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Presentation

Milwaukie: Housing Capacity and Housing Production Strategy

February 7, 2023



Process for Developing the HPS

Oct 2022-Jan 2023

Narrow down the list of potential actions:

Provide long list of potential actions to the HCTC to identify actions with the most promise for the City of Milwaukie.



Jan-Feb 2023

Additional action evaluation

Provide additional detail on remaining actions. Vet narrower list of strategies with relevant stakeholders and the HCTC

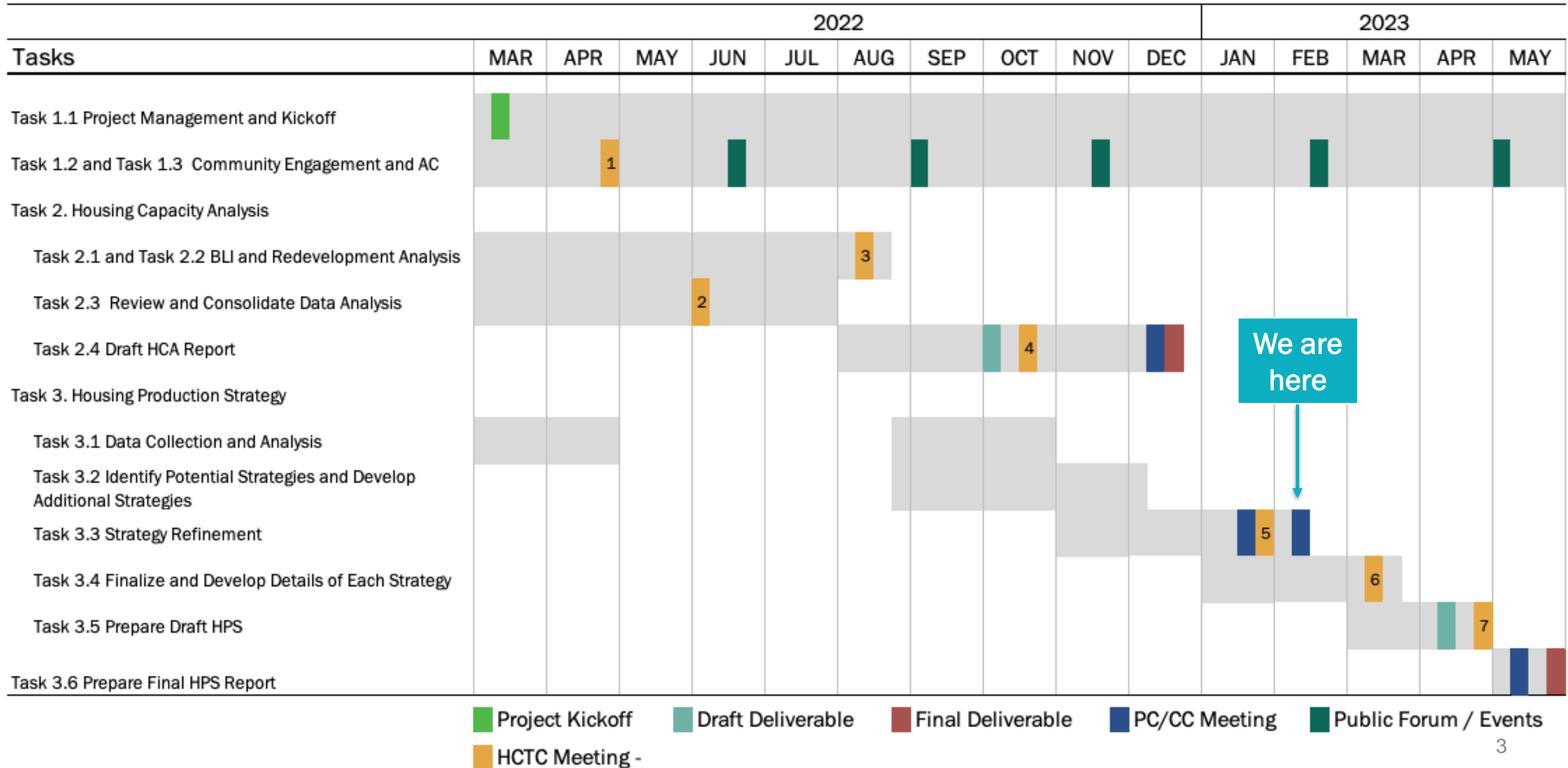


Mar-May 2023

Draft HPS

Refine actions for City Council to consider, working in conjunction with local partners.

Project Schedule





Potential Actions for Inclusion in the HPS

Requirements of Strategies in the HPS

- For strategies identified in the final HPS, the City of Milwaukie will:
 - Commit to implementation
 - Be required to update DLCD on implementation progress, and be required to comment on its effectiveness in the future
 - Adjust the actions in the HPS as needed over the 6-year implementation period
- Strategies not identified in the HPS may still be implemented by the City, but the City will not be held to specific action by the State.



Questions for Discussion

- Do you have questions about any of the actions proposed to be included in the HPS? Where do you need more information to understand the action?
- Are these the right actions to include in the HPS? Should any be added?
- Are there actions that could be left out of the HPS?



Outreach to date

- **Engage Milwaukie** activity & survey on housing needs
- Meeting with the **Equity Steering Committee (ESC)**
- Five meetings with the **Housing Capacity Technical Committee (HCTC)**
- One meeting with the **Planning Commission** and one with the **City Council**

Upcoming outreach

- **Engage Milwaukie** share information about housing strategies - March
- Interviews with **service providers & housing developers** (focus on affordable and middle housing) – late Feb / early March
- Two meetings with the **HCTC**
- One meeting with the **Planning Commission** and one with the **City Council**

Engage Milwaukie - Survey Findings from October 2022

The following feedback about housing issues Milwaukie should focus on is helping guide development of the HPS:

1. Long term affordable housing (67% of respondents rated as high importance);
2. Increase access to goods/services accessibly by bike and walking (61%)
3. Affordable renting options for households under \$50k (60%)
4. Preserve/maintain existing housing (53%)
5. Prevent housing displacement (49%)

Examples of Existing Strategies in Milwaukee

- **Construction Excise Tax (CET)** – the City collects a tax on certain construction permits to generate funding opportunities for affordable housing projects.
- **Urban Renewal Funds** – A portion of the tax increment is allocated for funding opportunities for affordable housing projects.
- **Rental Relief Program** – the City has provided several rounds of emergency rent relief to support lower-income families.
- **Potential Fee Reductions/Waivers** for affordable housing projects
- **Non-Profit Low Income Tax Exemption** – Qualifying affordable housing projects can request the local taxing districts to forego property tax on an annual basis

Evaluation Criteria for Actions to include in the HPS

- **Level of Affordability Addressed**– focuses on incomes below 120% of MFI
- **Impact for Development** – scale of impact on housing development
- **Administrative Complexity** – staff time required to implement and administer action
- **Feasibility** – political and community acceptability; potential need to coordinate with other organizations
- **Flexibility** – used to achieve multiple outcomes

Actions in the HPS Build on Previous Plans

Actions in the HPS build from policies in the MHAS and the updated Comprehensive Plan

Plan Document	Policy Number	Policy
MHAS	1.2	Explore the development of a community land trust (CLT) or another model that supports creative financing for a project (E.g., co-op model, communal living, etc.)
MHAS	1.2.1	In addition to other actions, partner with banks to have rent payments demonstrate responsibility that supports qualification for down payment loan assistance. (Community reinvestment act points could be leveraged.)
MHAS	1.2.2	Further explore the co-op model or one that allows a first right of refusal for renters, and look at policies or incentives that the City could implement to encourage this action.
MHAS	1.2.3	Establish an inventory of foreclosed, short-sale homes and multi-family development to encourage the CLT platform or other model and market to mission driven developers as a pilot project.
MHAS	1.6.3	Continue to find opportunities to land bank and perform necessary due diligence in property negotiations.
Comp Plan	7.1.1	Provide the opportunity for a wider range of rental and ownership housing choices in Milwaukie, including additional middle housing types in low and medium density zones
Comp Plan	7.2.5	Expand and leverage partnerships with non-profit housing developers and other affordable housing providers and agencies that preserve or provide new low to moderate income-housing units, create opportunities for first-time homeownership, and help vulnerable homeowners maintain and stay in their homes.
Comp Plan	7.2.12	When negotiating public-private land transactions, pursue the goal of reserving some portion for affordable housing where appropriate.
Comp Plan	7.2.13	Continue to seek out opportunities to land bank for the purpose of affordable housing and perform necessary due diligence in property negotiations.
Comp Plan	7.4.6	Reduce development code barriers for intentional communities
Comp Plan	8.3.5	Expand the use of incentives and other financial tools that serve to: a) Encourage development in Neighborhood Hubs b) Improve housing affordability.

Action A: Develop a Land Bank Strategy and Partnerships to Support Affordable Housing Development

Purpose: Land banks supports affordable housing 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

Implementation considerations: Requires staff capacity, requires potentially substantial funding, and a non-profit partner with capacity

Action Evaluation

Level of Affordability	Impact	Administrative Complexity	Feasibility	Flexibility
Up to 120% MFI	Moderate to large	High	Moderate	More

Action B: Reduced System Development Charges (SDC) or Planning Fees

Purpose: Reduces development costs and can incentivize qualifying housing types or building features

Implementation considerations: City must identify ways to “backfill” the cost of reducing SDCs.

Action Evaluation

Level of Affordability	Impact	Administrative Complexity	Feasibility	Flexibility
Up to 80% MFI	Small	Low	Moderate	Moderate

Action C: Multiple-Unit Property Tax Exemption

Purpose: 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.

Implementation considerations: The City and participating taxing districts will forego property tax income for the duration of the exemption.

Action Evaluation

Level of Affordability	Impact	Administrative Complexity	Feasibility	Flexibility
Up to 80% MFI	Moderate	Medium	Moderate	Moderate

Action D: Increase densities in the High-Density Residential (HDR) Zone

Purpose: 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.

Examples: Evaluate increasing allowed density in the HDR zone
Look for opportunities to rezone to add more land to the HDR zone.
Evaluate opportunities to support redevelopment of underutilized parcels in HDR zones

Action Evaluation

Level of Affordability	Impact	Administrative Complexity	Feasibility	Flexibility
All incomes	Small to Moderate	Low	More	Moderate

Action E: Evaluate Incentives for Affordable Housing Development such as Density Bonuses

Purpose: Incentives can help support development of income-restricted housing. Providing more flexibility for development standards can allow for development of multi-unit more housing affordable at about 80% of MFI.

Examples: 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.
Reducing the amount of open space required on a development site.
Setback reduction of the parent parcel.

Action Evaluation

Level of Affordability	Impact	Administrative Complexity	Feasibility	Flexibility
Up to 80% MFI	Moderate	Low	More	Moderate

Action F: Inclusionary Zoning

Purpose: Requires developers of multifamily housing with 20 or more units to provide a certain percentage of low-income housing.

Implementation considerations:

Has the potential to curtail development overall, if incentives are not calibrated in such a way to offset impacts to development feasibility.

After implementation of Portland's Inclusionary Zoning policies, the city saw an increase in construction and permitting of buildings with 19 units and fewer (exempt from IH).

The price of low-income housing is passed on to purchasers of market-rate housing.

Action Evaluation

Level of Affordability	Impact	Administrative Complexity	Feasibility	Flexibility
60-80 % MFI	Small to Moderate	High	Less	Moderate

Requirements for mandatory policies:

- Can only apply to multifamily housing with 20+ units
- Can not require more than 20% of units be affordable
- Must allow fee-in-lieu of building units on-site
- Must be paired with incentives (e.g., SDC or fee waivers/reductions, property tax exemptions, or other financial incentives)

Action G: Develop Housing Options And Services To Address And Prevent Houselessness

Purpose: Partner with agencies and nonprofit organizations that provide housing and services to people experiencing houselessness.

Examples: 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

Seek opportunities to leverage grants to support additional resident services or supportive housing services

Action Evaluation

Level of Affordability	Impact	Administrative Complexity	Feasibility	Flexibility
Up to 30% MFI	Moderate	Medium	Moderate to Less Depends on funding	More

Action H: Revolving loan fund for homeownership assistance

Purpose: Provide funds to be administered by a third party that support homeownership assistance programs

Examples: Down Payment Assistance, Home Repairs, Weatherization, Accessibility Improvements

Implementation considerations: Must identify a funding source.

Action Evaluation

Level of Affordability	Impact	Administrative Complexity	Feasibility	Flexibility
Up to 80% MFI	Small to Moderate	Medium	Moderate to Less Depends on funding	More

Action I: Urban Renewal / Tax Increment Finance (TIF)

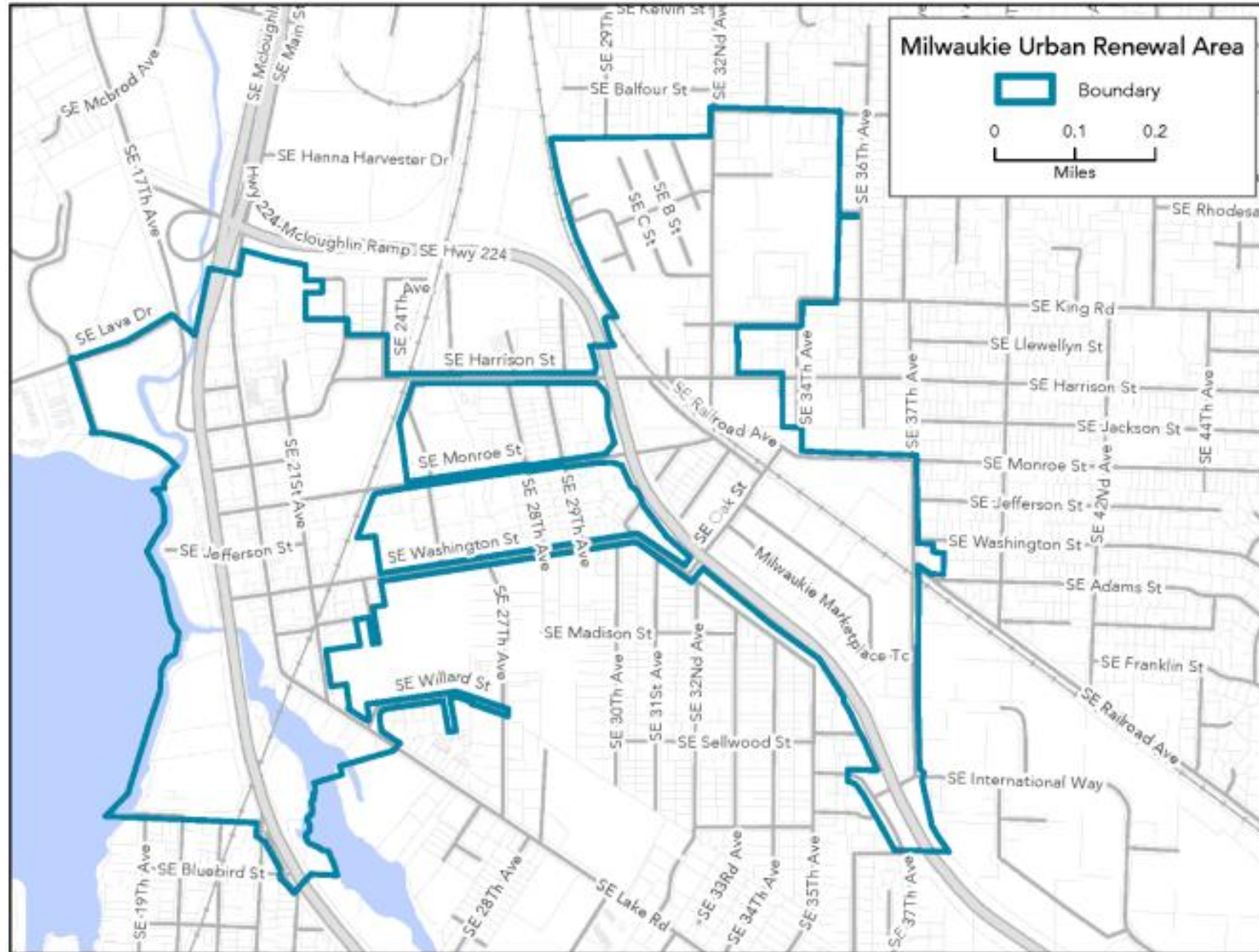
Purpose: Provide a flexible funding tool that can support many of the actions in the HPS, infrastructure development and affordable housing development

Implementation considerations: Funding spent on housing in the urban renewal district is unable for other priorities.

Action Evaluation

Level of Affordability	Impact	Administrative Complexity	Feasibility	Flexibility
All incomes	Moderate	High	Less to Moderate	More

Action I: Urban Renewal / Tax Incremental Finance (TIF)



Action J: Construction Excise Tax (CET)

Purpose: Provides a locally controlled funding source to support many of the actions in the HPS

Fund Balance: \$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.

Plans to use the existing CET funds include:

\$1.7 million to Hillside Phase 1, which includes 275 units affordable to 30 & 60% AMI.
\$300,000 for a middle housing courtyard by Shortstack Housing in partnership with Proudground's Land Trust.

Action Evaluation

Level of Affordability	Impact	Administrative Complexity	Feasibility	Flexibility
Up to 120% MFI	Moderate to large	Medium	Medium	High

Action J: Construction Excise Tax (CET)

CET allocation requirements

For Residential CET		For Commercial/Industrial CET	
50%	developer incentives (multifamily, market rate or affordable)	50%	incentives for the development and construction of housing that is affordable at up to 120% MFI
35%	affordable housing programs, as defined by the City	50%	for economic development programs
15%	to OHCS for homeownership programs that provide down payment assistance		

*Note: Up to 4% of CET is available for administrative costs

Recommendations for future actions

- Rental Assistance Programs
- Pursue Community Development Block Grant (CDBG) Funds from Clackamas County
- Develop Pre-Approved Plan Sets For ADUs And Middle Housing Typologies
- Allow Tiny Homes
- Support Preservation Of Manufactured Home Parks
- Relocation Assistance Requirements

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- Refine list of actions for inclusion in the HPS
- Upcoming and on-going public engagement
- Draft HPS: April
- Next City Council Meeting: May



ECONNorthwest

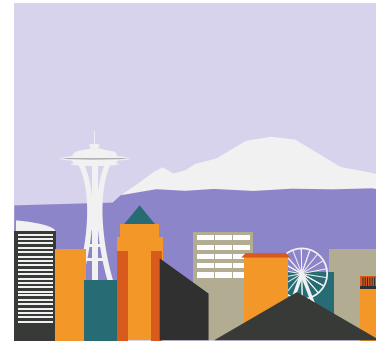
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