **Growth in rehabilitation market.**⁴⁶ Aging housing stock and poor housing conditions are growing concerns for jurisdictions across the United States. With the median age of the US housing stock rising to 41 years in 2019 from 34 years in 2009, Americans are spending in excess of \$400 billion per year on residential renovations and repairs. As housing rehabilitation becomes the primary solution to address housing conditions, the home remodeling market has grown nearly \$20 billion in 2017, topping out at \$433 billion in 2021.

Despite trends showing growth in the rehabilitation market, rising construction costs and complex regulatory requirements pose barriers to rehabilitation. Lower-income households (who are more likely to live in older housing than higher-income households), or households on fixed incomes, may defer maintenance for years due to limited financial means, escalating rehabilitation costs. At a certain point, the cost of improvements may outweigh the value of the structure, which may necessitate new

⁴⁴ A household is considered cost burdened if they spent 30% or more of their gross income on housing costs. They are severely cost burdened if they spent 50% or more of their gross income on housing costs.

⁴⁵ According to the Pew Research Center, millennials were born between the years of 1981 to 1996 and Generation Z were born between 1997 and 2012 (inclusive). Read more about generations and their definitions here: <http://www.pewresearch.org/fact-tank/2018/03/01/defining-generations-where-millennials-end-and-post-millennials-begin/>.

⁴⁶ These findings are copied from the Joint Center for Housing Studies. (2021). Improving America's Housing, Harvard University. Retrieved from: https://www.jchs.harvard.edu/sites/default/files/Harvard_JCHS_Improving_Americas_Housing_2019.pdf

responses such as demolition or redevelopment. Regardless, there is a rising urgency with the aging housing stock, particularly in regard to increased disaster events caused by climate change. In 2019 spending on disaster repairs hit a record high of 10% of total rehabilitation spending and 2020 saw a record number of billion-dollar climate-related disasters.

- **Declining residential mobility.**⁴⁷ Residential mobility rates have declined steadily since 1980. Nearly one in five Americans moved every year in the 1980s, compared to one in ten Americans between 2018 and 2019. While residential mobility took a further dip in the initial stages of the COVID-19 pandemic, soon conditions emerged that encouraged homebuying, such as historically low mortgage rates, moves toward and the ensuing normalization of working from home, and a growing number of first-time millennial buyers. Due to such conditions, existing home sales rose by more than 20% year over year from September 2020 through January 2021. These optimal buying conditions have created competition that puts an additional squeeze on the nationwide housing shortage, likely further dampening residential mobility.

Other reasons for decline in residential mobility include factors such as demographic, housing affordability, and labor-related changes. For instance, as baby boomers and millennials age, mobility rates are expected to fall, as people typically move less as they age. Harvard University's Research Brief (2020) also suggests that increasing housing costs could be preventing people from moving if they are priced out of desired neighborhoods or if they prefer to stay in current housing as prices rise around them. Other factors that may impact mobility include the rise in dual-income households (which complicates job-related moves), the rise in work-from-home options, and the decline in company-funded relocations. While decline in mobility rates span all generations, they are greatest among young adults and renters, two of the more traditionally mobile groups.

- **Changes in housing demand.** Housing demand will be affected by changes in demographics, most notably the aging of baby boomers, housing preferences of millennials and Generation Z, and growth of immigrants.
 - *Baby boomers.* In 2020, the oldest members of this generation were in their seventies and the youngest were in their fifties. The continued aging of the baby boomer generation will affect the housing market. In particular, baby boomers will influence housing preference and homeownership trends. Preferences (and needs) will vary for boomers moving through their sixties, seventies, and eighties (and beyond). They will require a range of housing opportunities. For example, "aging baby boomers are increasingly renters-by-choice, [preferring] walkable, high-energy, culturally evolved communities."⁴⁸ Many seniors are also moving to planned retirement destinations earlier than expected, as they experience the benefits of work-from-

⁴⁷ Frost, R. (2020). "Are Americans stuck in place? Declining residential mobility in the US." Joint Center for Housing Studies of Harvard University's Research Brief.

⁴⁸ Urban Land Institute. *Emerging Trends in Real Estate, United States and Canada.* 2019.

home trends (accelerated by COVID-19). Additionally, the supply of caregivers is decreasing as people in this cohort move from giving care to needing care, making more inclusive, community-based, congregate settings more important. Senior households earning different incomes may make distinctive housing choices. For instance, low-income seniors may not have the financial resources to live out their years in a nursing home and may instead choose to downsize to smaller, more affordable units. Seniors living in proximity to relatives may also choose to live in multigenerational households.

Research shows that “older people in western countries prefer to live in their own familiar environment as long as possible,” but aging in place does not only mean growing old in their own homes.⁴⁹ A broader definition exists, which explains that aging in place means “remaining in the current community and living in the residence of one’s choice.”⁵⁰ Some boomers are likely to stay in their home as long as they are able, and some will prefer to move into other housing products, such as multi-dwelling housing or age-restricted housing developments, before they move into to a dependent-living facility or into a familial home. Moreover, “the aging of the US population, [including] the continued growth in the percentage of single-person households, and the demand for a wider range of housing choices in communities across the country is fueling interest in new forms of residential development, including tiny houses.”⁵¹

- *Millennials.* Over the last several decades, young adults have increasingly lived in multigenerational housing—more so than older demographics.⁵² However, as millennials move into their early to mid-thirties, postponement of family formation is ending and millennials are more frequently becoming homeowners, often of single-dwelling detached homes.

At the beginning of the 2007–2009 recession, millennials only started forming their own households. The number of millennial homeowners has seen an uptick over the past few years. While the overall U.S. homeownership rate slowly decreased from 2009 to 2019, the millennial homeownership rate increased from 33% in 2009 to 43% in 2019, with 6% of that growth since 2016. The age group of 35 years old and younger accounted for about 15% of the annual household growth in 2019, up from about 10% in 2018. Older millennials (those age 35-44) also accounted for a growing share of growth in homeownership.⁵³ However, racial disparities also exist in

⁴⁹ Vanleerberghe, Patricia, et al. (2017). The quality of life of older people aging in place: a literature review.

⁵⁰ *Ibid.*

⁵¹ American Planning Association. Making Space for Tiny Houses, Quick Notes.

⁵² According to the Pew Research Center, in 1980, just 11% of adults aged 25 to 34 lived in a multigenerational family household, and by 2008, 20% did (82% change). Comparatively, 17% of adults aged 65 and older lived in a multigenerational family household, and by 2008, 20% did (18% change).

⁵³ The Joint Center for Housing Studies of Harvard University’s publication “The State of the Nation’s Housing 2021”

millennial homeownership rates, with Non-Hispanic White homeowners accounting for 53%, Hispanic homeowners for 35%, and Black homeowners for 21%.⁵⁴

As this generation continues to progress into their homebuying years, they will seek out affordable, modest-sized homes. This will prove challenging, as the market for entry-level single-dwelling homes has remained stagnant. Although construction of smaller homes (< 1,800 sq. ft.) increased in 2019, it only represented 24% of single-dwelling units.

Millennials' average wealth may remain far below boomers and Gen Xers, and student loan debt will continue to hinder consumer behavior and affect retirement savings. As of 2022, millennials comprised 43% of homebuyers, while Gen Xers comprised 22% and boomers 29%.⁵⁵ "By the year 2061, it is estimated that \$59 trillion will be passed down from boomers to their beneficiaries," presenting new opportunities for millennials (as well as Gen Xers).⁵⁶

- *Generation Z.* In 2020, the oldest members of Generation Z were in their early twenties and the youngest in their early childhood years. By 2040, Generation Z will be between 20 and 40 years old. While they are more racially and ethnically diverse than previous generations, when it comes to key social and policy issues, they look very much like millennials. Generation Z enters into adulthood with a strong economy and record-low unemployment, despite the uncertainties of the long-term impacts of COVID-19 Pandemic.⁵⁷

Gen Z individuals have only just started entering the housing market in the past few years, and with a maximum age range of 23 as of 2022, this age cohort is the smallest so far in terms of homebuyers and sellers, accounting for 2% of each type. While researchers do not yet know how Generation Z will behave in adulthood, many expect they will follow patterns of previous generations.⁵⁸ A segment is expected to move to urban areas for reasons similar to previous cohorts (namely, the benefits that employment, housing, and entertainment options bring when they are in close

⁵⁴ "Millennials and Housing: Homeownership Demographic Research." Freddie Mac Single-Family, 2021. https://sf.freddiemac.com/content/_assets/resources/pdf/fact-sheet/millennial-playbook_millennials-and-housing.pdf.

⁵⁵ National Association of Realtors. (2020). 2020 Home Buyers and Sellers Generational Trends Report, March 2020. Retrieved from: <https://www.nar.realtor/research-and-statistics/research-reports/home-buyer-and-seller-generational-trends>

⁵⁶ PNC. (n.d.). Ready or Not, Here Comes the Great Wealth Transfer. Retrieved from: <https://www.pnc.com/en/about-pnc/topics/pnc-pov/economy/wealth-transfer.html>

⁵⁷ Parker, K. & Igielnik, R. (2020). On the cusp of adulthood and facing an uncertain future: what we know about gen Z so far. Pew Research Center. Retrieved from: <https://www.pewsocialtrends.org/essay/on-the-cusp-of-adulthood-and-facing-an-uncertain-future-what-we-know-about-gen-z-so-far/>

⁵⁸ "2021 Home Buyers and Sellers Generational Trends Report." National Association of Realtors, 2021. <https://www.nar.realtor/sites/default/files/documents/2021-home-buyers-and-sellers-generational-trends-03-16-2021.pdf>.

- proximity). However, this cohort is smaller than millennials (67 million vs. 72 million), which may lead to slowing real estate demand in city centers.
- *Immigrants.* Research on foreign-born populations shows that immigrants, more than native-born populations, prefer to live in multigenerational housing. Still, immigration and increased homeownership among minorities could also play a key role in accelerating household growth over the next 10 years. Current Population Survey estimates indicate that the number of foreign-born households rose by nearly 400,000 annually between 2001 and 2007, and they accounted for nearly 30% of overall household growth. Beginning in 2008, the influx of immigrants was stanching by the effects of the Great Recession. After a period of declines, the foreign-born population again began contributing to household growth, despite decline in immigration rates in 2019. The Census Bureau’s estimates of net immigration in 2021 indicate that just 247,000 immigrants moved to the United States from abroad, down from a previous high of 1,049,000 between 2015 and 2016.⁵⁹ As noted in *The State of the Nation’s Housing 2020* report, “because the majority of immigrants do not immediately form their own households upon arrival in the country, the drag on household growth from lower immigration only becomes apparent over time.”
 - *Diversity.* The growing diversity of American households will have a large impact on the domestic housing markets. Over the coming decade, minorities will make up a larger share of young households and constitute an important source of demand for both rental housing and small homes. The growing gap in homeownership rates between White and Black/African American households, as well as the larger share of minority households that are cost burdened, warrants consideration. White households had a 74.4% homeownership rate in 2021 compared to a 43.1% rate for Black households.⁶⁰ This 30-percentage point gap is the largest disparity since 1983. Although homeownership rates are increasing for some minorities, Black and Hispanic households are more likely to have suffered disproportionate impacts of the pandemic and forced sales could negatively impact homeownership rates. This, combined with systemic discrimination in the housing and mortgage markets and lower incomes relative to white households, leads to higher rates of cost burden for some groups of people. For example, of renters in arrears, Black renters account for 29% and Hispanic renters for 21%, compared to white renters at 11%. Additionally, for low-income renters earning less than \$25,000, Hispanic and Black renters faced higher cost burden rates (86% and 8%, respectively) than white renters at 80%. For low-income homeowners, 72% of Hispanics, 74% of Blacks, and 84% of Asians faced cost burden, compared to 68% of white households. As noted in *The State of the Nation’s Housing (2020)* report, “the impacts of the pandemic have shed light on the

⁵⁹ Jason Schachter, Pete Borsella, and Anthony Knapp (US Census, December 21, 2021), <https://www.census.gov/library/stories/2021/12/net-international-migration-at-lowest-levels-in-decades.html>.

⁶⁰ “Federal Reserve Economic Data: Fred: St. Louis Fed,” Federal Reserve Economic Data (Federal Reserve Bank of St. Louis), accessed April 18, 2022, <https://fred.stlouisfed.org/>.

growing racial and income disparities in the nation between the nation's haves and have-nots are the legacy of decades of discriminatory practices in the housing market and in the broader economy.”

- **Changes in housing characteristics.** The US Census Bureau's Characteristics of New Housing Report (2020) presents data that show trends in the characteristics of new housing for the nation, state, and local areas. Several long-term trends in the characteristics of housing are evident from the New Housing Report:⁶¹
 - *Larger single-dwelling units on smaller lots.* Between 2000 and 2020, the median size of new single-dwelling units increased by nearly 10% nationally, from 2,057 sq. ft. to 2,261 sq. ft., and by 14% in the western region, from 2,014 sq. ft. in 1999 to 2,242 sq. ft. in 2020. Moreover, the percentage of new units smaller than 1,400 sq. ft. decreased by a half nationally, from 14% in 2000 to 7% in 2020. The percentage of units greater than 3,000 sq. ft. increased from 18% in 2000 to 23% of new single-dwelling homes completed in 2020. In addition to larger homes, a move toward smaller lot sizes was seen nationally. Between 2010 and 2020, the percentage of lots less than 7,000 sq. ft. increased from 25.5% to 34.8% of lots.

Based on a national study about home buying preferences that differ by race/ethnicity, African American homebuyers wanted a median unit size of 2,664 sq. ft. compared to 2,347 sq. ft. for Hispanic buyers, 2,280 sq. ft. for Asian buyers, and 2,197 sq. ft. for white buyers.⁶² This same study found that minorities were less likely to want large lots.

- *Larger multi-dwelling units.* Between 2000 and 2020, the median size of new multi-dwelling units increased by 4.6% nationally. In the western region, the median size increased by 3.6%. Nationally, the percentage of new multi-dwelling units with more than 1,200 sq. ft. increased from 29.5% in 2000 to 32.8% in 2020 and increased from 23.3% to 25.2% in the western region.
- *Household amenities.* Across the United States since 2013, an increasing number of new units had air-conditioning (fluctuating year by year at over 90% for both new single-dwelling and multi-dwelling units). In 2000, 93% of new single-dwelling houses had two or more bathrooms, compared to 96.8% in 2020. The share of new multi-dwelling units with two or more bathrooms decreased from 55% of new multi-dwelling units to 42.6%. As of 2020, 92% of new single-dwelling houses in the United States had garages for one or more vehicles (from 88% in 2000). Additionally, if work-from-home dynamics remain a more permanent option, then there may be rising demand for different housing amenities, such as more space for home offices or larger yards for recreation.

⁶¹ US Census Bureau, Highlights of Annual 2020 Characteristics of New Housing. Retrieved from: <https://www.census.gov/construction/chars/highlights.html>

⁶² Quint, Rose. (April 2014). *What Home Buyers Really Want: Ethnic Preferences*. National Association of Home Builders.

- *Shared amenities.* Housing with shared amenities grew in popularity, as it may improve space efficiencies and reduce per-unit costs/maintenance costs. Single-room occupancies (SROs),⁶³ cottage clusters, cohousing developments, and multi-dwelling products are common housing types that take advantage of this trend. Shared amenities may take many forms and include shared bathrooms, kitchens, other home appliances (e.g., laundry facilities, outdoor grills), security systems, outdoor areas (e.g., green spaces, pathways, gardens, rooftop lounges), fitness rooms, swimming pools, tennis courts, and free parking.⁶⁴

State Trends

In August 2019, the State of Oregon passed statewide legislation—Oregon House Bill 2001 and 2003. **House Bill 2001 (HB2001)** required many Oregon communities to accommodate middle housing within single-family neighborhoods. “Medium cities” —those with 10,000 to 25,000 residents outside the Portland metro area—are required to allow duplexes on each lot or parcel where a single-family home is allowed. “Large cities” —those with over 25,000 residents and nearly all jurisdictions in the Portland metro urban growth boundary (UGB)—must meet the same duplex requirement, in addition to allowing single-family homes and triplexes, fourplexes, town homes, and cottage clusters in all areas that are zoned for residential use. Note that the middle housing types (other than duplexes) do not have to be allowed on *every* lot or parcel that allows single-family homes, which means that larger cities maintain some discretion.

Middle housing is generally built at a similar scale as single-family homes but at higher residential densities. It provides a range of housing choices at different price points within a community.

House Bill 2003 (HB2003) envisions reforming Oregon’s housing planning system from a singular focus (on ensuring adequate available land) to a more comprehensive approach that also achieves these critical goals: (1) support and enable the construction of sufficient units to accommodate current populations and projected household growth and (2) reduce geographic disparities in access to housing (especially affordable and publicly supported housing). In that HB 2003 required the development of a methodology for projecting *regional* housing need and required allocating that need to local jurisdictions. It also expanded local government responsibilities for planning to meet housing need by requiring cities to develop and adopt housing production strategies.

⁶³ Single-room occupancies are residential properties with multiple single-room dwelling units occupied by a single individual. From: US Department of Housing and Urban Development. (2001). *Understanding SRO*. Retrieved from: <https://www.hudexchange.info/resources/documents/Understanding-SRO.pdf>

⁶⁴ Urbsworks. (n.d.). Housing Choices Guidebook: A Visual Guide to Compact Housing Types in Northwest Oregon. Retrieved from: https://www.oregon.gov/lcd/Publications/Housing-Choices-Booklet_DIGITAL.pdf

Saiz, Albert and Salazar, Arianna. (n.d.). Real Trends: The Future of Real Estate in the United States. Center for Real Estate, Urban Economics Lab.

Oregon developed its *2021-2025 Consolidated Plan*, which includes a detailed housing needs analysis as well as strategies for addressing housing needs statewide. The plan concluded that the “state’s performance in accomplishing past goals has been very strong, and project areas of focus remain consistent with the current needs identified in this new five-year plan. Tenant based rental assistance, in particular, has demonstrated strong demand, as has the ongoing need for rental units (including those newly developed) which meet fair market rent standards, and community facilities. The unusual events during 2020—the COVID-19 pandemic and historical wildfire activity—tilt current needs and priorities toward housing stability efforts, as well as community health care projects and access to telehealth services.” It identified the following top needs in its Needs Assessment:⁶⁵

- The most common housing problem in Oregon is cost burden. Nearly 390,000 households pay more than 30% of their incomes in housing costs, up by 7% since the last five-year Consolidated Plan. Renters are more likely to be cost burdened. About 27% of Oregon renters households were found to be severely cost burdened. This proportion increased significantly from 2000 (19%) and disproportionately falls on persons of color in the state: more than 50% of households with persons of color are cost burdened compared to 34% of white households.
- Cost burden largely affects those with lower incomes—especially extremely low and very low-income renters, who have cost burden rates of 70% and 76%, respectively.
- According to Oregon’s Statewide Housing Plan for 2019-2023, more than 85,000 units affordable to extremely low-income households (making less than 30% AMI) are needed to meet demand and more than 26,000 units affordable to moderate-income households making 50% to 80% AMI are needed to meet demand. This is down from the previous gap of 102,500 units in the 2016-2021 Plan.

By income range and special need, the estimated needs of Oregon households include the following:

- Extremely low-income families—those earning incomes below the poverty level—total nearly 182,000 households in Oregon. Those with unmet housing needs will grow by 10,000 over the next five years.
- Low-income families—those earning incomes between the poverty level and the median income—total 261,000 in Oregon. Their needs will grow by much less (8,300 additional households) over the next five years.
- Elderly households (62+) total nearly 905,381 and live in 526,675 households. Of these households, 23% have unmet housing needs. Those with unmet housing needs are expected to grow by 7,000 households by 2025. Many of these needs will take the form of home accessibility modifications, home repairs, and home health care, as seniors make

⁶⁵ These conclusions are copied directly from the report, Oregon’s 2021–2025 Consolidated Plan. Retrieved from: <https://www.oregon.gov/ohcs/development/Documents/conplan/2021-2025%20Action%20Plan/State-of-Oregon-2021-2025-Consolidated-Plan-Final-with-appendices.pdf>.

up a large share of residents who live alone and who have disabilities. Frail elderly (defined as an elderly person who requires assistance with three or more activities of daily living) total 61,518 residents.

- Oregon residents with disabilities total 581,000 and occupy 428,000 households. By 2025, these households with needs will grow by nearly 12,000.
- More than 300,000 persons in Oregon struggled with substance abuse challenges before the COVID-19 pandemic occurred, and these needs have grown during the pandemic. Oregonians who have ever had mental health challenges total 757,000 with 172,000 having serious mental health challenges.
- Approximately 178,000 residents 18 and older in Oregon have experienced some type of domestic violence, dating violence, sexual assault, and/or stalking by an intimate partner in the previous year. In the most severe cases, these victims must leave their homes—an estimated 4,200 residents who are victims of domestic violence in Oregon require housing services each year.
- Nearly 16,000 people were identified as experiencing houselessness in Oregon in 2019, an increase of 13% since 2017. Two in three are unsheltered.
- Nearly 17,000 households live in substandard housing, based on Census surveys of housing units lacking complete plumbing or kitchen facilities. The number of households in substandard housing decreased by 4% compared to the 2021-2025 plan.
- Approximately 29,000 households live in units that are either overcrowded or severely overcrowded. The number of households in overcrowded conditions increased by 19% since the last plan. For housing to be considered affordable, a household should pay up to one-third of their income toward rent, leaving money left over for food, utilities, transportation, medicine, and other basic necessities.

As part of the Consolidated Plan’s Stakeholder perspective, activities to address urgent housing needs selected by the greatest number of respondents were:

- Housing activities that result in more rental units for households with income below 60% of AMI and households with incomes between 60% and 80% of AMI; emergency shelters for people who are houseless; and transitional housing for people moving out of houselessness;
- Repurposing vacant buildings for affordable housing; and
- Affordable and accessible housing for people with disabilities.
- In 2022, minimum wage in Oregon⁶⁶ was \$12.75, compared to \$14.00 in the Portland metro and \$12.00 for nonurban counties.

⁶⁶ The 2016 Oregon Legislature, Senate Bill 1532, established a series of annual minimum wage rate increases beginning July 1, 2016, through July 1, 2022. Retrieved from: <https://www.oregon.gov/boli/whd/omw/pages/minimum-wage-rate-summary.aspx>

Oregon developed its *Statewide Housing Plan 2019-2023* in 2019.⁶⁷ The Plan identified six housing priorities to address in communities across the state over the 2019 to 2023 period (summarized below). In January 2022, Oregon Housing and Community Services (OHCS) released a summary of their progress.⁶⁸ The following section includes summaries and excerpts from their status report:

- **Equity and Racial Justice.** *Advance equity and racial justice by identifying and addressing institutional and systemic barriers that have created and perpetuated patterns of disparity in housing and economic prosperity.*

OHCS continued to build relationships, tools, and connections to further its equity and racial justice focus. OHCS continued to gather and update Culturally Specific Organization (CSO) list, tracking funding received by CSOs. OHCS developed customized tools for equity and racial analysis and got ready to start equity and inclusion training for OHCS staff and committee chairs.

- **Houselessness.** *Build a coordinated and concerted statewide effort to prevent and end houselessness, with a focus on ending unsheltered houselessness of Oregon’s children and veterans.*

The Homeless Services Section (HSS) made progress in demonstrating increased Housing Stability with 26,940 households paid out via the Oregon Emergency Rental Assistance Program. Additional staffing and funding (\$100 million) were secured in order to build a program of eviction prevention. OHCS developed a dashboard to provide transparency into processing, equity, and capacity issues related to houselessness. OHCS executed grant agreements with HSS providers to deliver strategic housing stability services for those that have not been able to access supports. Work is ongoing to enter more partnerships with new investments in eviction prevention.

- **Permanent Supportive Housing.** *Invest in permanent supportive housing (PSH), a proven strategy to reduce chronic houselessness and reduce barriers to housing stability.*

OHCS funded and/or created 915 of their 1,000 PSH-unit targets. In addition, 416 of the 916 supportive home units were funded with PSH resources. Other accomplishments were developing a compliance and monitoring plan for PSH, distribution of service funds, outreach to partners to ensure PSH resource information is reaching tribal and rural partners, and a hiring staff to support the PSH program.

- **Affordable Rental Housing.** *Work to close the affordable rental housing gap and reduce housing cost burden for low-income Oregonians.*

⁶⁷ This section uses many direct excerpts from the OHCS Statewide Housing Plan 2019-2023. Oregon Statewide Housing Plan. <https://www.oregon.gov/ohcs/Documents/swhp/SWHP-Report-Y1-Summary.pdf>

⁶⁸ This section uses many direct excerpts from the OHCS Statewide Housing Plan, Year 3 Quarter 1 Update September 2021 Report to HSC. Oregon Statewide Housing Plan, Status Reports. <https://www.oregon.gov/ohcs/Documents/swhp/01-07-2022-JAN-SWHP-Quarterly-Summary.pdf>

OHCS funded and/or created 18,329 affordable rental homes as part of their 25,000-home target. OHCS developed internal tools such as a reporting matrix for analysis of subcontracts and an incorporated Compliance Policy and conducted community outreach with a tribal housing workgroup rules committee. OHCS also conducted a survey to get initial feedback on key program topics and projected changes, along with additional outreach on related issues.

- **Homeownership.** *Provide more low and moderate-income Oregonians with the tools to successfully achieve and maintain homeownership, particularly in communities of color.*

OHCS assisted 1,187 households in becoming successful homeowners, part of its target to assist a total of 6,500 homes. OHCS made strides in doubling the number of homeowners of colors in its homeownership programs. OHCS launched new programs to support homeownership, including lending programs. In order to align programs with the needs of communities of color, OHCS developed relationships with underrepresented organizations, maintained addressing the needs of Communities of Color as a focus in its programmatic frameworks, and regularly shared and encouraged training opportunities with its team.

- **Rural Communities.** *Change the way OHCS does business in small towns and rural communities to be responsive to the unique housing and service needs and unlock the opportunities for housing development.*

OHCS focused on developing a better understanding of rural community needs and increasing rural capacity to build more affordable housing. OHCS hired a program manager for rural communities and delivered funding for multiple direct awards, increased funding for CSOs, and updated its Land Acquisition Program to include new funding amounts and set asides. OHCS funded and/or created 2,158 units in rural communities out of a total of 2,543 units in the 5-year goal, or 85% of its target.

Impacts of Racism on Housing Opportunities in Clackamas County

Within Oregon and Clackamas County, historical policies affected and continue to affect availability of housing for BIPOC. These include (but are not limited) to the following governmental policies.

- **Racial exclusion and discrimination** in Oregon predate the ratification of the 14th amendment, the Chinese Exclusion Act, the Civil Rights Movement, and its statehood. Oregon's historical discriminatory practices are not isolated to one particular racial or ethnic group; rather, they embodied European exceptionalism, ensured Anglo-American dominance, and provided white settlers and residents with advantages over non-white settlers. While some of these practices took place hundreds of years ago, others were carried well into the twentieth century, creating lasting impacts on the communities they targeted. These practices have shaped what Oregon's communities look like today.
- **Neighborhood Segregation and Housing Biases** exhibited in Redlining, or the denial of services—including financial—based on race or ethnicity, were carried out in Oregon

until the 1990s, long after the Fair Housing Act of 1968 was passed. In Clackamas County, private sellers, lending institutions, and real estate developers utilized racial covenants and exclusionary zoning to establish and maintain segregated neighborhoods in the early twentieth century. Some of these exclusionary communities would go on to become the county's most affluent areas.⁶⁹

- **Exclusionary zoning** was used by Clackamas County to ensure its image of affluence. With the passage of Oregon Senate Bill 212 (1919), cities were allowed to create and enforce land use ordinances and form planning commissions. Twenty years later, Clackamas County became deeply involved in the planning process, regulating industrial zones and establishing limitations for housing density and restrictions against multi-dwelling development.⁷⁰
- **Economic inequalities** among non-White communities became further pronounced following the Great Recession. Black people experienced unemployment rates double that of White people following the Great Recession while Native Americans had an unemployment rate 70 percent higher.⁷¹ Milwaukie and Clackamas County have a considerable amount of work to do to address historical inequalities through development of new policies that support integrating equity into their decision-making systems.

⁶⁹ Portland State University. 2019. *Invisible Walls: Housing Discrimination in Clackamas County*, HST 4/595, Public History Seminar: Understanding Residential Segregation in Oregon

⁷⁰ Portland State University. 2019. *Invisible Walls: Housing Discrimination in Clackamas County*, HST 4/595, Public History Seminar: Understanding Residential Segregation in Oregon

⁷¹ Bates, L.K., A., Curry-Stevens, and Coalition of Communities of Color. 2014. *The African American Community in Multnomah County: An Unsettling Profile*. Portland, OR: Portland State University; Curry-Stevens, A., A. Cross-Hemmer, and Coalition of Communities of Color. 2011. *The Native American Community in Multnomah County: An Unsettling Profile*. Portland, OR: Portland State University.

COUNCIL RESOLUTION No.**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MILWAUKIE, OREGON, ADOPTING A HOUSING PRODUCTION STRATEGY.**

WHEREAS pursuant to Oregon House Bill (HB) 2003, cities with a population greater than 10,000 are required to prepare and adopt a Housing Capacity Analysis (HCA) that includes a housing needs projection addressing housing types and price levels, residential land needs analysis, buildable land needs analysis, and identification of measures for accommodating needed housing per Oregon Administrative Rule (OAR) Chapter 660, Divisions 7 and 8; and

WHEREAS the City Council prepared and adopted an HCA as an amendment to Statewide Planning Goal 10 of the city's Comprehensive Plan on June 6, 2023, by Ordinance _____; and

WHEREAS pursuant to HB 2003, implemented through OAR 660, Division 8, cities with a population greater than 10,000 are required, within one year of adopting a HCA, to develop a Housing Production Strategy (HPS) to promote the development of needed housing identified in the adopted HCA; and

WHEREAS in partnership with and funded by the Oregon Department of Land Conservation and Development (DLCD), the city and DLCD contracted with ECONorthwest to develop a HPS for the city, which was completed in June 2023; and

WHEREAS the development of the HCA and the HPS was an approximately twelve-month process that included the review and input from an eleven-member Housing Capacity Technical Committee (HCTC), one Engage Milwaukie survey, stakeholder interviews, and work sessions with the City Council and Planning Commission; and

WHEREAS, the final HPS has been reviewed by DLCD for conformance with HB 2003, implemented through OAR 660, Division 8, as was found to meet all applicable requirements.

Now, Therefore, be it Resolved by the City Council of the City of Milwaukie, Oregon, that the Housing Production Strategy dated June 6, 2023, shall be and hereby is adopted.

Introduced and adopted by the City Council on **June 6, 2023**.

This resolution is effective immediately.

ATTEST:

Scott S. Stauffer, City Recorder

Lisa M. Batey, Mayor

APPROVED AS TO FORM:

Justin D. Gericke, City Attorney

Milwaukie

Housing Production Strategy

May 2023

Prepared for: City of Milwaukie

Draft Report

ECONorthwest

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Acknowledgements

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Executive Summary

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

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

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

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

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

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

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

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

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

How can the HPS support housing development?

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

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

Exhibit 1. Summary of HPS Strategies

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

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

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

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

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

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

Exhibit 2. City and Partner Roles in Implementation

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

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

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

1. Introduction

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

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

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

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

What is the City already doing to address housing needs?

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

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

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

Housing Needs Addressed by the Housing Production Strategy

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

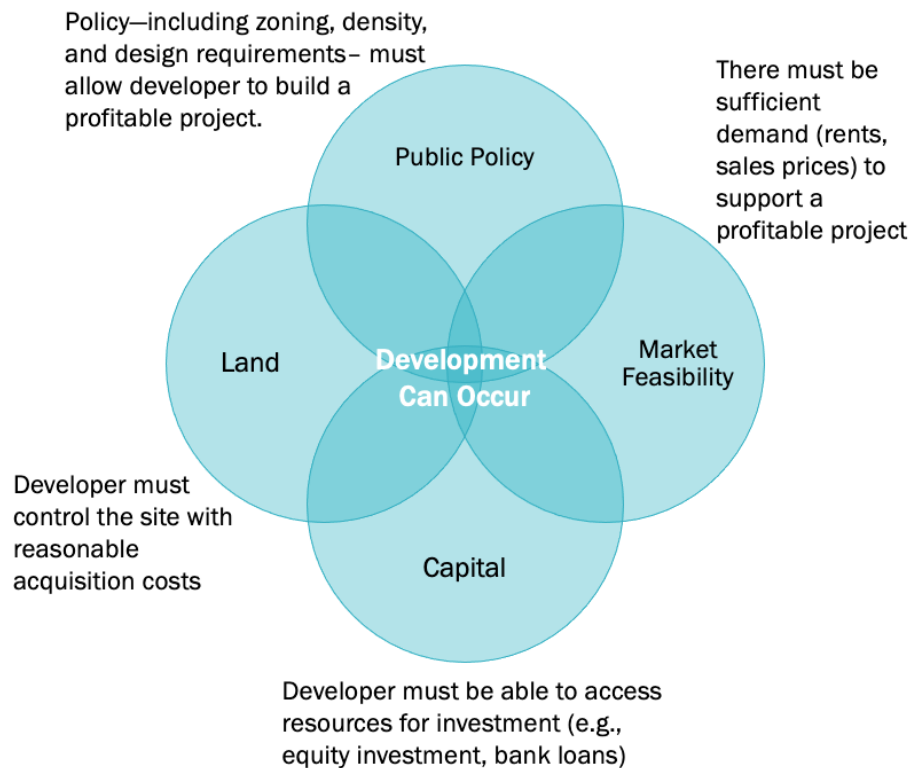
The HPS focuses on strategies that increase the possibility developers can produce housing for low- and middle-income households. Housing at this part of the income spectrum, and housing that meets the special needs of specific groups, usually requires public intervention.

Considerations for Implementing the Housing Production Strategy

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

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

Source: ECONorthwest



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

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

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

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

Building Equity into the HPS

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

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

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

Exhibit 4. Housing Production Strategy Equity Framework

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

Stakeholder Involvement in Developing the HPS

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

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

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

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

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

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

2. Unmet Housing Need in Milwaukie

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

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

Milwaukie Housing Needs

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

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

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

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

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

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

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

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

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

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

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

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

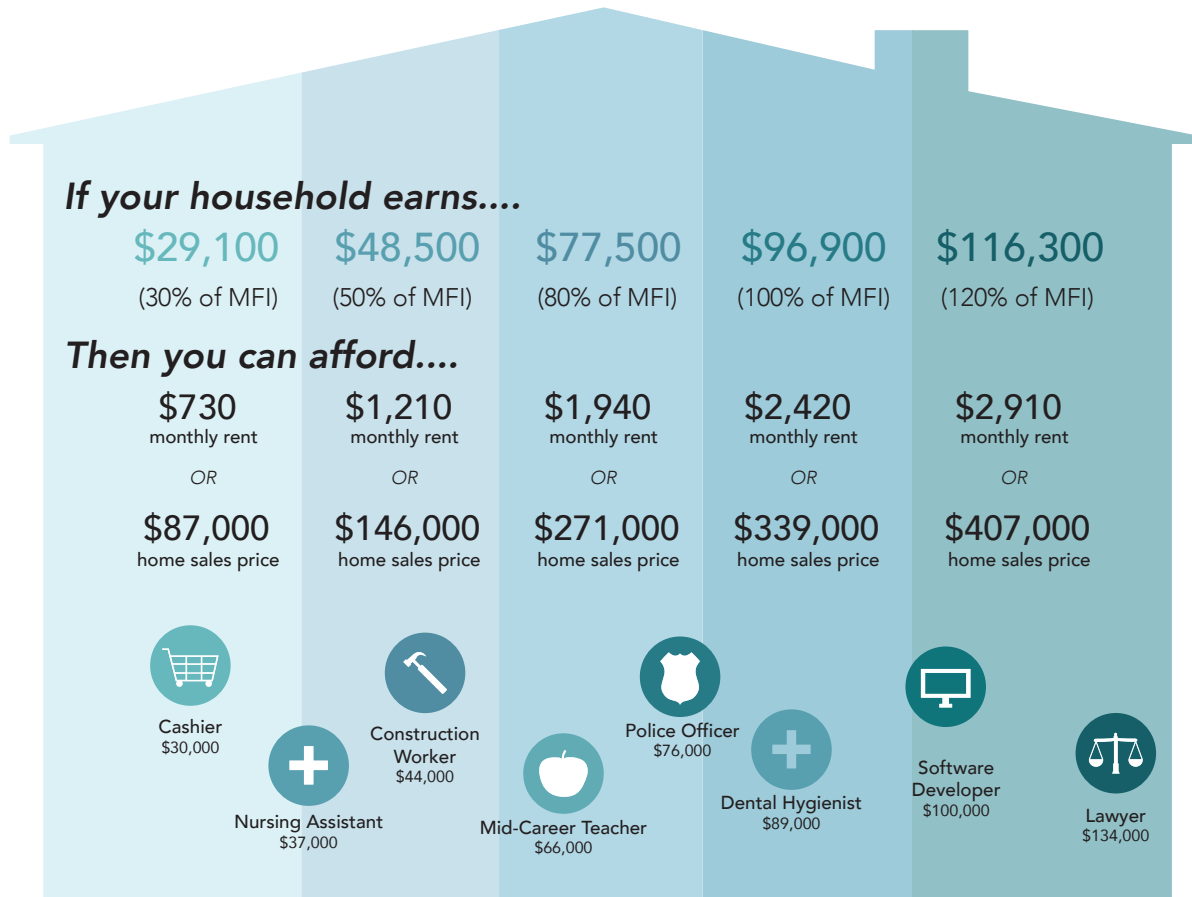
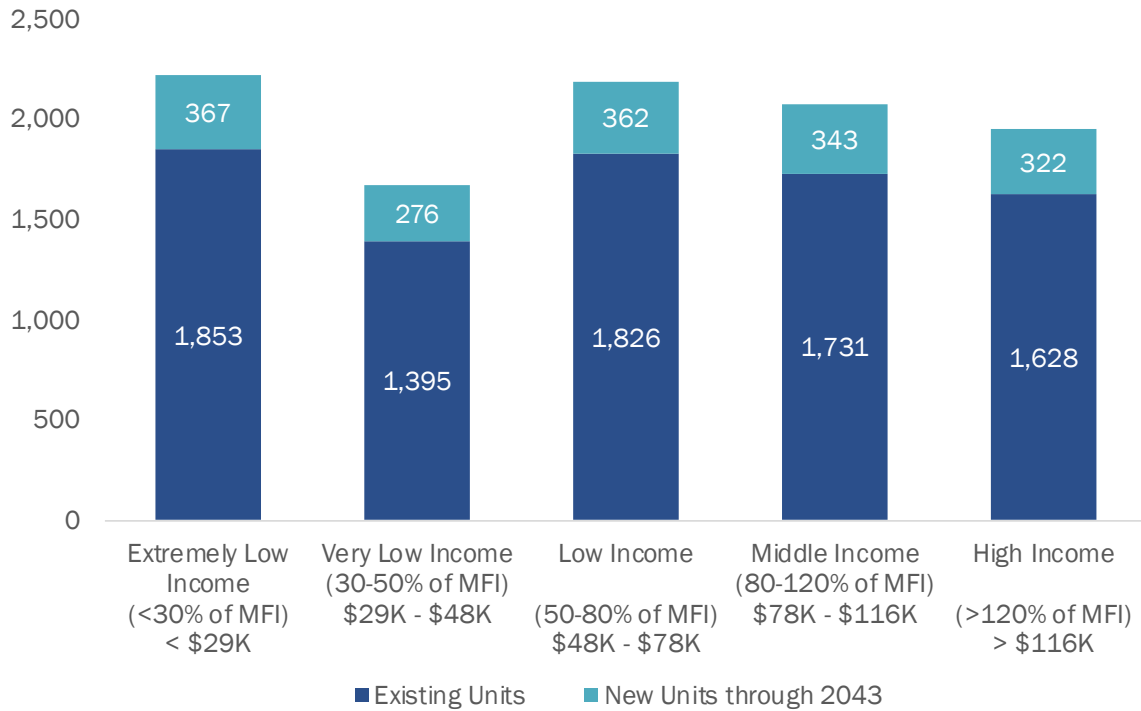


Exhibit 6 shows existing households and the forecast of household growth between 2023 and 2043 by income category (from Exhibit 5). It shows that 39% of Milwaukie’s households had incomes less than 50% of Median Family Income (MFI) (\$48,450) and cannot afford a two-bedroom apartment at the region’s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

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

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



Defining Median Family Income

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

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

Median Family Income varies by household size.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Housing Needs of People of Color

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

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

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

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

Housing Need of People with Disabilities

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

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

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

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

Housing Need of People Experiencing Houselessness

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

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

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

3. Strategies to Meet Future Housing Need

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

Exhibit 8. Summary of Actions in the HPS

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

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

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

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

Evaluation Criteria for Actions in the HPS

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

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

Exhibit 9. Evaluation of Actions in HPS

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

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

Implementation Considerations

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

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

Exhibit 10. Implementation Considerations

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

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

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

Funding the Actions

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

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

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

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

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

Exhibit 11. Funding Sources Evaluated

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

Potential Partners

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

Exhibit 12. Potential Partnerships

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

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

Monitoring Outcomes of the HPS

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

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

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

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

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

Exhibit 13. Monitoring by Strategy

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

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

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

Implementation Timeline

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

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

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

Exhibit 14. Implementation Schedule

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

Recommendations for Future Actions

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

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

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

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

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

Appendix A: Requirements of a Housing Production Strategy

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

Report Requirements

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

The HPS is required to include the following information.

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

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

Monitoring Outcomes of the HPS

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

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

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

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

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

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

Appendix B: Existing Policies and Barriers to Development

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

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

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

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

Existing and Expected Barriers to Development of Needed Housing

The barriers to development of needed housing in Milwaukie include:

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

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

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

Appendix C: Stakeholder Involvement

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

Summary of housing outreach prior to the HPS

Comprehensive Plan

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

Milwaukie Housing Affordability Strategy

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

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

Community Vision

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

Summary of outreach in the HPS

Housing Capacity Technical Committee

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

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

Meetings with Decision Makers

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

Engage Milwaukie

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

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

Equity Steering Committee Meeting

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

The ESC gave the following recommendations:

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

Interviews with housing developers and service providers

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

Feedback on strategies

Land Banking

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

Reduce SDCs and Planning Fees

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

Increasing density and density bonuses

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

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

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

Develop Housing Options and Services to Address and Prevent Houselessness

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

Other stakeholder recommendations

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

How stakeholder involvement influenced the Housing Production Strategy

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

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

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

Appendix D: Details of Each Action

Actions Under Consideration for Inclusion in the HPS

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

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

Rationale

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

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

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

Description

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

Land Banking

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

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

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

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

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

Community Land Trusts

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

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

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

Housing Cooperative

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

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

City Role

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

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

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

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

City Policy¹²

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

Partners and Their Role

Lead Partner. Community Development Department

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

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

Anticipated Impacts

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

Potential Risks

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

Long-Term Affordability Considerations

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

Implementation Steps

Land Banking

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

Community Land Trusts and Housing Cooperatives

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

Funding or Revenue Implications

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

B. Reduced SDCs or Planning Fees

Rationale

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

Description

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

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

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

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

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

City Role

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

City Policy

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

Partners and Their Role

Lead Partner. Community Development Department

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

Anticipated Impacts

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

Potential Risks

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

Long-Term Affordability Considerations

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

Implementation Steps

Systems Development Charges

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

Planning Fees

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

Funding or Revenue Implications

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

C. Multiple-Unit Property Tax Exemption Program

Rationale

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

Description

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

The City could explore using MUPTE in two possible ways:

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

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

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

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

City Role

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

City Policy

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

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

Partners and Their Role

Lead Partner. Community Development Department

Partners. Developers applying for MUPTE

Anticipated Impacts

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

Potential Risks

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

Long-Term Affordability Considerations

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

Implementation Steps

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

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

Funding or Revenue Implications

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

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

Rationale

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

Description

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

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

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

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

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

City Role

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

City Policy

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

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

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

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

Lead Partner. Community Development Department

Partners. Market-rate developers, nonprofit developers

Anticipated Impacts

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

Potential Risks

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

Long-Term Affordability Considerations

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

Implementation Steps

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

Funding or Revenue Implications

Revising the development code will require staff time.

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

Rationale

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

Description

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

Examples of density bonus incentives for affordable housing include:

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

City Role

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

City Policy

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

Partners and Their Role

Lead Partner. Community Development Department

Partners. Market-rate developers, nonprofit developers

Anticipated Impacts

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

Potential Risks

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

Long-Term Affordability Considerations

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

Implementation Steps

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

Funding or Revenue Implications

Revising the development code will require staff time.

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

Rationale

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

Description

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

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

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

City Role

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

City Policy

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

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

Lead Partner. Community Development Department

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

Anticipated Impacts

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

Potential Risks

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

Long-Term Affordability Considerations

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

Implementation Steps

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

Funding or Revenue Implications

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

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

Rationale

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

Description

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

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

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

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

City Role

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

City Policy

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

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

Partners and Their Role

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

Partners. Community Development Department, other governmental agencies.

Anticipated Impacts

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

Potential Risks

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

Long-Term Affordability Considerations

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

Implementation Steps

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

Funding or Revenue Implications

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

H. Revolving Loan Fund for Homeownership Assistance

Rationale

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

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

Description

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

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

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

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

City Role

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

City Policy

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

Partners and Their Role

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

Partners. Community Development Department.

Anticipated Impacts

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

Potential Risks

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

Long-Term Affordability Considerations

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

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

Implementation Steps

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

Funding or Revenue Implications

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

Funding Sources

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

I. Urban Renewal/Tax Increment Finance (TIF)

Rationale

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

Description

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

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

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

City Role

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

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

City Policy

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

Partners and Their Role

Lead Partner. Community Development Department

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

Anticipated Impacts

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

Potential Risks

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

Long-Term Affordability Considerations

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

Implementation Steps

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

Funding or Revenue Implications

Implementing the Urban Renewal plan will require substantial staff time.

J. Construction Excise Tax

Rationale

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

Description

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

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

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

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

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

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

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

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

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

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

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

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

City Role

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

City Policy

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

Partners and Their Role

Lead Partner. Community Development Department

Partners. Market-rate developers, nonprofit developers

Anticipated Impacts

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

Potential Risks

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

Long-Term Affordability Considerations

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

Implementation Steps

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

Funding or Revenue Implications

Implementation of a CET program requires some staff time.

Appendix E: Evaluation: Achieving Fair and Equitable Housing Outcomes

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

Evaluation of the Policies and Strategic Actions

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

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

Existing actions and programs

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

Actions in the HPS

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

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

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

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

Existing actions and programs

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

Actions in the HPS

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

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

Existing actions and programs

- Eviction mitigation

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

Actions in the HPS

- Develop a Land Bank Strategy and Partnerships to Support Affordable Housing Development
- Multiple-Unit Limited Tax Exemption Program
- Evaluate Incentives for Affordable Housing Development such as Density Bonuses
- Develop Pre-Approved Plan Sets for ADUs and Middle Housing Typologies
- Develop Housing Options and Services to Address and Prevent Houselessness
- Revolving Loan Fund for Homeownership Assistance

Housing Options for People Experiencing Homelessness. Increasing options for people experiencing homelessness includes working with partners and identifying ways to address homelessness and actions that reduce the risk of households becoming homeless (especially for households with income below 30% of MFI). The HPS includes the following options for people experiencing homelessness:

Existing actions and programs

- Eviction mitigation

Actions in the HPS

- Develop Housing Options and Services to Address and Prevent Houselessness

Housing Choice. Increasing housing choice involves increasing access to housing for communities of color, low-income communities, people with disabilities, and other state and federal protected classes. Increasing housing choice also means increasing access to existing or new housing that is located in neighborhoods with healthy and safe environments and high-quality community amenities, schooling, and employment and business opportunities. Actions within the HPS that increase housing choice include:

Existing actions and programs

- Streamline the development process
- Middle housing code changes
- Property tax exemptions
- Model potential impact of incentives

Actions in the HPS

- Develop a Land Bank Strategy and Partnerships to Support Affordable Housing Development

- Reduced SDCs or Planning Fees
- Multiple-Unit Limited Tax Exemption Program
- Increase Capacity in the HDR Zone
- Evaluate Incentives for Affordable Housing Development such as Density Bonuses
- Develop Pre-Approved Plan Sets for ADUs and Middle Housing Typologies
- Develop Housing Options and Services to Address and Prevent Houselessness
- Urban Renewal/Tax Increment Finance (TIF)
- Construction Excise Tax

Location of Housing. Diversifying the location of housing requires increasing options for residential development that is compact, in mixed-use neighborhoods, and available to people within state and federal protected classes. This measure is intended, in part, to meet statewide greenhouse gas emission reduction goals. Actions within the HPS that support development of compact, mixed-use neighborhoods include:

Existing actions and programs

- Streamline the development process
- Middle housing code changes
- Construction Excise Tax
- Property tax exemptions
- Model potential impact of incentives
- Eviction mitigation
- Much of the redevelopment occurring in Milwaukie is in mixed-use areas, as documented in the Housing Capacity Analysis

Actions in the HPS

- Develop a Land Bank Strategy and Partnerships to Support Affordable Housing Development
- Multiple-Unit Limited Tax Exemption Program (depending on where it is applied)
- Evaluate Incentives for Affordable Housing Development such as Density Bonuses
- Develop Housing Options and Services to Address and Prevent Houselessness
- Urban Renewal/Tax Increment Finance (TIF)

Fair Housing. Supporting Fair Housing is accomplished by increasing access to housing for people in state and federal protected classes, Affirmatively Furthering Fair Housing, addressing disparities on access to housing opportunity for underserved communities, and decreasing

patterns of segregations or concentrations of poverty. Actions within the HPS that further Fair Housing policies include:

Existing actions and programs

- Housing Coordinator
- Construction Excise Tax
- Eviction mitigation
- Low-cost loans to support rehabilitation
- Develop informational materials for tenants, prospective homebuyers, and others

Actions in the HPS

- Develop a Land Bank Strategy and Partnerships to Support Affordable Housing Development
- Evaluate Incentives for Affordable Housing Development such as Density Bonuses
- Develop Housing Options and Services to Address and Prevent Houselessness
- Revolving Loan Fund for Homeownership Assistance

Taken together, the policies and actions included in Milwaukie’s Housing Production Strategy are intended to work together to achieve equitable outcomes for all residents of Milwaukie, with an emphasis on improving outcomes for underserved communities, lower-income households, and people in state and federal protected classes.

Assessment of Benefits and Burdens from the Action

Milwaukie is required to consider the anticipated benefit and burden from each action for the following groups of people who have been historically marginalized: low-income communities, communities of color, people with disabilities, and other state and federal protected classes.¹⁷

Exhibit 15. Assessment of Benefit and Burden for Historically Marginalized Communities as a Result of Each Action

Strategies	Benefits	Burdens
<p>A. Develop a Land Bank Strategy and Partnerships to Support Affordable Housing Development</p>	<ul style="list-style-type: none"> Depending on the structure, could benefit households at extremely low income, very low-income, low-income, and limited moderate-income households. The groups more likely to have incomes qualifying for this action are disproportionately marginalized communities, including POC, people with disabilities, and seniors. Some land trusts specialize in providing services to these communities. To increase benefits to people in state and federal protected classes, the City may want to consider focus on working with land trusts that prioritize working with these groups of people. 	<ul style="list-style-type: none"> Unlikely to increase burdens for these communities.
<p>B. Reduced SDCs or Planning Fees</p>	<ul style="list-style-type: none"> Will benefit extremely low income, very low-income, and low-income households. The groups more likely to have incomes qualifying for this action are disproportionately POC, people with disabilities, and seniors. The City may want to incorporate specific criteria into its policies about reducing SDCs or planning fees to ensure that the policies benefit these groups. 	<ul style="list-style-type: none"> Unlikely to increase burdens for these communities.
<p>C. Multiple-Unit Limited Tax Exemption Program</p>	<ul style="list-style-type: none"> Will benefit low- to middle-income households. 	<ul style="list-style-type: none"> Unlikely to increase burdens for these communities.
<p>D. Increase Capacity in the HDR Zone</p>	<ul style="list-style-type: none"> Depending on the structure, could benefit households at all income levels. 	<ul style="list-style-type: none"> Unlikely to increase burdens on POC, people with disabilities, and seniors.
<p>E. Evaluate Incentives for Affordable Housing Development such as Density Bonuses</p>	<ul style="list-style-type: none"> Depending on the structure, could benefit extremely low income, very low-income, and low-income households. The City may want to incorporate specific criteria into its policies about affordability incentives to ensure that 	<ul style="list-style-type: none"> Unlikely to increase burdens for these communities.

¹⁷ Federal protected classes include race, color, religion, national origin, age, sexual orientation, gender identify, familiar status, and disability. Oregon’s protected classes include race, color, national origin, religion, disability, sex (including pregnancy), sexual orientation, gender identify, age, and marital status.

Strategies	Benefits	Burdens
	the policies benefit these groups, including people in protected classes.	
F. Develop Pre-Approved Plan Sets for ADUs and Middle Housing Typologies	<ul style="list-style-type: none"> • Could benefit households at all income levels. 	<ul style="list-style-type: none"> • Unlikely to increase burdens for these communities.
G. Develop Housing Options and Services to Address and Prevent Houselessness	<ul style="list-style-type: none"> • Will benefit extremely low, and very low-income households and people experiencing homelessness. The groups more likely to have incomes qualifying for this action are disproportionately POC, people with disabilities, and seniors. 	<ul style="list-style-type: none"> • Unlikely to increase burdens for these communities. • Could have less positive impact for POC, people with disabilities, or seniors if these communities are not recruited for participation in the program.
H. Revolving Loan Fund for Homeownership Assistance	<ul style="list-style-type: none"> • Depending on the structure, could benefit low- to middle-income households. The City may want to incorporate specific criteria into its policies about homeownership assistance to ensure that the programs benefit people in protected classes. 	<ul style="list-style-type: none"> • Unlikely to increase burdens for these communities unless funding is diverted from other affordable housing programs to support homeownership for higher-income households. • Could have less positive impact for POC, people with disabilities, or seniors if these communities are not recruited for participation in the resulting development.
I. Urban Renewal/Tax Increment Finance (TIF)	<ul style="list-style-type: none"> • Will benefit extremely low, very low, low, and middle-income households, depending on how the City prioritizes funding. • The groups more likely to have incomes qualifying for this action are disproportionately marginalized communities, including POC, people with disabilities, and seniors. 	<ul style="list-style-type: none"> • As property values increase in an Urban Renewal District, there is a potential for displacing existing residents. The City could evaluate incorporating anti-displacement strategies into their Urban Renewal plan to mitigate this risk.
J. Construction Excise Tax	<ul style="list-style-type: none"> • The CET could benefit households at extremely low, very low, low, and middle-income households, depending on the City's funding priorities. • The City is required to use half of funds for developer incentives for affordable housing. • Fifteen percent of funds go toward statewide affordable housing programs, which would benefit low- and middle-income households. • Thirty five percent of funds go toward affordable housing programs. The City has full discretion on how to use these funds. 	<ul style="list-style-type: none"> • Developers may pass along some of the costs of the tax to future renters. However, many renters in new market-rate buildings would be middle- to high-income households.

Appendix F: Summary of Recent City Housing Policies and Actions

For Milwaukie, the HPS is an opportunity to build off the City’s previous housing work and implement actions from the MHAS and Comprehensive Plan, with new guidance from the state. Information from the MHAS and the City’s Comprehensive Plan Housing policies have been incorporated into the HPS. Going forward, the City will update the HPS every six years. This appendix serves as a record of how the MHAS and Comprehensive Plan Housing policies have been incorporated into each HPS action.

MHAS and Comprehensive Plan Housing Actions included in the HPS

Exhibit 16 shows each MHAS and Comprehensive Plan policy that supports the actions in the HPS, along with the status of these policies at the time the HPS was being developed.

Exhibit 16. MHAS and Comprehensive Plan Housing Actions included in the HPS

Plan	Policy Number	Strategy	Status for MHAS Policies (complete, in progress, not started, or not in MHAS)
		A. Develop a Land Bank Strategy and Partnerships to Support Affordable Housing Development	Not Started
MHAS	1.2	Explore the development of a community land trust (CLT) or another model that supports creative financing for a project (e.g., co-op model, communal living, etc.)	HPS Action
MHAS	1.2.1	In addition to other actions, partner with banks to have rent payments demonstrate responsibility that supports qualification for down payment loan assistance. (Community reinvestment act points could be leveraged.)	HPS Action
MHAS	1.2.2	Further explore the co-op model or one that allows a first right of refusal for renters and look at policies or incentives that the City could implement to encourage this action.	Potential Future HPS Consideration
MHAS	1.2.3	Establish an inventory of foreclosed, short-sale homes and multifamily development to encourage the CLT platform or other model and market to mission-driven developers as a pilot project.	Incomplete – No staff capacity to develop or track

Plan	Policy Number	Strategy	Status for MHAS Policies (complete, in progress, not started, or not in MHAS)
MHAS	1.6.3	Continue to find opportunities to land bank and perform necessary due diligence in property negotiations.	HPS Action
Comp Plan	7.1.1	Provide the opportunity for a wider range of rental and ownership housing choices in Milwaukie, including additional middle housing types in low and medium-density zones	
Comp Plan	7.2.5	Expand and leverage partnerships with nonprofit housing developers and other affordable housing providers and agencies that preserve or provide new low to moderate-income housing units, create opportunities for first-time homeownership, and help vulnerable homeowners maintain and stay in their homes.	
Comp Plan	7.2.12	When negotiating public-private land transactions, pursue the goal of reserving some portion for affordable housing where appropriate.	
Comp Plan	7.2.13	Continue to seek out opportunities to land bank for the purpose of affordable housing and perform necessary due diligence in property negotiations.	
Comp Plan	7.4.6	Reduce development code barriers for intentional communities.	
Comp Plan	8.3.5	Expand the use of incentives and other financial tools that serve to: a) Encourage development in Neighborhood Hubs. b) Improve housing affordability.	
B. Reduced SDCs or Planning fees			In Progress
MHAS	1.9.5	Waive SDC Fees	In Progress – City currently considers waiving or reducing SDC fees associated with certain (30% MFI) income-restricted housing projects
Comp Plan	8.3.5	Expand the use of incentives and other financial tools that serve to: a) Encourage development in Neighborhood Hubs. b) Improve housing affordability.	
C. Multiple-Unit Limited Tax Exemption Program (Locally Enabled and Managed)			In Progress

Plan	Policy Number	Strategy	Status for MHAS Policies (complete, in progress, not started, or not in MHAS)
MHAS	1.3	Explore incentivizing the development of affordable units through a local property tax exemption or other form of tax alleviation	In Progress - Nonprofit Tax Exemption
MHAS	1.3.1	Explore a partnership with the Clackamas County Housing and Homelessness Task Force	In Progress - Ongoing Meetings
MHAS	1.3.2	Hold education sessions with other taxing districts to leverage their support	In Progress - Started in Summer of 2019 but later placed on hold due to staffing changes and pandemic
MHAS	1.13	Partner and support Clackamas County's affordable housing development and rehabilitation projects in Milwaukie	In Progress - Continuing to build partnership with county programs and staff
Comp Plan	8.3.5	Expand the use of incentives and other financial tools that serve to: a) Encourage development in Neighborhood Hubs. b) Improve housing affordability.	
D. Increase Capacity in HDR Zone			Not in MHAS
Comp Plan	7.1.2	Establish development standards that regulate size, shape, and form and are not exclusively focused on regulating density.	
Comp Plan	7.2.2	Allow and encourage the development of housing types that are affordable to low or moderate-income households, including middle housing types in low and medium-density zones as well as larger apartment and condominium developments in high-density and mixed-use zones.	
Comp Plan	7.4.1	Implement land use and public investment decisions and standards that: a) encourage creation of denser development in centers, neighborhood hubs, and along corridors; and b) foster development of accessible community gathering places, commercial uses, and other amenities that provide opportunities for people to socialize, shop, and recreate together.	
E. Evaluate Incentives for Affordable Housing Development such as Density Bonuses			Not in MHAS

Plan	Policy Number	Strategy	Status for MHAS Policies (complete, in progress, not started, or not in MHAS)
Comp Plan	7.1.3	Promote zoning and code requirements that remove or prevent potential barriers to homeownership and rental opportunities for people of all ages and abilities, including historically marginalized or vulnerable populations such as people of color, aging populations, and people with low incomes.	
Comp Plan	7.2.2	Allow and encourage the development of housing types that are affordable to low or moderate-income households, including middle housing types in low and medium-density zones as well as larger apartment and condominium developments in high-density and mixed-use zones.	
Comp Plan	7.2.3	Pursue programs and incentives that reduce the impacts that development/design standards and fees have on housing affordability, including modifications to parking requirements, system development charges, and frontage improvements.	
Comp Plan	7.2.5	Expand and leverage partnerships with nonprofit housing developers and other affordable housing providers and agencies that preserve or provide new low to moderate-income housing units, create opportunities for first-time homeownership, and help vulnerable homeowners maintain and stay in their homes.	
Comp Plan	8.3.5	Expand the use of incentives and other financial tools that serve to: a) Encourage development in Neighborhood Hubs. b) Improve housing affordability.	
F. Develop Pre-Approved Plan Sets for ADUs and Middle Housing Typologies			
MHAS	1.7	Partner with architects and builders to create base development plans. Develop template and pre-approved development plans that reflect the community's housing vision and reduce the time, expense, and risk of building housing. Milwaukie can work with architects and builders to create base plans that an owner can use to get a head start on the design process or replicate easily with less time spent designing and less time for City staff to review.	HPS Action
MHAS	1.7.2	Research the Portland infill program and the design templates they created for skinny homes; consider a competition to encourage the design fields to develop prototypes specific to the character of Milwaukie neighborhoods.	Incomplete – Unclear on whether previous staff made progress or not
MHAS	1.9	Explore incentivizing/encouraging ADU and cottage cluster development	Completed – HB2001 Code

Plan	Policy Number	Strategy	Status for MHAS Policies (complete, in progress, not started, or not in MHAS)
MHAS	1.9.4	Provide community-approved template plans (in Goal 1.7)	Incomplete – Future HPS action
Comp Plan	7.2.4	Provide a simplified permitting process for the development of accessory dwelling units (ADUs) or conversion of single-unit homes into duplexes or other middle housing types.	Completed
G. Develop Housing Options and Services to Address and Prevent Houselessness			In Progress
MHAS	1.13	Partner and support Clackamas County's affordable housing development and rehabilitation projects in Milwaukie	In Progress – Continuing to build partnership with county programs and staff
MHAS	1.13.1	Attend the Clackamas County Housing and Houselessness Task force and advocate for Milwaukie needs	Completed – City staff currently sits on the board
MHAS	1.13.2	Partner with Clackamas County on the rehabilitation of the Hillside Manor and the development of the master plan of the Hillside Manor	In Progress – City is working with the Housing Authority on redeveloping this site via Hillside Park Phase I
MHAS	1.13.3	Seek opportunities to leverage grants or programming to support additional resident services or supportive housing services	Ongoing – Staff remains open to grant opportunities as long as there is capacity to manage the funds and project
MHAS	2.4	Support and promote programs that provide financial assistance for seniors and low-income homeowners to remain in their homes	In Progress – Part of city website information portal
Comp Plan	7.1.8	Collaborate with community partners to provide a continuum of programs that address the needs of unhoused persons and families, including temporary shelters, alternative shelter models, long-term housing, and supportive services.	In Progress
Comp Plan	7.1.9	Implement and support programs to reduce the displacement of renters.	Ongoing

Plan	Policy Number	Strategy	Status for MHAS Policies (complete, in progress, not started, or not in MHAS)
Comp Plan	7.2.5	Expand and leverage partnerships with nonprofit housing developers and other affordable housing providers and agencies that preserve or provide new low to moderate-income housing units, create opportunities for first-time homeownership, and help vulnerable homeowners maintain and stay in their homes.	Ongoing
Comp Plan	7.2.8	Implement development code provisions to permit shelters and transitional housing for people without housing.	Completed
H. Revolving Loan Fund for Homeownership Assistance			In Progress
MHAS	2.4	Support and promote programs that provide financial assistance for seniors and low-income homeowners to remain in their homes	In Progress – Part of city website information portal
MHAS	2.7	Research and market low-cost loans to property owners for maintenance, weatherization, and seismic upgrades	In Progress – HPS Action Item
MHAS	2.7.1	Support and promote rehab loans for multifamily buildings	In Progress
MHAS	2.7.2	Partner with agencies to provide low-income renters with emergency housing grants; leverage any existing programs at the county, regional, or state level	In Progress
MHAS	2.7.3	Develop and market a financial resource guide for tenants and property owners	In Progress
MHAS	2.7.4	Consider developing a renter emergency fund. For households without a financial cushion, unexpected expenses can be the difference between staying in their homes or missing rent payments or sacrificing other important things, like childcare, food, and medicine	In Progress – More research needed and coordination with the county
Comp Plan	7.2.7	Support the use of tiny homes as an affordable housing type, while addressing adequate maintenance of these and other housing types through the City’s code enforcement program.	
G. Urban Renewal/Tax Increment Finance			Not in MHAS
Comp Plan	7.2.2	Allow and encourage the development of housing types that are affordable to low or moderate-income households, including middle housing types in low and medium-density zones as well as larger apartment and condominium developments in high-density and mixed-use zones.	

Plan	Policy Number	Strategy	Status for MHAS Policies (complete, in progress, not started, or not in MHAS)
Comp Plan	7.2.3	Pursue programs and incentives that reduce the impacts that development/design standards and fees have on housing affordability, including modifications to parking requirements, system development charges, and frontage improvements.	
Comp Plan	7.3.4	Promote the use of active transportation modes and transit to provide more reliable options for neighborhood residents and help reduce driving.	
Comp Plan	7.3.5	Increase economic opportunities for locally owned and operated businesses by encouraging the development and redevelopment of more housing near transit, shopping, local businesses, parks, and schools.	
Comp Plan	7.4.1	Implement land use and public investment decisions and standards that: a) Encourage creation of denser development in centers, neighborhood hubs and along corridors. b) Foster development of accessible community gathering places, commercial uses, and other amenities that provide opportunities for people to socialize, shop, and recreate together.	
Comp Plan	7.4.2	Require that new development improves the quality and connectivity of active transportation modes by providing infrastructure and connections that make it easier and more direct for people to walk or bike to destinations such as parks, schools, commercial services, and neighborhood gathering places.	
Comp Plan	8.3.5	Expand the use of incentives and other financial tools that serve to: a) Encourage development in Neighborhood Hubs. b) Improve housing affordability.	
H. Construction Excise Tax			In Progress
MHAS	1.1	Explore program(s) for affordable housing through the existing construction excise tax (CET)	Ongoing – City released a competitive RFP (Aug 2022) to award up to \$2M in CET funds for qualifying income-restricted housing projects.
MHAS	1.1.1	Create an oversight committee for the establishment of the CET programming and create criteria for distributing the funds	Completed

Plan	Policy Number	Strategy	Status for MHAS Policies (complete, in progress, not started, or not in MHAS)
MHAS	1.1.2	Develop a workplan for the programming and establish criteria for distribution (keep in mind regional initiatives and leverage opportunities)	Completed
MHAS	1.1.3	Develop the marketing plan for the CET fund distribution	Completed
Comp Plan	7.2.2	Allow and encourage the development of housing types that are affordable to low or moderate-income households, including middle housing types in low and medium density zones as well as larger apartment and condominium developments in high-density and mixed-use zones.	
Comp Plan	7.2.3	Pursue programs and incentives that reduce the impacts that development/design standards and fees have on housing affordability, including modifications to parking requirements, system development charges, and frontage improvements.	
Comp Plan	7.3.5	Increase economic opportunities for locally owned and operated businesses by encouraging the development and redevelopment of more housing near transit, shopping, local businesses, parks, and schools.	
Comp Plan	8.3.5	Expand the use of incentives and other financial tools that serve to: a) Encourage development in Neighborhood Hubs. b) Improve housing affordability.	

MHAS Actions not included in the HPS

Not all MHAS policies were included in HPS actions. Exhibit 17 lists all the MHAS policies that were not included in the HPS, along with the status of these policies at the time the HPS was being developed. Since the City will update the HPS going forward, rather than the MHAS, Exhibit 17 serves as record of other housing policies the City has recently completed, is currently working on, or aspires to implement.

Exhibit 17. MHAS Actions not included in the HPS

MHAS number	Strategy	Status (Completed, in progress, not started)
1.4	Create an internal culture that is friendly to developers	Ongoing
1.4.1	Assign project managers to provide a consistent point of contact to coordinate among internal and external agencies and to take ownership of a project to facilitate the development process	Incomplete
1.4.2	Charge consistent and predictable permit fees. Public-accessible information helps housing providers make informed decisions about their projects, while unforeseen changes can interrupt financing and delay the process	Complete – Master Fee Schedule and Regular Review/Predictable Adjustments
1.4.3	Provide a predictable review process with early feedback to avoid costly delays and duplication, for City transparency for community members and assists them in engaging and providing input	Completed – Pre-Application Conferences, Consistent Review Processes, and Transparency Upfront
1.4.4	Identify zoning code fixes that could alleviate the time and cost of development	Completed – HB2001 Code
1.4.5	Explore how other cities in the region are streamlining their processes	Ongoing
1.5	Engage with the development community to model the potential impact of incentives, such as changes to zoning or the structure of development fees	In Progress
1.5.1	Continue to develop public-private partnerships to reduce the impact of development fees with the expectation of additional affordable housing development	Ongoing – Meetings with Catholic Charities, NWH, NEDCO, Hacienda CDC, Proud Ground, Clackamas County
1.5.2	Structure incentives to encourage universal design and age-friendly housing	In Progress – Started in 2019 but did not complete due to staffing changes
1.5.3	Incentivize sustainable design (energy efficiency measures) to reduce the cost of utilities to the tenants	In Progress – The city incentivizes sustainable development, MC Chapter 19.510 (Green Building Standards). There are possibly more incentives with HB 3414 (2023) and other code updates.

1.5.4	Explore a transportation impact fee exemption. Exempting or reducing affordable housing units from transportation impact fees can reduce the cost of development.	In Progress – Not just exploring transportation impact fee exemptions, but numerous other incentives for affordable housing. The city considers some SDC waivers/reductions for affordable housing projects.
1.6	Develop public lands policy that supports the goal of increasing affordable housing while improving workforce development opportunities for construction workers. A predictable public lands policy that supports affordable housing preservation and creation is an effective way to leverage land as a city-owned resource. Public lands policies can establish a minimum percentage of sales revenues to be dedicated to affordable housing programs, a minimum percentage of affordable housing units to be created on formerly publicly owned lands, and other public interest objectives like wage standards and diversity goals.	Not Started – No staff capacity to develop or track
1.6.1	Partner with Clackamas Workforce Partnership to leverage employees and recent high school graduates to explore the field of construction and the trades.	Incomplete – Unclear on whether previous staff made progress or not
1.6.2	When negotiating public-private lands, consider developing a policy to reach a certain percentage of units of varying sizes that are affordable.	Incomplete – Unclear on whether previous staff made progress or not
1.7.1	Market/promote the designs of the Cottage Cluster Feasibility Analysis.	Complete - HB 2001
1.8	Explore right-sizing parking requirements for ADUs, cottage clusters, tiny homes, etc. Thoughtful, right-sized off-street parking requirements for affordable housing can increase the financial feasibility of desired housing types. Parking maximums may also be appropriate in certain areas. Parking should be reduced for affordable units within the area of a major transit stop, to be defined based upon frequency of service, connectivity, and other factors.	Complete – HB2001 Code and CFEC
1.9.1	Implement the recommendations of the cottage cluster code audit	Completed – HB2001 Code
1.9.2	Explore what other cities have implemented and what our Housing Strategies Report (under the housing assessment) recommended for easing the development requirements for ADUs, etc.	Completed – HB2001 Code
1.9.3	Partner with community banks or credit unions to create a loan product with favorable terms, like lower interest rates and lower fees (e.g., Network for Oregon Affordable Housing)	In Progress and Future HPS action
1.9.6	Revise the zoning code and other development standards to facilitate creation of ADUs	Completed – HB2001 Code

1.9.X	Convene a group of Subject Matter Experts (SMEs) to discuss the ADU work to be undertaken in the following months.	Completed – 2019 ADU study
1.9.7	Market the results of the Cottage Cluster Feasibility Study and seek to implement one or two cottage cluster developments	Completed – HB2001 Code
1.10.	Explore lean construction methods to bring down the cost of housing development and market those cost reducing methods to developers.	Incomplete – Unclear on whether previous staff made progress or not
1.10.1	Research traditional construction costs against adding additional elements and sustainability efforts (cross-reference with the Climate Action Plan results) and consider programming/incentives to assist.	Incomplete – Unclear on whether previous staff made progress or not
1.11	Engage Metro's Equitable Housing Program to pursue a general obligation bond for affordable housing	Completed
1.11.1	Continue to attend committee meetings to discuss how Milwaukie could use funds from a general obligation bond	Complete and Ongoing – Bond passed
1.11.2	Continue to communicate with Clackamas County Housing Authority to advocate for Milwaukie's needs	Complete and Ongoing – Bond passed
1.12	Develop and maintain a database of available properties (all zones) to market to developers	Not Started – Incomplete from an internal standpoint; however, there are already websites that provide this service (e.g., Loopnet.com).
1.12.1	Develop a website to promote the opportunity sites and explain the constraints and opportunities of the sites	Not Started – https://www.milwaukieoregon.gov/communitydevelopment/opportunity-sites
2.1	Hire a Housing Coordinator	Completed – however, the position no longer exists
2.2	Partner with nonprofit organizations and housing agencies to fund the purchase of existing, affordable multifamily housing to preserve it long term. (Leverage Clackamas County Housing Authority's existing program and develop a stronger relationship with financiers).	Incomplete – Unclear on whether previous staff made progress or not
2.3	Consider developing an affordable housing trust fund or partnering with the County's efforts. Existing and potentially new impact fees or construction excise taxes on residential, commercial, and industrial development can capitalize on a dedicated affordable housing trust fund to support housing affordability programs in a variety of ways depending on local need.	Incomplete – Unclear on whether previous staff made progress or not

2.4	Support and promote programs that provide financial assistance for seniors and low-income homeowners to remain in their homes	In Progress – Part of city website information portal
2.5	Adopt policies to mitigate the impact of rental displacement. Explore a relocation assistance ordinance or similar type of tenant assistance policy	Complete and Ongoing – Council adopted rental protection policies during COVID and staff administers rental assistance as funds are available.
2.5.1	Research and make policy recommendations related to other city's relocation assistance policies or other similar tools	Portland Housing Director provided the Portland Context on Dec 18, 2019
2.5.2	Conduct more targeted policy outreach to impacted stakeholders	Incomplete
2.6	Assist in eviction prevention by supporting Clackamas County's landlord-tenant mediation services	Completed – On website
2.6.1	Partner with the county mediation services to connect tenants and landlords through mediation services	Completed – On website
2.6.2	Connect with organizations that provide training and resources for landlords and tenants and help to market their programs	In Progress – On website
2.6.3	Explore monitoring and developing habitability standards that will be enforced through a property-owner database	In Progress – Research began in early 2019-- explored Gresham and Portland model. Not much completed over the last year due to staffing limitations.
2.6.4	Explore a rental database to monitor available rentals and market rents	In Progress – Has been explored on and off for the last few years with no product. Staff has not been able to make this a priority as of late.
2.7.5	Promote, when possible, career and technical trades to property owners and residents to help them learn the trades to maintain their own homes and understand the employment landscape potential	Incomplete
2.8	Partner with Clackamas Housing Authority to support new affordable units for Milwaukie renters	Ongoing
2.9	Build community among rental housing providers. Renting out housing can be confusing, intimidating, and risky. Rental housing providers can build community among themselves, support each other, share information and best practices, and mentor new and small rental property providers to provide better services to the community and maintain the supply of	Incomplete

	rental units. Milwaukie can connect housing providers to existing networks and services and provide support for these groups to enhance their efforts.	
2.10.	Create an internal culture that is friendly to rental housing providers. Rental housing providers need to know that Milwaukie understands and values their contribution to the city.	Not Started – Making the development process predictable and consistent
2.10.1	Provide consistent and reliable permit and license fees that are predictable.	Complete
2.10.2	Send packets of information to rental housing providers who receive or renew a business license or permit.	Incomplete
2.11	Build stronger alignment with the workforce development system. Through partnership with Clackamas Workforce Partnership, WorkSource Clackamas, and the greater workforce system, community members will have access to both appropriate job placement and opportunities for skill building, reinforcing the goal of stabilizing households living in Milwaukie to prevent displacement.	Ongoing
3.1	Partner with nonprofits and employers to provide first-time homebuyer education and support	In Progress – 15% of CET funds go to the Oregon Housing and Community Services Department for local homebuyer education and support
3.2	Support and promote programs to certify renters and reduce their move-in costs	Complete – See 3.2.1
3.2.1	Promote the County's Rent Well program. Rent Well provides tenant education to give residents the support, knowledge, and expertise they need to become successful tenants	In Progress – on website
3.3	Support and promote programs that streamline the rental application process and reduce application fees	Incomplete – Staff does not have capacity to prioritize this item.
3.3.1	Research and promote program(s) that provide a one-stop application and fee process for renters (e.g., One App)	OneApp fee has been contacted, but there is no update.
3.4	Develop a marketing campaign to educate and engage the community on housing affordability, density, and development realities in order to develop community capacity	In Progress – Housing Forum held on Dec 6, 2019; considering a housing fair with partners; working materials on all the resources
3.5	Develop a financing and resource database	In Progress – On website
3.6	Partner with Oregon IDA Initiative to help Milwaukie residents build financial management skills and build assets	In Progress –

Staff had contacted Oregon IDA but there is no current update.

Appendix G: Pre-HPS Survey

Housing Portal

Pre-HPS Survey Submission

Page: 1 of 2

Year: 2021 City: Milwaukie

Submitted Date: 12/23/2021

4/12/2023 1:22:05 pm

Category	Strategy	Encourage Needed Housing	Increase Affordability	Reduce Rent Burden
A - Zoning and Code Changes	A02 - Zoning Changes to Facilitate the Use of Lower-Cost Housing Types	Yes	Yes	No
Comments:				
A - Zoning and Code Changes	A05 - Code Provisions for ADUs	Yes	Yes	No
Comments:				
A - Zoning and Code Changes	A08 - Promote Cottage Cluster Housing	Yes	Yes	No
Comments:				
A - Zoning and Code Changes	A15 - Encourage Diverse Housing Types in High-Opportunity Neighborhoods	Yes	Yes	No
Comments:				
A - Zoning and Code Changes	A18 - Increase Density near Transit Stations and Regional Multi-use Trails	Yes	No	No
Comments:				
B - Reduce Regulatory Impediments	B01 - Remove or Reduce Minimum Parking Requirements	No	Yes	No
Comments:				
B - Reduce Regulatory Impediments	B02 - Remove Development Code Impediments for Conversions	Yes	Yes	No
Comments:				
B - Reduce Regulatory Impediments	B11 - Pro-Housing Agenda	Yes	Yes	No
Comments:				
B - Reduce Regulatory Impediments	B12 - Pro Affordable Housing Agenda	Yes	Yes	No
Comments:				
B - Reduce Regulatory Impediments	B14 - Adopt Affirmatively Furthering Fair Housing as a Housing Policy in Comprehensive Plan	Yes	No	No
Comments:				

**RS 8. B. 6/6/23
Presentation**

Housing Capacity Analysis & Housing Production Strategy File # CPA-2023-001

City Council

June 6, 2023

Laura Weigel, Planning Manager

Joseph Briglio, Community
Development Director



Housing Capacity Analysis - Overview



The HCA provides Milwaukie with the technical background to support future planning efforts related to housing production and options for addressing unmet housing needs in Milwaukie.

City of Milwaukie

2023–2043 Housing Capacity Analysis



HCA - BACKGROUND

- Ancillary document to Comprehensive Plan
- Required by DLCD every 6 six years
- Components outlined by state statute
- Identifies housing needs now and in the future
- Analyzes land availability to meet the need



Housing Production Strategy -Overview



Milwaukie: Housing Production Strategy

The HPS includes strategies to achieve equitable housing opportunities for all Milwaukie with an emphasis on improving outcomes for underserved communities, lower-income households, and people in state and federal protected classes.



HPS - BACKGROUND

- Housing affordability has been a key issue for several years
- Milwaukie Housing Affordability Strategy (MHAS) adopted in 2018
- HPS builds on MHAS
- New requirement of the state
- State requires a three and six-year report on progress



ENGAGEMENT

- Housing Capacity Technical Committee
Reviewed/recommends approval
- Equity Steering Committee Engagement Meeting
- Stakeholder Interviews
Developers and service providers
- Housing Survey on Engage Milwaukie
200+ responses
- Promoted in the Pilot/NDA Friday Updates
- Notification provided to NDAs



REGULATORY PROCESS

Planning Commission

Reviewed in December, May
Recommends approval

City Council

Reviewed in January and May



HCA – DECISION MAKING OPTIONS

Staff Recommendation:

- A. Approve the ordinance with the recommended Findings

Alternatives:

- B. Approve the ordinance with additional modifications to the Findings — such modifications need to be read into the record
- C. Continue the hearing
- D. Deny the ordinance



HPS DECISION MAKING OPTIONS

Staff Recommendation:

- A. Adopt the HPS resolution

Alternatives:

- B. Adopt the resolution with modifications
- C. Request revisions to the document and bring back to Council for discussion



Questions?



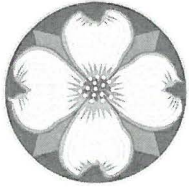
Contact Us

LAURA WEIGEL

PLANNING MANAGER

WEIGELL@milwaukieoregon.gov





PUBLIC HEARING ATTENDANCE SIGN-UP SHEET

If you wish to have appeal standing and/or to be on the mailing list for Council information from tonight's hearing, please sign-in below.

6/6/2023

8. B. Housing Capacity Analysis (HCA) / Housing Production Strategies (HPS) Adoption – Ordinance & Resolution

Land Use File No. CPA-2023-001

NAME	ADDRESS	PHONE	EMAIL



RS Agenda Item

9

Council Reports



**RS 9. A. 6/6/23
Presentation**

Legislative & Regional Issues

June 6, 2023

Key Dates

- ~~1/17 – Session Begins~~
- ~~1/25 – City Day at the Capitol~~
- ~~2/21 – Measure Introduction Deadline~~
- ~~2/22 – Revenue Forecast (1st)~~
- ~~4/4 – 1st Chamber Work Session Deadline~~
- ~~5/17 – Revenue Forecast (2nd)~~
- ~~5/19 – 2nd Chamber Work Session Deadline~~
- 6/25 – Constitutional Sine Die



Legislation

June 6 (today)

- **HB2004 – creates statewide ranked choice voting – First Reading**
- **HB5035 – funding for elections/county clerks – First Reading**

- **SB 275B – alignment of DOE/TSPC – Third Reading**

- **SB5511 – housing allocations to cities – Work Session**



Legislation

June 7 (tomorrow)

- **HB3167A – allows for digital legal notices – Third Reading**
- **HB2806 – allows exec. sessions for cyber/security – Third Reading**
- **HB2889 – housing needs analysis – Third Reading**
- **HB2984B – SDCs and AMI – Third Reading**
- **SB611 – increased \$ to tenant in landlord termination – Third Reading**
- **HB2805A – further defines OGEC fine authority – Third Reading (6/8)**

- **SB283 – education workforce – Work Session**



Letters

- None?



Resources

- OLIS: [Oregon Legislative Information System](#)
- LOC: [CM3 – LOC Bill Summary](#)
(Username/password: loc@orcities.org)
- Thorn Run Partners
(Metro Mayors Consortium)



Questions?

Scott Stauffer, City Recorder
stauffers@milwaukieoregon.gov

