
Milwaukie

Housing Production Strategy

April 2023

Prepared for: City of Milwaukie

Draft Report

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Executive Summary

The City of Milwaukie has identified housing affordability as a key issue. Many households in Milwaukie are struggling to afford housing. Housing costs for both rental and ownership units are much higher than many residents can afford. About 38% of households in Milwaukie are cost burdened (i.e., paying 30% or more of their income in rent). Cost burden is higher for renter households, 52% of whom are cost burdened. Nearly 40% of Milwaukie's households have income below \$48,500 (50% of Median Family Income in 2021) and can only afford monthly rent of \$1,200, which is below average rents of about \$1,600 for a two-bedroom unit in 2021.¹

Looking forward, the *2023-2043 Milwaukie Housing Capacity Analysis* estimates more than a third of new housing built in Milwaukie over the next 20 years will need to be for those with very-low or extremely low incomes (below 50% MFI).

Some groups are particularly vulnerable to increasing housing costs and may have special housing needs. The Housing Production Strategy (HPS) is intended to include actions that work together to achieve equitable outcomes for all residents of Milwaukie, with an emphasis on improving outcomes for underserved communities, lower-income households, and people in state and federal protected classes. Key groups with unmet housing need in Milwaukie include:

- **Seniors.** Many seniors live on fixed incomes and cannot always afford increases in housing costs. They may also need housing that is physically accessible and close to services (such as nearby health care or in-home assistance).
- **Black Indigenous and People of Color (BIPOC).** BIPOC are more likely to rent their homes and to live in multifamily housing (except Asian) than the overall average in Milwaukie. These households may need assistance to avoid displacement and access to housing without discrimination in locations with “high opportunity” (such as areas near jobs, transit, or services).
- **People with disabilities.** Across Oregon, people with one or more disabilities experience disproportionate cost burden. Some people with disabilities may need physically accessible housing near services (such as nearby health care or in-home assistance).
- **People experiencing homelessness.** People experiencing homelessness (or at risk of homelessness) may need a range of supports from immediate assistance (including rent

¹ This report pulls information from the *2023-2043 Milwaukie Housing Capacity Analysis*, which presented information about Milwaukie's housing market, housing affordability, and demographics based largely on data from 2021.

Asking rent for a multifamily unit averaged \$1,339 in 2021. Adding in the costs of basic utilities, that results in monthly rental costs of about \$1,600.

support) to permanent supportive housing (including supportive housing with services) and access to affordable units.

This project builds on the City’s past work, which includes several housing planning efforts to address housing access, quality, and affordability concerns, including production of the Milwaukie Housing Affordability Strategy (MHAS) in 2018. The MHAS contains 31 action items from 2018 to 2023 within the three main housing goals: develop new affordable units, prevent displacement and keep units affordable, and connect people to existing affordable housing. The City has completed or started many of the actions in the MHAS, there is still work to be done to ensure Milwaukie’s existing and future housing needs are met.

To build on their progress, the City applied for a grant with the Department of Land Conservation and Development in 2021 to develop a Housing Capacity Analysis and Housing Production Strategy. Milwaukie developed a Housing Capacity Analysis in 2022, which provided key information about the City’s unmet housing needs and informed this report.

How can the HPS support housing development?

This strategy identifies and describes possible steps to support development of new affordable housing, preserve existing affordable housing, stabilize households at risk of displacement, and help address houselessness. If implemented, these actions build on the City’s existing housing policies. The HPS are intended to provide the City with additional options to support affordable housing development and preservation. Individually, they may not result in a large change in the availability of affordable housing. But they provide the City with policies to support development proposals that can create substantial change in availability of affordable housing.

The actions in the HPS, summarized in Exhibit 1, are intended to encourage the development of more affordable and diverse housing types; grow partnerships with housing providers, developers and agencies involved in housing issues; and increase housing stability for Milwaukie residents.

Exhibit 1. Summary of HPS Strategies

Note: Cells with grey shading indicate items that the City has already adopted but are critical to implementation of the HPS.

Strategies	What is it?	How does the strategy help?
A. Develop a Land Bank Strategy and Partnerships to Support Affordable Housing Development	Using city-owned land or purchasing land for affordable housing development. Acting as a partner to support community land trusts or housing cooperatives.	Supports development of affordable housing through control of land and potential to decrease development costs by contributing land at lower cost. City supports other partners in development of housing affordable for ownership by low-income households.
B. Reduced SDCs or Planning Fees	Milwaukie can reduce or exempt SDCs for domestic water, sanitary sewer, transportation and stormwater, as well as Planning Fees.	Lowers development costs of affordable housing by exempting the developer from paying city SDCs but requires a source of funding to backfill the cost of SDCs. Can reduce or exempt Planning Fees also.
C. Multiple-Unit Limited Tax Exemption Program	Property tax exemption for up to 10 years for multi-unit housing developed affordable to 80% of MFI. Flexible tax exemption that City sets criteria and location where it may be granted.	Lowers the operational costs of market-rate multi-unit housing, in exchange for lower rents for the duration of the exemption.
D. Increase densities in the HDR zone	Could increase the density of multi-unit housing development standards in the High-Density zones.	Increasing residential densities in the HDR zone can allow for more development of multi-unit housing, both for affordable housing and market-rate multi-unit housing.

Strategies	What is it?	How does the strategy help?
E. Evaluate Incentives for Affordable Housing Development such as Density Bonuses	Milwaukie can provide densities bonuses that would allow for more housing units to be built than allowed by zoning, if the proposed project provides a certain number of affordable units.	Can support development of more income-restricted affordable housing, in locations where the City would like to see more of this housing.
F. Develop Pre-Approved Plan Sets For ADUs And Middle Housing Typologies	The City could develop pre-approved plans for middle housing typologies, such as cottage clusters, townhomes, and other middle-income housing types, as well as for accessory dwelling units (ADUs).	Streamlines permitting procedures for middle housing types and ADUs, thereby reducing development timelines and costs.
G. Develop Housing Options And Services To Address And Prevent Houselessness	Milwaukie can partner agencies and nonprofit organizations that provide housing and services to people experiencing houselessness, through development of emergency shelter, permanent supportive housing, and other housing for people experiencing houselessness.	Improve livelihoods by reducing the number of people experiencing houselessness in Milwaukie.
H. Revolving loan fund for homeownership assistance	Provides funding to increase homeownership opportunities through down payment assistance and helping existing low-income households remain homeowners through housing repair, weatherization, or accessibility improvements.	Increases access to homeownership for low-income households and helps existing low-income households repair their homes or make necessary accessibility improvements to be able to continue living in their homes.
I. Urban Renewal / Tax Increment Finance (TIF)	Milwaukie has an Urban Renewal Area that covers downtown and the city's Central Milwaukie area. Urban Renewal funding can be used to pay for land acquisition, support development of affordable housing, backfill SDC exemptions, develop needed infrastructure, and for other uses.	Over the next 5 years, the expects to have \$2 million in its Urban Renewal Fund to support mixed-use multi-unit housing, much of which is expected to be affordable at less than 120% MFI.

Strategies	What is it?	How does the strategy help?
J. Construction Excise Tax (CET)	Milwaukie has a CET, which is intended to support development of affordable housing.	The City has \$2 million in CET accumulated since 2017, which it plans to spend to support: (1) development of 275 units of housing affordable at 30%-60% of MFI in the Hillside Phase 1 development and (2) development of middle housing courtyard by Shortstack Housing in partnership with Proud Ground's Land Trust for affordable homeownership.

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How will the City implement the Strategy? Who are the partners?

Each of the strategies require a different implementation approach, with varying involvement from local partners. The city has identified strategies that it can use to best support the development of affordable housing, but the delivery requires the participation of key partners who have roles essential to the construction, delivery, and preservation of housing units. The city is unable to carry several of these policies to implementation without said partnerships.

Exhibit 2. City and Partner Roles in Implementation

Note: Cells with grey shading indicate items that the City has already adopted but are critical to implementation of the HPS.

Action	City	Funding Partners	Implementation Partners	Year to begin Implementation
A. Develop a Land Bank Strategy and Partnerships to Support Affordable Housing Development	City lead and partner Community Development Department	State of Oregon Federal Government Nonprofits	Nonprofits such as Proud Ground, Northwest Community Land Trust Coalition, DevNW, and Network for Oregon Affordable Housing Center for Community Progress Fair Housing Council Community Partners for Affordable Housing	2024
B. Reduced SDCs or Planning Fees	City lead Community Development Department Public Works Department	Primarily from CET; other funding as available	Market-rate developers Nonprofit developers County agencies that also have SDCs	2024
C. Multiple-Unit Limited Tax Exemption Program	City lead Community Development Department	None	Developers applying for MUPTE	2028
D. Increase densities 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	

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1. Introduction

The City of Milwaukie identified housing affordability as a key issue. The City has sponsored several housing planning efforts over the last several years to address housing access, quality, and affordability concerns. The City produced the Milwaukie Housing Affordability Strategy (MHAS) in 2018, which contains 31 action items for short, mid-term and long-term implementation from 2018 to 2023 within the three main housing goals: develop new affordable units, prevent displacement and keep units affordable, and connect people to existing affordable housing. The City has completed or started many of the actions in the MHAS (see Appendix F), as well as other actions to address housing affordability (see Appendix B).

While the City has accomplished much to date, there is still work to be done to ensure Milwaukie’s existing and future housing needs are met. To build on their progress, the City applied for a grant with the Department of Land Conservation and Development in 2021 to develop a Housing Capacity Analysis (HCA) and Housing Production Strategy (HPS). Milwaukie developed a Housing Capacity Analysis in 2022, which provided key information about the City’s unmet housing needs and informed this report.

A HPS is intended to include goals and strategic policies to achieve equitable outcomes for all residents of Milwaukie, with an emphasis on improving outcomes for underserved communities, lower-income households, and people in state and federal protected classes. An HPS considers issues of Fair Housing, which is intended to provide access to housing choice by everyone, free from discrimination.²

This HPS includes a range of strategic actions the city intends to further investigate, and where possible, implement, over a six-year period to address the unmet housing needs identified in the HCA. These strategies will provide the city with a range of possible tools to support housing development and innovative ideas to address housing needs in Milwaukie.

What is the City already doing to address housing needs?

Over the last five years, the City has implemented the following actions. Many of them are from the *Milwaukie Housing Affordability Strategy* (MHAS) report.

- Streamline the development process.
- Middle housing code changes.
- Regional general obligation bonds.
- Housing Coordinator.
- Construction Excise Tax (CET).
- Property tax exemptions.
- Model potential impact of incentives.
- Eviction mitigation.
- Low-cost loans to support rehabilitation.
- Develop informational materials.

² Federal protected classes are: race, color, national origin, religion, gender, familial status, and disability. Oregon’s additional protected classes are: marital status, source of income, sexual orientation and gender identity, and status as a domestic violence survivor. Under Fair Housing laws, it is illegal to deny access to housing in based on the characteristics of people within these protected classes.

Housing Needs Addressed by the Housing Production Strategy

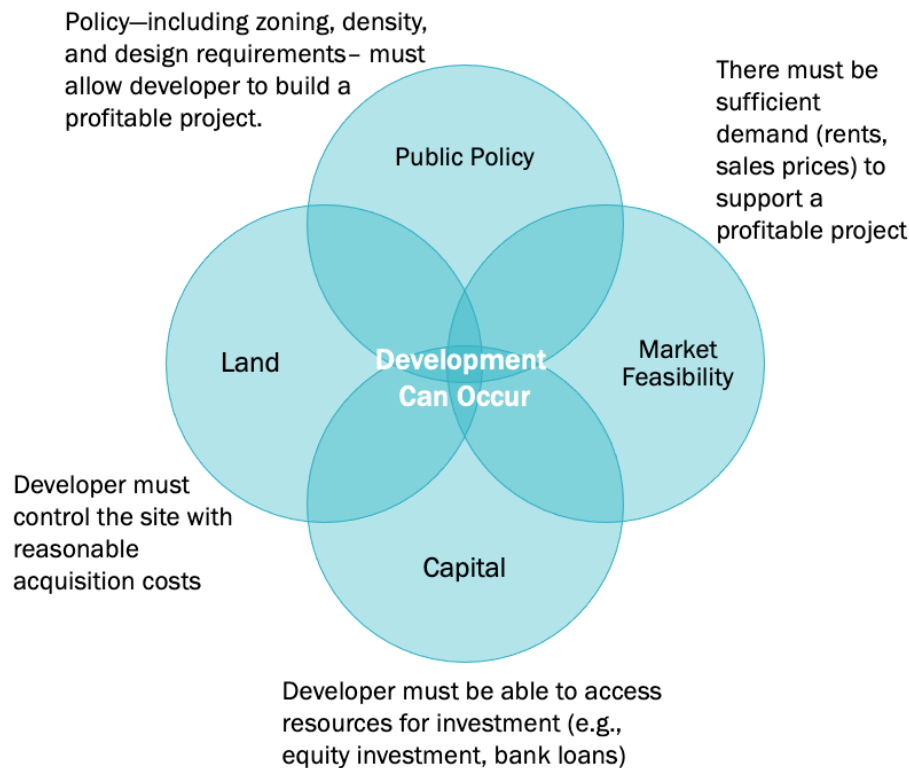
Across Oregon, developers have been able to build some types of housing without need for public intervention, such as single-dwelling detached housing that is affordable to people with higher incomes. However, many low- and middle-income houses have unmet housing needs because the market has been unable to keep up with their needs.

The HPS focuses on strategies that increase the possibility developers can produce housing for low- and middle-income households. Housing at this part of the income spectrum, and housing that meets the special needs of specific groups, usually requires public intervention.

Considerations for Implementing the Housing Production Strategy

A city agency can influence, but not control, housing development that occurs within its boundaries. As shown in Exhibit 3, four factors influence how and where development can occur: public policy, land, market feasibility and capital. The City has greater influence over some of these factors than others.

Exhibit 3. Four Necessary Factors that Allow Development of New Market-Rate Housing
Source: ECONorthwest



Public policy at the local level is shaped through state policy. Land is generally controlled by the individual landowners and development of infrastructure necessary to make land

development can be prohibitively expensive. Market feasibility is largely affected by market forces, such as construction costs and achievable rents. Access to capital is largely controlled by investors and banks.

Cities can directly influence public policy (through its development code) and availability of land (through zoning, density, planning for new land needed for housing, redevelopment, government owned surplus land, potential urban renewal and other types of projects and acquisitions, and infrastructure planning). Cities can also have a limited influence on market feasibility (through policies that reduce costs like tax abatements or waiving fees).

In the process of developing this HPS, the project team (city staff and ECONorthwest) considered how the city can influence the availability of land, public policy, capital, and market feasibility to have the greatest impact on development of needed housing types. Being included or listed in this document is not a representation that each or any of these items will be implemented. In the coming several years, city staff will continue to investigate and assess the feasibility and the policies that will lead to more affordable housing.

Building Equity into the HPS

This HPS has a goal of advancing equitable access to housing in Milwaukie. Equity in this context is both an outcome and a process. As an “outcome,” equity means that race or other markers of social identity would no longer predict one’s life outcomes (for instance in health, socioeconomic advantages, educational access, life expectancy, etc.). To achieve equitable outcomes, equity is also a process to help ensure that diverse and underrepresented communities (including vulnerable and low-income communities) are able to influence and inform policy and program development.

Equitable housing goes beyond affordability. It aims to ensure all people have housing choices that are diverse, high quality, energy efficient, physically accessible, and reasonably priced, with access to employment opportunities, services, and amenities. This includes reducing rates of cost burden and increasing access to homeownership, especially for low-income households and vulnerable groups such as seniors, workers with low pay, people with disabilities, and communities of color. This broad definition of equitable housing includes choices for homes to buy or rent that are reasonably priced (relative to income) and accessible across all ages, household sizes, abilities, and incomes and are convenient to everyday needs such as schools, childcare, food, and parks.

This HPS was developed using an equity framework to guide identification of housing needs, community engagement, and plan development. Exhibit 4 describes how the equity framework has guided each of these processes and how it should continue to serve as a guide in implementation (including measuring impact).

Exhibit 4. Housing Production Strategy Equity Framework

Identify Unmet Housing Needs	Engagement Process ³	HPS Plan Development	Measurement and Analysis
<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 to provide input in the draft HPS document.
- **Meetings with Decision Makers.** City staff briefed the Planning Commission and City Council on the Housing Production Strategy work in the during the project. ECONorthwest presented the results of this analysis, in combination with information from the Milwaukie Housing Capacity Analysis, at meetings of the Planning Commission and City Council.
- **Engage Milwaukie.** This project involved two online ‘events’ through the City’s virtual engagement website, Engage Milwaukie. The first event shared information on changes

³ Engagement builds on prior engagement that the City has done on other housing and community development projects, such as work on the Comprehensive Plan and Milwaukie Housing Affordability Strategy. It also includes engagement conducted as part of the HPS project. Implementation of the HPS will include additional engagement.

⁴ This project included production of a Housing Capacity Analysis followed by this Housing Production Strategy. The first three HCTC meetings were primarily focused on the Housing Capacity Analysis, but included discussion of the community engagement approach for both studies. The last three HCTC meetings were focused on housing production strategies.

in household incomes, housing costs, and housing cost-burden in Milwaukie, and included a survey to gauge residents' housing needs and preferences to aid the city in developing strategies to address housing needs. The second event highlighted the community priorities identified through the survey in Event 1, and shared information on the list of the most promising strategies as the details of these strategies were being finalized.

- **Equity Steering Committee (ESC) Meeting.** This project included one meeting with the Equity Program Manager and Equity Steering Committee during the process of identifying unmet housing need and policy gaps. This discussion reviewed information on housing needs gathered through the HCA. Additionally, the project team asked the ESC to identify specific groups and individuals to meet with in subsequent discussion groups and identify key questions and goals for these discussions.
- **Interviews with local housing developers and builders.** The project included interviews with three housing developers that focus on regulated affordable housing development, accessory dwelling units (ADUs), and middle housing respectively.
- **Interviews with service providers.** This project included interviews with two service providers who contract with Clackamas County to provide an array of direct supportive services to people who are houseless or at risk of houselessness. These interviews provided insight into the range of unmet housing needs for people experiencing houselessness, low-income renter households, and other special needs populations.

2. Unmet Housing Need in Milwaukie

As the City weighs potential strategies to encourage affordable housing, the City must understand the needs that are specific to residents in the City of Milwaukie. The *2023-2043 Milwaukie Housing Capacity Analysis* (HCA) describes the housing needs of current and future residents of Milwaukie based on demographic and socioeconomic characteristics, including age, income, race, ethnicity, people with a disability, or people experiencing homelessness. This Housing Production Strategy (HPS) draws from the information presented in the HCA and connects the unmet housing needs with strategies to address those needs.

This chapter presents a description of the housing needs that the Housing Production Strategy (HPS) is intended to address, as well as existing policies to address Milwaukie's housing needs. It ends with a summary of the existing and expected barriers to development of needed housing.

Milwaukie Housing Needs

This section describes Milwaukie housing needs based on data gathered in the Milwaukie Housing Capacity Analysis report and household income shown in Exhibit 5.

Milwaukie is forecast to grow by 1,670 new dwelling units between 2023 and 2043.

Milwaukie's Housing Capacity Analysis projects that the City will grow by 1,670 new dwelling units in Milwaukie between 2023 and 2043 to accommodate new population growth. These dwelling units will need to be available at a variety of income levels. Assuming future residents of Milwaukie have an income distribution that is the same as existing residents, nearly 40% of new households will need to be for those with very-low or extremely low incomes (below 50% MFI).⁵⁶

More than nearly 40% of Milwaukie's households earn less than 50% MFI.

Housing costs for both rental and ownership units are much higher than many residents can afford. Exhibit 5 shows financially attainable housing costs for households across the income spectrum in Milwaukie. For example, a household earning median family income in Milwaukie

⁵ Given the fact that incomes have grown at a relatively slow pace over the last two decades in comparison to housing costs (especially home sales prices) this may be a conservative assumption about the future affordability of housing.

⁶ The HPS does not anticipate building new units for all existing households in Milwaukie that have problems affording housing costs. But the HPS does propose actions to promote development of housing that is more affordable to these households, enabling them to stay in Milwaukie.

(about \$96,900 per year in 2021)⁷ can afford a monthly rent of about \$2,420 or a home roughly valued between \$339,000 and \$388,000.

To afford the median home sales price of \$525,000, a household would need to earn about \$145,000 or 150% of MFI. About 9% of Milwaukie’s households have income sufficient to afford this median home sales price. To afford the average asking rent of \$1,413, a household would need to earn about \$56,520 or 58% of MFI.

Exhibit 5. Financially Attainable Housing, by Median Family Income (MFI) for Portland-Vancouver-Hillsboro, OR-WA MSA (\$96,900), 2021

Source: US Department of Housing and Urban Development, 2021. Oregon Employment Department.

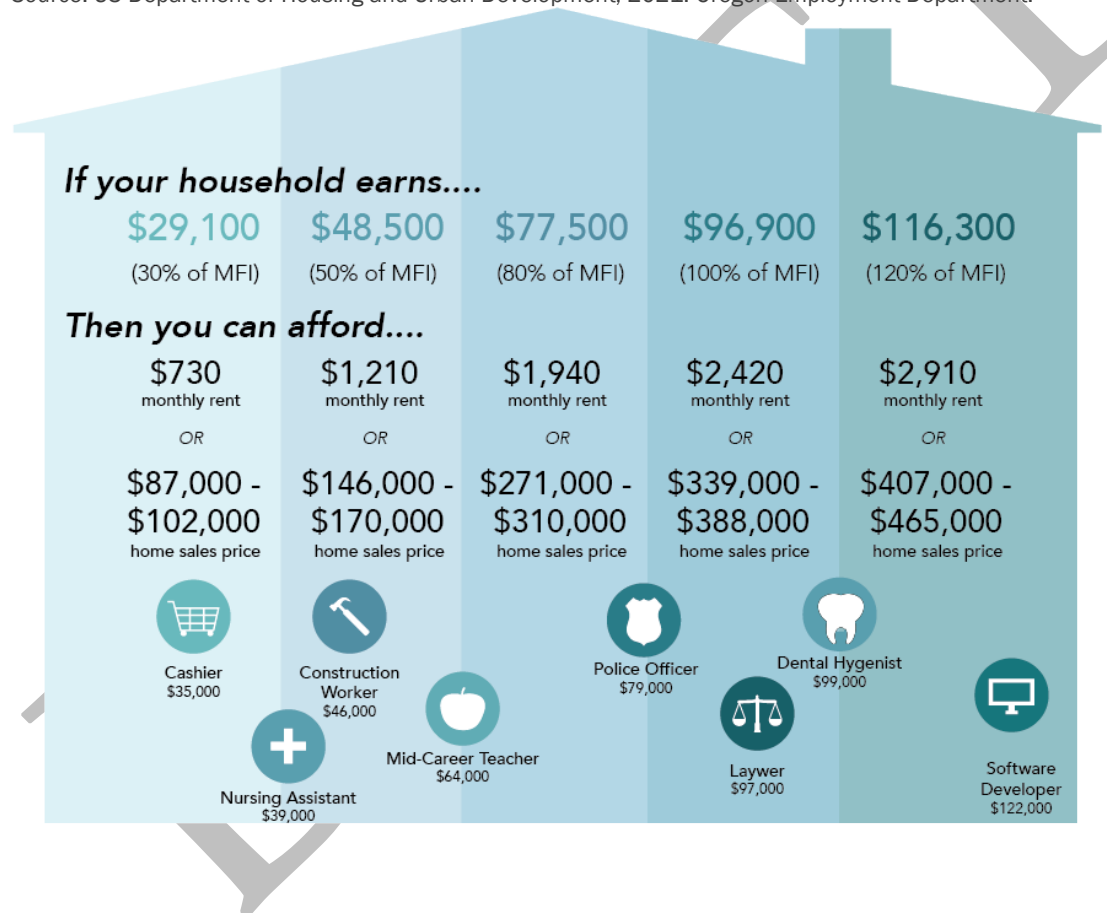
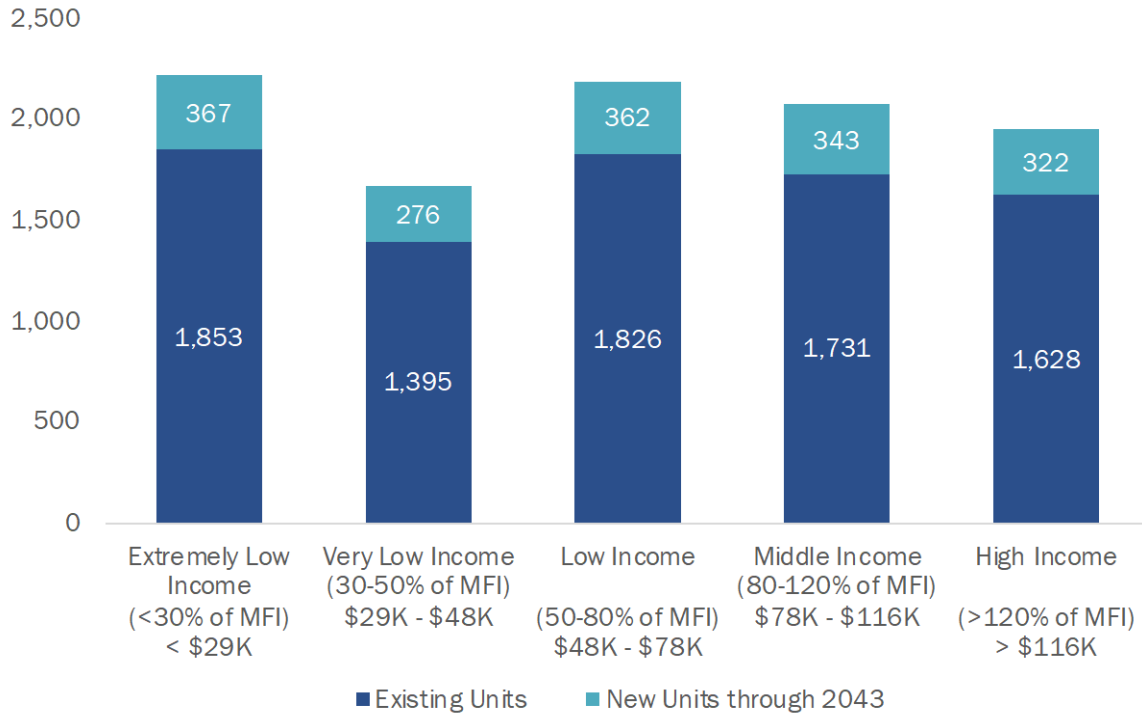


Exhibit 6 shows that 39% of Milwaukie’s households had incomes less than 50% of Median Family Income (MFI) (\$48,450) and cannot afford a two-bedroom apartment at the region’s HUD Fair Market Rent (FMR) of \$1,735 in 2021.

⁷ Note that Median Family Income for the region is different than Median Household Income (MHI) for Milwaukie. MFI is determined by HUD for each metropolitan area and non-metropolitan county. It is adjusted by family size – in that, 100% MFI is adjusted for a family of four. MHI is a more general term. MHI includes the income of the householder and all other individuals 15 years old and over in the household, whether they are related to the householder or not.

Exhibit 6. Share of Existing and New Households by Median Family Income (MFI) for Portland-Vancouver-Hillsboro, OR-WA MSA, Milwaukie, 2023

Source: US Department of HUD, US Census Bureau, 2015-2019 ACS Table 19001, and PSU's Population Forecast, 2023 to 2043 as found in Milwaukie's Housing Capacity Analysis.



Defining Median Family Income

Throughout this report, we discuss housing affordability based on Median Family Income (MFI) that is defined by the U.S. Department of Housing and Urban Services (HUD) for Portland-Vancouver-Hillsboro, OR-WA MSA, for a family of four people. The terms used to describe housing affordability by income group are:

- Extremely Low Income: Less than 30% MFI or \$29,100 or less for a family of four
- Very-Low Income: 30% to 50% of MFI or \$29,100 to \$48,500 for a family of four
- Low Income: 50% to 80% of MFI or \$48,500 to \$77,500 for a family of four
- Middle Income: 80% to 120% of MFI or \$77,500 to \$116,300 for a family of four
- High Income: 120% of MFI or more \$116,300 or more for a family of four

Median Family Income varies by household size.

The actual income thresholds vary in MFI based on household size. For example, a household of one person with an income of 80% of MFI has an income of \$54,1269 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) of between \$1,210 to \$1,940 per month.

- A household would need to earn **\$56,520** to afford average multi-dwelling rent of **\$1,413** (about 58% of MFI for a family of four). Some households cannot afford this rent.
- Households with this income range are likely to live in rental housing predominantly.

What will it take to meet their needs? Meeting the housing needs of these households will require a combination of preserving existing “naturally occurring affordable housing,” development of new income-restricted affordable housing in this price range (for households with income of 50% to 60% of MFI), and developing new market-rate housing. Some households in this income range may need rent assistance, such as a Housing Choice Voucher. Homeownership opportunities for this income range will likely be related to housing developed by nonprofit organizations, possibly with some subsidy, such as through a community land trust.

Housing Needs for Middle Income (80-120% MFI) Households

What we know about the need: Within this income range, Milwaukie has housing need of:

- New households: **343** (from 2023-2043)
- Existing households: **1,731**

What can they afford? Rents (including basic utility costs) of between \$1,940 to \$2,420 per month.

- A household would need to earn **\$56,520** to afford average multi-dwelling rent of **\$1,413** (about 58% of MFI for a family of four).
- Households with this income range are likely to live in rental housing predominantly.

What will it take to meet their needs? A combination of the development of rental housing and lower-cost housing for homeownership. Some homeownership opportunities for this income range will likely be related to housing developed by nonprofit organizations, possibly with some subsidy, such as land banking or a community land trust.

Housing Needs of People of Color

What we know about the need: About **17% of Milwaukie's population** identify as Latino/a/x (any race), Black, Asian, American Indian or Alaska Natives, Native Hawaiian or Pacific Islanders, two or more races, or another race. About 9% of Milwaukie's population identify as Latino (any race).

Households that identified as Black/African American, American Indian and Alaska Natives Alone and Native Hawaiian/Pacific Islander had the lowest rates of home ownership (34%, 23% and 0% respectively). In comparison, 61% of households that identified as White Alone, 68% of households that identified as Asian Alone, and 71% of households that identified as Some other Race Alone were homeowners. About 40% of households who identified as Latino/a/x (of Any Race) owned their own home.

Black/African American households or those that identified as Two or more races were more likely to live in multi-dwelling units (47% and 52% respectively). Households that identified as American Indian and Alaska Native as well as Native Hawaiian and other Pacific Islander, lived in multi-dwelling housing at the highest rates (77% and 100%, respectively). Over half of the households that identified as Latino/a/x lived in single-dwelling detached housing (60%).

What will it take to meet their needs? Addressing the affordability issues, discussed above, as well as ensuring that people of color have access to housing without discrimination. This will require increasing awareness of Fair Housing rules for property owners and managers, tenants, City decision makers, and City staff. It will also require careful decision making to change policies that have created barriers to access housing by people of color.

Housing Need of People with Disabilities

What we know about the need: The Census reports that about **9% of Milwaukie's population** have one or more disability, such as ambulatory, vision, hearing, cognitive, self-care, or independent living disabilities.

What will it take to meet their needs? Addressing the affordability issues, discussed above, as well as ensuring that people with disabilities have access to housing that addresses their disability and that they have access to housing without discrimination. This will require increasing awareness of Fair Housing rules for property owners and managers, tenants, City decision makers, and

Disabilities include those that are visible, such as ambulatory or vision disabilities, and those that are not readily apparent, such as self-care, independent living, or cognitive disabilities. Other conditions may require special accommodations, such as disabling diseases or mental health conditions.

City staff. It will also require approaches that encourage development of housing with specialized design standards to accommodate special needs.

Housing Need of People Experiencing Houselessness

What we know about the need: There are approximately **568 people** experiencing houselessness in Clackamas County in 2023. It should be noted that the PIT consistently undercounts individuals experiencing houselessness and the numbers maybe unreliable, but it is the count that is available. In addition, **366 students** in the North Clackamas School District experienced homelessness in the 2019-2020 school year. The number of people experiencing homelessness in Milwaukie is not clearly known. In part, this is because people experiencing homelessness may move between neighboring cities.

What will it take to meet their needs? Strategies will range from emergency assistance (including rent and utility assistance), permanent supportive housing (including supportive housing with services), and improved access to an affordable unit (as discussed above).

The data used to estimate people experiencing homelessness, Point-in-Time Count, a snapshot of individuals experiencing houselessness on a single night in a community. HUD requires conducting the PIT count during the last ten days of January. Though the PIT count is not a comprehensive survey, it serves as a measure of houselessness at a given point of time and is used for policy and funding decisions.

3. Strategies to Meet Future Housing Need

This section describes the list of actions that Milwaukie is including in its HPS for further consideration and study by the city to address its unmet housing needs, as described in Chapter 2. The project involved evaluating the community’s interest in a wide range of actions for inclusion in the HPS. Exhibit 8 summarizes the actions included in the HPS. A subsequent section of the chapter presents additional Recommendation for Future Actions in Milwaukie, beyond those included in the table below.

Exhibit 8. Summary of Actions in the HPS

Note: Cells with grey shading indicate items that the City has already adopted but are critical to implementation of the HPS.

Action	What is it?	How does the strategy help?
A. Develop a Land Bank Strategy and Partnerships to Support Affordable Housing Development	Using city-owned land or purchasing land for affordable housing development. Acting as a partner to support community land trusts or housing cooperatives.	Supports development of affordable housing through control of land and potential to decrease development costs by contributing land at lower cost. City supports other partners in development of housing affordable for ownership by low-income households.
B. Reduced SDCs or Planning Fees	Milwaukie can reduce or exempt SDCs for domestic water, sanitary sewer, transportation and stormwater, as well as Planning Fees.	Lowers development costs of affordable housing by exempting the developer from paying city SDCs but requires a source of funding to backfill the cost of SDCs. Can reduce or exempt Planning Fees also.
C. Multiple-Unit Limited Tax Exemption Program	Property tax exemption for up to 10 years for multi-unit housing developed affordable to 80% of MFI. Flexible tax exemption that City sets criteria and location where it may be granted.	Lowers the operational costs of market-rate multi-unit housing, in exchange for lower rents for the duration of the exemption.
D. Increase densities in the HDR zone	Could increase the density of multi-unit housing development standards in the High-Density zones.	Increasing residential densities in the HDR zone can allow for more development of multi-unit housing, both for affordable housing and market-rate multi-unit housing.
E. Evaluate Incentives for Affordable Housing Development such as Density Bonuses	Milwaukie can provide densities bonuses that would allow for more housing units to be built than allowed by zoning, if the proposed project provides a certain number of affordable units.	Can support development of more income-restricted affordable housing, in locations where the City would like to see more of this housing.
F. Develop Pre-Approved Plan Sets For ADUs And Middle Housing Typologies	The City could develop pre-approved plans for middle housing typologies, such as cottage clusters, townhomes, and other middle-income	Streamlines permitting procedures for middle housing types and ADUs, thereby reducing development timelines and costs.

Action	What is it?	How does the strategy help?
	housing types, as well as for accessory dwelling units (ADUs).	
G. Develop Housing Options And Services To Address And Prevent Houselessness	Milwaukie can partner agencies and nonprofit organizations that provide housing and services to people experiencing houselessness, through development of emergency shelter, permanent supportive housing, and other housing for people experiencing houselessness.	Improve livelihoods by reducing the number of people experiencing houselessness in Milwaukie.
H. Revolving loan fund for homeownership assistance	Provides funding to increase homeownership opportunities through down payment assistance and helping existing low-income households remain homeowners through housing repair, weatherization, or accessibility improvements.	Increases access to homeownership for low-income households and helps existing low-income households repair their homes or make necessary accessibility improvements to be able to continue living in their homes.
I. Urban Renewal / Tax Increment Finance (TIF) ⁸	Milwaukie has an Urban Renewal Area that covers downtown and the city's Central Milwaukie area. Urban Renewal funding can be used to pay for land acquisition, support development of affordable housing, backfill SDC exemptions, develop needed infrastructure, and for other uses.	Over the next 5 years, the expects to have \$2 million in its Urban Renewal Fund to support mixed-use multi-unit housing, much of which is expected to be affordable at less than 120% MFI.
J. Construction Excise Tax (CET)	Milwaukie has a CET, which is intended to support development of affordable housing.	The City has \$2 million in CET accumulated since 2017, which it plans to spend to support: (1) development of 275 units of housing affordable at 30%-60% of MFI in the Hillside Phase 1 development and (2) development of middle housing courtyard by Shortstack Housing in partnership with Proud Ground's Land Trust for affordable homeownership.

⁸ The City has already adopted Urban Renewal and a Construction Excise Tax. These actions focus on how funding from these sources will be used to implement the other actions in the HPS.

Evaluation Criteria for Actions in the HPS

In developing the HPS, we evaluated each of the actions considered for inclusion in the HPS based on the following criteria. However, we did not weigh if any of these criteria would cause an item to be excluded entirely from the future action list. Appendix D provides more details about these evaluation criteria, beyond the summary below.

- **Rationale**, considers how the action would address Milwaukie's unmet housing needs.
- **City role**, considers whether city staff would take the lead role in implementing an action, or if the city's role would be to partner with other organizations.
- **Potential impact for housing development**, considers the potential scale of impact of the action, which provides some context for whether the policy tool generally results in a little or a lot of change in the housing market.
- **Administrative complexity**, considers how much staff time and resources (financial or otherwise) are required to implement the action and whether the action is difficult or costly to administer once it is in place.
- **Tenure**, considers whether the action would primarily serve renters, homeowners, or both.
- **Income level served**, focusing on incomes below 120% of MFI is a way to best support housing affordable to households who are most likely to have difficulty affording housing.

Exhibit 9. Evaluation of Actions in HPS

Note: Cells with grey shading indicate items that the City has already adopted but are critical to implementation of the HPS.

Action	Rationale	City Role	Potential Impact on Development Cost or Unit Production	Complexity to Administer	Tenure	Most Likely Affordability Level Targeted
A. Develop a Land Bank Strategy and Partnerships to Support Affordable Housing Development	Reduce land costs	Lead	Small to Large	High	Both	80% MFI and below
B. Reduced SDCs or Planning Fees	Reduce development costs	Lead	Small	Medium	Both	80% MFI and below
C. Multiple-Unit Limited Tax Exemption Program	Reduce development costs	Lead	Small to Moderate	Medium	Rental	80% MFI and below
D. Increase densities in the HDR zone	Increase housing diversity	Lead	Moderate to Large	Medium	Both	Any
E. Evaluate Incentives for Affordable Housing Development such as Density Bonuses	Reduce development costs	Lead	Moderate	Low	Both	60% MFI and below
F. Develop Pre-Approved Plan Sets For ADUs And Middle Housing Typologies	Increase housing diversity	Lead	Small to Moderate	Low	Both	Any
G. Develop Housing Options And Services To Address And Prevent Houselessness	Provide Financial Assistance	Partner	Small to Moderate	High	Rental	60% MFI and below
H. Revolving loan fund for homeownership assistance	Provide Financial Assistance	Partner	Small to Moderate	Medium	Both	120% MFI and below
I. Urban Renewal / Tax Increment Finance (TIF)	Critical to funding affordable housing actions	Lead	Moderate to Large	High	Both	120% MFI and below
J. Construction Excise Tax	Critical to funding affordable housing actions	Lead	Small to Large	Medium	Both	120% MFI and below

Implementation Considerations

Exhibit 10 provides an assessment of each action for potential limitations, risks, or funding and revenue implications associated with implementing each action. Any one of the potential limitations, risks for funding issues could cause an action to not be implemented by the city. This section summarizes the implementation considerations associated with each action:

- **Long-term affordability considerations.** One of the city’s priorities around affordable housing is ensuring that housing stays affordable long-term. Many incentives and tax exemption programs require affordability levels for a set period of time, and when that period is over units can be offered at market-rate. This criterion considers whether the action would ensure long-term affordability or, if not, how long a set affordability level would be required.
- **Risk.** Implementation of housing actions may come with trade-offs. A housing action could potentially impact residents, development patterns, transportation, or revenue for other city departments. Other actions require things like effective partnerships to be implemented sufficiently. This criterion considers potential challenges or impacts for each action.
- **City staffing implications.** Implementing the actions in the HPS will require staff time, with some actions requiring more staff capacity than others. City staff will need to consider the requirements on staff time as actions are implemented.
- **Funding implications.** Implementation of some actions in the HPS will require large or on-going funding contributions, while others will not require additional funding. Two actions, Urban Renewal and CET will provide funding that could potentially support implementation of other actions in the HPS.

Exhibit 10. Implementation Considerations

Note: Cells with grey shading indicate items that the City has already adopted but are critical to implementation of the HPS.

Action	Long-Term Affordability Considerations	Risks	City Staffing Implications	Funding Implications
A. Develop a Land Bank Strategy and Partnerships to Support Affordable Housing Development	Depends on land usage. If for income-restricted housing or a CLT, then housing would be long-term affordable	Will require partnerships to result in housing affordable development	Will require partnerships to minimize staffing impacts	Will require funding to support land banking Supporting land trusts or housing cooperatives may require less money
B. Reduced SDCs or Planning Fees	Depends on type of housing built.	Will need to “backfill” the forgone cost of SDCs, using other funding sources	Not significant	Could backfill some or all foregone revenues from CET

Action	Long-Term Affordability Considerations	Risks	City Staffing Implications	Funding Implications
C. Multiple-Unit Limited Tax Exemption Program	Affordable for the duration of the tax exemption – up to 10 years	City would forgo property tax revenue for up to 10 years where MUPTe is granted.	Developing MUPTe program will require significant staff time On-going implementation of MUPTe some staff time	Forgoes revenue for up to 10 years No need for new funding May require partnerships to verify incomes, which may require funding
D. Increase densities in the HDR zone	Increases supply of housing at all income levels	Could put pressure on the transportation system	Revising the development code will require staff time	Does not require additional funding
E. Evaluate Incentives for Affordable Housing Development such as Density Bonuses	If it results in income-restricted housing development, will maintain affordability for 60+ years	Could impact surrounding neighbors	Revising the development code will require staff time	Does not require additional funding
F. Develop Pre-Approved Plan Sets For ADUs And Middle Housing Typologies	Increases supply of housing at all income levels but would not, in itself, ensure long-term affordable units.	Impacts are likely to be minor or have no negative impact.	Developing and implementing pre-approved plan set will require a limited amount of staff time	The City will need to work with a consultant to develop such plans.
G. Develop Housing Options And Services To Address And Prevent Houselessness	Income-restricted housing, will maintain affordability for 60+ years	Depends on having effective partnerships, without which this action may not be implemented sufficiently	Will require staff time to develop and maintain partnerships	Could require funds, depending on the amount the City can devote to it
H. Revolving loan fund for homeownership assistance	Depends on the type of assistance the City offers and the City set requirements	The costs can be high enough per household that funding limits the number of households that can be helped	Will require staff time to develop and maintain partnerships with agencies that focus on this	Requires substantial funding; some funding may be available from the state or federal governments
I. Urban Renewal / Tax Increment Finance (TIF)	Depends on how funds are spent.	Potential for displacing existing residents	Requires substantial staff time	No new funding required
J. Construction Excise Tax	Depends on how funds are spent. Some must be spent on housing that may only be affordable for a limited period.	Impacts permit fees for all housing development Slower development can reduce accumulation of funding	Requires some staff time	No new funding required

Funding the Actions

One of the key limitations to implementing the actions in the HPS is the availability of funding. Funding is needed not only to build units, preserve affordable housing, and provide access to equitable housing, but also for staff time to implement the Plan. Identifying a set of realistic funding sources is necessary for achieving the vision of affordable housing in Milwaukie.

A robust set of housing preservation and development programs requires funding sources that are dedicated toward these activities and that are stable and flexible. In addition to existing available funding options, the City will need to pursue new funding sources that can help fund its programs. The City's existing primary funding sources are:

- **Urban Renewal Revenues.** Milwaukie has an Urban Renewal District covering downtown and the city's Central Milwaukie area. Over the next five to eight years, the City expects to bond about \$4 million dollars to support infrastructure upgrades, such as road and streetscape improvements. These upgrades can support all types of development, including housing development. Over the next five-year period, the City expects to have \$2 million in its Urban Renewal Fund to support housing and development. Housing within the urban renewal district will primarily be mixed-use multi-unit housing, much of which is expected to be affordable at less than 120% MFI.
- **Construction Excise Tax (CET) Revenues.** The City implemented a CET in 2017, including developing criteria and plans for distribution of CET funds. The City released a competitive request for proposals in 2022 to award up to \$2 million in CET funds for qualifying income-restricted housing projects. As funds continue to accumulate overtime, the City will release subsequent rounds of funding. CET funds generated from within Milwaukie are also utilized by the State to provide first time homebuyer assistance for residents.

The City has a variety of other options for locally controlled funding sources that could support affordable housing. While this project did not include a robust funding analysis component, the project team discussed these funding sources with the Task Force.

Exhibit 11. provides an overview of which funding sources advanced to the HPS.

Exhibit 11. Funding Sources Evaluated

Recommendation for Inclusion in the HPS as an Action?	Revenue Source	Rationale for Inclusion/Exclusion?
Yes	New Urban Renewal Area	Provides a stable, dedicated revenue source in an area with limited existing infrastructure.
Yes	Use of CET funding	Provides a funding source to support developer incentives, affordable homeownership and affordable housing programs.
No but staff will continue to pursue	Grants and State Funding	Not included as an action but considered as a source of funding for other housing strategies.
No but the City will accept these	Private donations and gifts	Pursue as the City has staff capacity, without dedicated staff this is not likely to be a substantial source of funding
No but the City could consider as options arise	General Fund	Consider use of General Funds as opportunities arise
No	General Obligation Bond	Requires voter approval
No	New local option levy	Requires voter approval
No	Increased lodging tax	Milwaukie has no hotel or motels, so this is not a viable source
No	Marijuana tax	These funds are currently dedicated for the general fund.
No	Increased utility fee	May not provide a source of funding for development or preservation of housing.
No	New business license fee	May hinder local business development
No	New food and beverage tax	May not be politically feasible
No	New sales tax	May not be politically feasible
No	New payroll or business income tax	May not be politically feasible
No	New real estate transfer tax	Not legal in Oregon
No	New vacant/second home tax	Untested and possibly not legal in Oregon

Potential Partners

Implementing the actions in this strategy will require participation of key partners who have roles essential to the construction, delivery, and preservation of housing units. Exhibit 12 shows how each of the partners would play a role in different actions.

Exhibit 12. Potential Partnerships

Action	City	Funding Partners	Implementation Partners
A. Develop a Land Bank Strategy and Partnerships to Support Affordable Housing Development	City lead and partner Community Development Department	State of Oregon Federal Government Nonprofits	Nonprofits such as Proud Ground, Northwest Community Land Trust Coalition, DevNW, and Network for Oregon Affordable Housing Center for Community Progress Fair Housing Council Community Partners for Affordable Housing
B. Reduced SDCs or Planning Fees	City lead Community Development Department Public Works Department	Primarily from CET; other funding as available	Market-rate developers Nonprofit developers County agencies that also have SDCs
C. Multiple-Unit Limited Tax Exemption Program	City lead Community Development Department	None	Developers applying for MUPT
D. Increase densities 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 densities in the HDR zone	Ordinance developed and approved. Comparison of newly developed housing in HDR with historical densities
E. Evaluate Incentives for Affordable Housing Development such as Density Bonuses	Ordinance developed and approved. Number of housing projects developed using incentives.
F. Develop Pre-Approved Plan Sets For ADUs And Middle Housing Typologies	Plan sets adopted Number of units developed through pre-approved plan sets.
G. Develop Housing Options And Services To Address And Prevent Houselessness	New partnerships established or expanded. Number of permanently supportive housing projects (and units) developed.
H. Revolving loan fund for homeownership assistance	Feasibility study completed. Additional funding sources identified. Amount of additional funding directed to partners offering rehabilitation and down payment assistance. Use of funds directed to partners offering rehabilitation and down payment assistance. Number of people in Milwaukie receiving assistance through partner home ownership programs.
I. Urban Renewal / Tax Increment Finance (TIF)	Amount of funding investments made with urban renewal dollars to support affordable housing. Number of all units and of affordable units built using urban renewal dollars.
J. Construction Excise Tax	Use of CET funds. Number and types of units developed supported by CET; affordability levels.

In addition, the City could monitor current market conditions to help the Council understand the context in which the overall HPS is operating:

- Number and type of new homes produced and total within the city over time - tenure, size, sales price/asking rent, and unit type.
- Share of rent-burdened residents
- Sales prices and rents for existing homes
- Number, location, and expiration date of regulated affordable units with change in units provided over time.

Implementation Timeline

Implementation of the HPS will take time because each action will require further consideration, such as additional analysis, engagement of consultants, changes to existing standards or programs, discussions with decision makers, or public hearings. The City has adopted and agreed to some of the actions listed in the HPS, such as the Construction Excise Tax and Urban Renewal. For these actions, the HPS provides additional details about implementation of these actions and puts them into the broader context of Milwaukie's housing needs. For actions that the City has not yet agreed to take action on, the City may be unable, or chose not, to implement some of these actions because of new information that arises from further consideration about the specifics of each action.

- **Further refinement:** The actions will require some level of further refinement prior to adoption, which may range from simple logistics (such as developing materials about an existing program) to complicated coordination between multiple internal and external stakeholders (such as implementation of a tax abatement). The refinement period will occur before adoption.
- **Adoption or City Council direction:** This occurs when the City takes official action to adopt an action (or 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 shows the expected time of adoption in the time period the table. 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	Adopt	Implement
D. Increase densities in the HDR zone		Evaluate	Adopt	Implement			
E. Evaluate Incentives for Affordable Housing Development such as Density Bonuses		Evaluate	Adopt	Implement			
F. Develop Pre-Approved Plan Sets For ADUs And Middle Housing Typologies			Evaluate	Adopt	Implement		
G. Develop Housing Options And Services To Address And Prevent Houselessness	On-going						
H. Revolving loan fund for homeownership assistance				Evaluate	Adopt	Implement	
I. Urban Renewal / Tax Increment Finance (TIF)	On-going, as funding is available						
J. Construction Excise Tax	On-going, as funding is available						

Recommendations for Future Actions

The following actions, while important and useful, are not included as strategies in the HPS because of uncertainty about availability of funding, likelihood that they will be easily addressed outside of the HPS, or for other reasons. Instead, the HPS will include them as recommendations that the City may want to consider in the future or as part of another process. The City will not have to report on progress towards these actions.

- **Rental Assistance Programs.** The City has implemented a rental assistance program in the past, and will continue to do so as funding is available. The City should continue to identify funding sources for this program and implement as funding becomes available.
- **Pursue Community Development Block Grant (CDBG) Funds from Clackamas County.** The City should continue to work with the County to understand and determine how to leverage and receive CDBG funds for local use.
- **Inclusionary Zoning.** Milwaukie has not implemented an inclusionary zoning ordinance for residential developments within the City Limits for proposed structures containing 20 units or more under the State’s inclusionary zoning legislation. Inclusionary zoning policies tie development approval to, or provide regulatory incentives for, the provision of low- and moderate-income housing as part of a proposed development. However, this strategy is development driven and has the potential to curtail development overall, if developers look to other cities without these requirements. Additionally, inclusionary zoning requirements could encourage development of 19-unit multi-unit buildings to avoid complying with affordability requirements, discouraging development of multi-unit buildings with 20 or more units. The City should evaluate inclusionary zoning strategies and potential impacts, then consider suitability for Milwaukie’s development context. If findings show suitability for Milwaukie’s development context, the City may consider drafting amendments to the land use ordinance and work with Milwaukie’s Planning Commission and City Council to adopt the revised standards. The City could also work with legislators to modify inclusionary zoning requirements to allow for more broad applicability. For instance, reducing the 20 unit-threshold would allow Cities to tailor inclusionary zoning to their development context.
- **Allow Tiny Homes.** The City should evaluate whether to allow tiny homes and tiny home villages. If so, review the development code for barriers to tiny homes and tiny home villages, and amend the code as needed to allow and facilitate development of these housing types.¹⁰
- **Support Preservation of Manufactured Home Parks.** There are only two mobile home parks in Milwaukie. There are two primary ways the City could support preservation of

¹⁰ Portland State University’s [Homelessness Research & Action Collaborative](https://www.pdx.edu/homelessness/village) has evaluated and documented best practices for the Village Model: <https://www.pdx.edu/homelessness/village>

these parks. One option is a regulatory approach, where the City develops and implements a zone over these parks that allows manufactured home parks as a permitted use and prohibits other types of single-family detached or multifamily housing. Another option is to work with owners of manufactured home parks when they go up for sale and facilitate purchase by a nonprofit. The City should evaluate these approaches and determine the most promising option for Milwaukie.

- **Relocation Assistance Requirements.** The City could evaluate implementing a policy that requires landlords to provide financial relocation assistance to renters under specific situations. For instance, the City might model the policy from Portland’s Mandatory Renter Relocation Assistance program, where renters may have the right to be paid relocation assistance from their landlord in the following situations:
 - No-cause eviction
 - Notice of non-renewal of a fixed term lease (not becoming month-to-month)
 - Qualified landlord reason for termination
 - Rent increase of 10 percent or more over a 12-month period
 - Substantial change of lease terms

Appendix A: Requirements of a Housing Production Strategy

This section briefly describes the monitoring and reporting requirements the City will have to follow after adoption of the HPS. The City is required to submit the HPS to Department of Land Conservation and Development (DLCD) after its adoption by the City Council. The City is then required to monitor progress on implementation of the HPS and progress on production of housing related to the policies and actions in this report. Linking housing development directly to implementation of the actions in this report may be challenging and difficult to quantify. But City staff will be able to report changes in building activity that occur before and after implementation of specific actions and will be able to provide qualitative feedback on implementation of actions based on development of partnerships and discussions with stakeholders.

Report Requirements

OAR 660-008 describes the requirements of a Housing Production Strategy (HPS) in sections 660-008-0050 through 660-008-0070. This section briefly describes these requirements and review by staff with the Department of Land Conservation and Development (DLCD).

The HPS is required to include the following information. It is noted what chapter this information is included in, in this report:

- **Contextualized Housing Need and Engagement** (Chapter 2 and Appendix C in this report) should provide information about the socio-economic and demographic trends of households in Milwaukie, the policies the City has adopted to meet housing needs, and a summary of engagement the City has had with stakeholders about housing needs (especially with stakeholders in underrepresented groups).
- **Strategies to Meet Future Housing Need** (Chapter 3 in this report) identifies specific actions, measures, and policies needed to address housing needs identified in Milwaukie's HCA report. Appendix D provides additional information on each strategy.
- **Achieving Fair and Equitable Housing Outcomes** (Appendix E in this report) evaluates the entire list of strategies to achieve equitable outcomes. The valuation considers factors such as location of housing, Affirmatively Furthering Fair Housing, facilitating housing choice, identifying housing options for residents experiencing homelessness, supporting development of affordable housing, and increasing housing stability.

The City is required to submit the HPS to DLCD after its adoption by the City Council.

Monitoring Outcomes of the HPS

The City is then required to monitor progress on implementation of the HPS and progress on production of housing related to the policies and actions in this report. The metrics identified in Section 3 of this report will guide the evaluation of progress.

The City will review its progress toward the plan on a consistent basis, coinciding with the implementation plan (Exhibit 14) and any Council work planning. During its review, the City will report on the implementation actions taken for the strategies in progress, or any scheduled to begin, along with the housing development activity that has occurred. Every three years, these updates will be combined into a report.

Milwaukie will be required to submit a report to DLCD three years after the City adopts the HPS¹¹ that includes:

- A **summary** of the actions taken by that time. For actions not adopted on the schedule in the HPS, the city must provide an explanation of the circumstances that posed a barrier to implementation and a plan for addressing the need identified in the strategy. That plan could include identification of other actions in the HPS that will meet the identified need or it could include development of a new action to meet the need.
- An **evaluation** of the efficacy of the actions that the city has implemented for meeting the needs in the HCA and whether the actions are moving the city to achieve more fair and equitable housing outcomes.

Milwaukie is also required to report about actions that will not be adopted on the schedule presented in Section 3, Exhibit 14. The City must notify DLCD that it will be unable to adopt the action within 90 days of the end of the timeline to implement the action. This notice must identify the actions or combinations of actions that the City will take to address the need that the action was intended to address. The City may propose an alternative schedule for implementing the action or may identify a different action (or actions) to meet the specific housing need addressed by this action.

¹¹ This report is due to DLCD no later than December 31 four years after Milwaukie adopts its HPS.

Appendix B: Existing Policies and Barriers to Development

Over the last five years, the City has implemented the following actions. Many of them are from the *Milwaukie Housing Affordability Strategy* (MHAS) report.

- **Streamline the development process.** Milwaukie took steps to streamline the development process, making development easier for developers. Actions the City has taken include: assigning project managers as a consistent point of contact, hiring a housing coordinator, charging consistent and predictable permit fees, providing a predictable review process with early feedback, partnering with non-profit and other public agencies to inform up-to-date housing needs, and identifying zoning code changes to make development faster.
- **Middle housing code changes.** The City implemented middle housing code changes, consistent with House Bill (HB) 2001, which allows townhouses, cottage housing, duplexes, triplexes, and quadplexes in areas that have primarily consisted of single unit housing.
- **Regional general obligation bonds.** Milwaukie engaged with Metro and its Equitable Housing Program to explore securing bond financing for additional affordable housing. This effort ended up converging with the 2018 regional affordable housing bond that was approved by Metro-area voters.
- **Housing Coordinator.** Milwaukie hired a housing coordinator to ensure dedicated resources would be directed to increasing housing affordability. This position was in charge of MHAS implementation and has morphed over the last several years due to resource constraints and updated council goals.
- **Construction Excise Tax (CET).** The City implemented a CET in 2017, including developing criteria and plans for distribution of CET funds. The City released a competitive request for proposals in 2022 to award up to \$2M in CET funds for qualifying income-restricted housing projects. As funds continue to accumulate overtime, the City will release subsequent rounds of funding. CET funds generated from within Milwaukie are also utilized by the State to provide first time homebuyer assistance for residents.
- **Property tax exemptions.** The City worked with the various taxing districts to allow non-profit owned, income-restricted housing developments to apply for an annual property tax exemption. This program has been utilized primary by Northwest Housing Alternatives Walsh Commons development on Willard Street.
- **Model potential impact of incentives.** Milwaukie started the process of modeling potential impacts of incentives by engaging with the development community to understand the potential impact of reducing or waiving transportation impact fees and

systems development charges. The City is still working with developers to understand impact of incentives of green building standards, density bonuses, development standard variances, and parking reductions.

- **Eviction mitigation.** Milwaukie partnered with county mediation services, training services, and other resources to assist tenants and landlords in eviction prevention. These resources are available and accessible to all on the city website. The City has also offered several rounds of rental assistance to qualifying lower-income residents for additional mitigation.
- **Low-cost loans to support rehabilitation.** The City partners with and supports Clackamas County's affordable housing development and rehabilitation projects in Milwaukie. Milwaukie does not offer loans for rehabilitation but directs interested parties to Clackamas County for these loans.
- **Develop informational materials.** Milwaukie developed (or partners with others who have developed) informational materials available for tenants, prospective homebuyers, and others, making the materials available on the City's website. For example, the City is developing a financial resource guide for tenants and property owners. The City promotes the County's Rent Well program, which provides tenant education to give residents the support, knowledge, and expertise they need to become successful tenants.

Existing and Expected Barriers to Development of Needed Housing

The barriers to development of needed housing in Milwaukie include:

- **Lack of developable residential land, especially in high density residential zones.** Because the City is surrounded primarily by other developed urbanized areas, it will have to look for opportunities to grow 'up', through increased densities and infill, rather than 'out' via annexing land into the city limits in order to meet future housing needs. The City's buildable lands inventory (2022) found that there are only 51 acres of vacant, unconstrained land within the City limits, with only 12 acres in high-density zones. Milwaukie's HCA shows that the city's high density residential zones have been developing at far lower density than the allowed by code. Increasing the allowable densities in the City's high density residential zones would give developers the option of building more units in these zones. To ensure that there is sufficient land to meet needs for higher density housing types, the City should also look for opportunities to rezone more land to the HDR zone and redevelop existing HDR land at higher densities.
- **Land for development of regulated affordable housing.** Land for development of regulated, income-restricted affordable housing is scarce. Building income-restricted housing (i.e., housing that is affordable at 60% or less of MFI) requires land that is affordable, allows multi-unit development, and in an appropriate location. The locations best suited for development of affordable income-restricted housing are areas with

access to transit, near services (both social services and other services), and near jobs (or with easy access to jobs). Land in these locations is often higher-cost and may not currently be zoned to allow multi-unit housing.

- **Funding and resources to support development of income-restricted affordable housing.** Developing income-restricted housing for households with incomes below 60% of MFI generally requires federal, state, and local subsidy so that it can cover the costs of development and operations with restricted rents. One of the key barriers to development of income-restricted affordable housing is identifying sufficient funding to support its development. A city's options for funding affordable housing development include direct funding (i.e., monetary contributions for housing), contributions of land, and cost reductions (e.g., tax abatements or waiving fees).
- **Funding and resources to support development of housing affordable to middle-income households.** Developing new housing affordable to households with incomes of 60% to 120% of MFI is often not financially feasible without subsidy. Federal and state funding is harder to access for building housing affordable in this income group. As a result, supporting development of housing affordable to middle-income households requires city intervention, such as removing zoning barriers to development of this type of housing and ensuring that infrastructure is available to support housing development. In addition, cities can support development of this type of housing through direct funding (i.e., monetary contributions for housing), contributions of land, and cost reductions (e.g., tax abatements or waiving fees).
- **Limited City staff capacity to implement housing programs.** City staff time is needed to develop, implement, and monitor public programs and policies to support affordable housing development. Staff time is also needed to build and maintain partnerships with the agencies, organizations, and development community needed to build and administer affordable housing. The City of Milwaukie currently has limited staff capacity to for housing programs. The number of City-led housing actions underway at any given time must be limited based on available staff capacity.
- **Lack of culturally specific nonprofit capacity to support affordable housing development.** There are few nonprofit organizations focused on serving BIPOC community members in Milwaukie. The City needs relationships with community-based organizations serving specific underrepresented groups, such as African American or Latino households, in order to understand and address needs specific to those groups. Additionally, there are limited nonprofits with sufficient capacity to partner with on housing development, such as nonprofit organizations running local land banks or land trusts. Partnering with local nonprofits that can support the City's broader goals around affordability could help improve access to a variety of housing types affordable at lower and middle incomes. A lack of nonprofit capacity to develop housing, as well as running programs that support the City's broader housing goals, can be a substantial barrier to developing affordable housing.

Appendix C: Stakeholder Involvement

Over the last several years, the City of Milwaukie has convened residents in several planning processes related to housing. The following is a summary of Milwaukie's primary public engagement efforts regarding housing and housing production along with key findings from each effort. These efforts are reflected in these housing production strategies.

Summary of housing outreach prior to the HPS

Comprehensive Plan

In 2020 the City adopted a new Comprehensive Plan. Over the course of three years new goals and policies were developed around five different focus areas. Complete Neighborhoods includes extensive goals and policies related to housing. The update was based on a robust community engagement process led by the Comprehensive Plan Advisory Committee (CPAC), a group of local residents appointed by City Council that helped craft the goal and policy language and facilitate conversations with the community. Policy language is based on input from hundreds of Milwaukie stakeholders that participated in the process through a series of neighborhood meetings, town halls, open houses, and online surveys.

Milwaukie Housing Affordability Strategy

The MHAS is a blueprint for providing equitable affordable housing opportunities and was intended to help increase the amount of affordable housing in the City. It served as an overarching framework, combining existing land uses, needs assessments, housing policy analysis, and an analysis of best practices from peer cities. The MHAS will be used to support the work in the Milwaukie Housing Strategies Report, a document created as background to the Comprehensive Plan Update and the HNA, and to create an Action Plan that prioritizes the policy changes recommended in the Milwaukie Housing Strategies Report.

Over the course of eight months, the community development department worked with a group of subject matter experts in the housing, tenant, and economic development arena to identify strategies to improve housing affordability in Milwaukie. The result is a strategy that will meet three main goals: increase the housing supply, prevent displacement of existing residents, and connect people to existing resources.

Community Vision

City Council adopted the Community Vision, Milwaukie All Aboard, in September 2017 after a process that engaged more than 1,000 residents. The community-wide engagement process resulted in a Vision and Action Plan that guided development of the Housing Affordability Strategy.

Summary of outreach in the HPS

Housing Capacity Technical Committee

The City of Milwaukie and ECONorthwest solicited input from the City's Housing Capacity Technical Committee. The advisory committee consisted of twelve community members with diverse backgrounds related to housing issues in Milwaukie. The project included six meetings with the HCTC over the course of the project. The first three HCTC meetings were primarily focused on the Housing Capacity Analysis but included discussion of the community engagement approach for both studies. The last three HCTC meetings were focused on housing production strategies. The committee met throughout the development of the HPS, to review the draft list of housing actions, identify gaps in the list and potential strategies to fill in gaps, refine the list of strategies and to provide input in the draft HPS document.

The project relied on the Housing Capacity Technical Committee to review draft products and provide input at key points (e.g., before recommendations and decisions were made and before draft work products were finalized). In short, local review and community input were essential to developing a locally appropriate and politically viable housing capacity analysis and housing strategy.

Meetings with Decision Makers

- **Planning Commission** – The project included two meetings with the Planning Commission. The meeting topics included:
 - 1) reviewing the draft buildable lands inventory, the results of the HCA, and stakeholder and community engagement, and
 - 2) 2) reviewing the final HPS.
- **City Council**. The project included three meetings with City Council. The meeting topics included:
 - 1) reviewing the results draft buildable lands inventory and residential land sufficiency analysis, the results of the HCA, and stakeholder and community engagement,
 - 2) reviewing the preliminary summary of strategies, and
 - 3) reviewing the final HPS.

Engage Milwaukie

The project used Engage Milwaukie as a way to gather broader public input and to provide information to the public about the project.

- **Engage Milwaukie Event 1.** The first online event shared information on the Housing Capacity Analysis. This event was hosted on the Engage Milwaukie platform from late September through early November 2022. This post shared information on changes in household incomes, housing costs, and housing cost-burden in Milwaukie, and included a survey to gauge residents' housing needs and preferences to aid the city in developing strategies to address housing needs.
 - **Survey Findings.** In the Engage Milwaukie Event 1 survey, respondents cited the following priorities:
 - The housing issues respondents were most concerned about:
 - Cost of buying a home (62% of the 202 respondents);
 - Cost of rent (54%);
 - Housing options and availability (52%).
 - The housing types respondents think Milwaukie needs more of:
 - Duplex/Triplex/Quadplex (62%);
 - Cottage housing (51%);
 - Single dwelling (48%);
 - The housing issues respondents think Milwaukie should focus on:
 - Long term affordable housing (67% of respondents rated as high importance);
 - Increase access to goods/services accessibly by bike and walking (61%)
 - Affordable renting options for households under \$50k (60%)
 - Preserve/maintain existing housing (53%)
 - Prevent housing displacement (49%)
- **Engage Milwaukie Event 2.** The second online event focused on sharing information on potential strategies for the Housing Production Strategy. This event highlighted the community priorities identified through the survey in Event 1, and shared information on the list of the most promising strategies as the details of these strategies were being refined.

Equity Steering Committee Meeting

This project included one meeting with the Equity Program Manager and Equity Steering Committee during the process of identifying unmet housing need and policy gaps. This discussion reviewed information on housing needs gathered through the HCA. Additionally, the project team asked the ESC to identify specific groups and individuals to meet with in subsequent discussion groups and identify key questions and goals for these discussions.

The ESC gave the following recommendations:

- Since the margin of error in HCA data was so high for communities of color, outreach to these groups should be prioritized to gain more information on housing needs and how the City could help meet those needs.
- Outreach should focus on going to where people already are. The City should make it easy and accessible.
- There are limited community organizations in Milwaukie that the City could work with. The City should think about partnership opportunities and other creative ways to access underrepresented people.

Interviews with housing developers and service providers

ECONorthwest collected input from stakeholders in Milwaukie to collect feedback on potential strategies and get insight into development barriers and housing needs in Milwaukie. Five interviews were conducted over the course of March, 2023. ECONorthwest spoke with three housing developers that focus on regulated affordable housing development, accessory dwelling units (ADUs), and middle housing respectively. ECONorthwest with two service providers who contract with Clackamas County to provide an array of direct supportive services to people who are houseless or at risk of houselessness.

Feedback on strategies

Land Banking

- Developers and service providers agreed that the land banking strategy would have a positive impact on affordable housing development.

Reduce SDCs and Planning Fees

- Waive or reduce SDCs for 80 to 100 percent MFI for homeownership. The middle housing developer we spoke to reported that this would lower the cost per unit by about \$20,000.
- Create a separate rate for cottage cluster SDCs and building permit fees or treat them as multi-family.
- Reducing permitting fees for ADUs and reducing SDCs based on size could encourage ADU development.
- Consider a waiver for SDCs on ADUs
- Reducing planning fees, as well as SDC and permit fees, would be helpful for affordable middle housing.

Increasing density and density bonuses

- A combination of incentives would be beneficial to regulated affordable housing development (such as combining density bonuses, height increases, or other incentives to allow more units on a property)
- Allow more densities on the outskirts of the city as well as central/downtown areas.

Pre-approved Plans Sets for ADUs and Middle Housing Typologies:

- Develop pre-approved plans that would expedite and simplify the permitting process for innovative housing types.
- Both the ADU and middle housing developers we spoke to would be interested in getting their product type included as a pre-approved plan.

Develop Housing Options and Services to Address and Prevent Houselessness

- Both service providers would welcome support from the City. Both service providers were interested in expanding their work in Milwaukie and building a relationship with the City.
- Contributions of land and/or funding would be very valuable in supporting the work service providers do. If the City contributed funding or land to housing projects that these service providers could then place people into, it would have a significantly positive impact on their work.
- The City should look for ways to require or incentivize affordable housing developments to have services, education, and resources on the ground floors.

Other stakeholder recommendations

- To increase feasibility of ADUs and middle housing development:
- Hire a specialist that understands the City's requirements and could guide applicants through the process.
- Create pathways for expedited permitting of ADUs and middle housing.

Appendix D: Details of Each Action

Actions Under Consideration for Inclusion in the HPS

This section presents some information about each action. If selected for inclusion in the HPS additional information will be included for each action. In Action A, we show all of the information that will be included in the HPS, with placeholders for information we will fill in later.

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

Rationale

Land control is critical because costs make affordable housing development difficult or financially infeasible. Control of land also allows the owner to determine how land is developed. Land costs account for a substantial portion of housing development costs. Thus, removing or reducing land costs can dramatically lower the costs of developing affordable housing.

Land banks support low- and moderate-income affordable housing development by reducing or eliminating land cost from development, increasing a nonprofits' capacity to build affordable housing.

Land trusts support affordable housing development by reducing or eliminating land cost from development. Land trusts hold land in perpetuity and sell or lease the housing on the land at below-market rate prices. Land trusts most frequently provide opportunities for homeownership that remain affordable over the long-term.

Description

The City can support development of income-restricted affordable housing (housing affordable at or below 60% of MFI) or moderate-income housing (housing affordable between 60% and 120% of MFI) by helping to reduce costs in a number of ways:

Land Banking

Through **land banking**, the City can provide a pipeline of land for future development and control the type of development that may occur on that land. The City could pursue land banking in three ways:

- Designate city-owned land as surplus and contribute that land to the land bank, eventually conveying that land to affordable housing developers for development of housing at agreed-on level of affordability, such as housing affordable below 60% of MFI.
- Purchase properties for the purpose of building affordable housing and convey that land to affordable housing developers for development of housing at agreed-on level of affordability.
- Provide funds to support land banking done by another organization, with the purpose of building affordable housing in the future.

The land bank can provide land to support residential development, of either rental housing or ownership housing.

To support development of land for rental housing, the City's role could be to partner with a nonprofit affordable housing developer to build housing affordable at less than 60% of MFI or a developer of mixed-income housing, which would include some amount of housing affordable between 60% and 80% of MFI and housing available at market rates. Housing affordable to households with incomes

of less than 60% of MFI is financed with state and federal funds, which mandate long-term affordability (e.g., maintaining affordability for 30 years or longer). Maintaining affordability of mixed-income housing may require direct agreements with the developer and owner, typically tied to low-cost land (such as land in a land bank) and other incentives (such as tax exemptions).

Community Land Trusts

Building affordable housing for homeownership requires different considerations to ensure long-term affordability, beyond the first sale. One arrangement to ensure long-term affordability is a land trust. **Land trusts** support affordable housing development by holding land in perpetuity and selling or leasing the housing on the land at below-market rate prices. Land trusts most frequently provide opportunities for homeownership that remain affordable over the long-term.

A land trust is typically managed by a nonprofit organization that owns land and sells/leases the housing on the land to income-qualified buyers. Because the land is not included in the housing price for tenants/buyers, land trusts can achieve below-market pricing. Land trusts are most commonly used as a method for supporting affordable home ownership goals. The City's role would be one of supporting and partnering with the nonprofit that runs the land trust or developing a city-run land trust.

The City may participate in a community land trust that is operated by an existing entity, often a nonprofit organization. The City's role in a community land trust could be as a partner, possibly assisting the trust with land acquisition through land banking or through providing funding to support housing development.

Housing Cooperative

Another option for maintaining long-term affordability of affordable homeownership units is through a **housing cooperative**, which is a legal structure available to allow resident-ownership of multifamily property. Cooperatives provide a flexible and accessible homeownership model and are similar in concept to land trusts in that they allow for long-term affordable homeownership options. Instead of an individual family (or a land trust) owning a single-family home or a condominium, a cooperative corporation, or co-op, formed by the residents, owns housing, most often in the form of a multifamily building. Each resident household buys a share in the co-op building at a price that can be far below the cost of a down payment for a market rate single family home; this is called a "share price." Purchasing this share makes the household a member of the co-op and entitles the household to live in a unit with a proprietary lease.

The City could support a housing cooperative in a similar way that it could support a community land trust, such as assisting the trust with land acquisition through land banking or through providing funding to support housing development.

City Role

The City's role may vary on different projects, such as contributing city-owned surplus land for development, assisting with land purchase and assembly, providing funding to support land purchase, or partnering in an affordable housing development project that includes land banking as well as other strategies. Specific City roles could include:

- City funds technical or legal assistance needed to form a housing cooperative.
- Partner-led project with a nonprofit developer, land trust, or housing cooperative in which City contributes funds or land to the project.
- City-led affordable housing development project with city-owned land banking. City can provide funds or land and help with parcel assembly.
- Offering assistance to an existing land trust or housing cooperative, such as such as conveying City-owned land or contribute funds to an existing non-profit land trust, providing information about the programs to prospective participants, technical assistance in the

permitting and development process, or providing down payment assistance to lower the owner's share purchase price.

The City could maintain an inventory of land, publicly owned or otherwise, that is available and properly zoned for housing development.

City Policy¹²

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

Partners and their Role

Lead Partner. Community Development Department

Partners. Nonprofits such as Proud Ground, Northwest Community Land Trust Coalition, DevNW, and Network for Oregon Affordable Housing, Center for Community Progress, Fair Housing Council, Community Partners for Affordable Housing; other governmental agencies

¹² This section identifies the policies from the Milwaukie Housing Affordability Strategy and the Milwaukie Comprehensive Plan that support the action.

Anticipated Impacts

Populations Served	Income	Housing Tenure	Magnitude of New Units Produced
Low- and middle-income households	Households with incomes below 80% of MFI May include projects for households with income below 120% of MFI	Renter or Owner	Moderate to Large

Potential Risks

This action will require partnerships to result in housing affordable development.

Long-Term Affordability Considerations

If housing developed under this action is for income-restricted housing or a CLT, then housing would be long-term affordable.

Implementation Steps

Land Banking

- Re-assess what the City has done around land banking activities from the last 10 years.
- Assess the priority for continuing land banking activities and the City's role in leading land banking.
- Working with the City Council, determine funding, land, staff, and other resources the City can commit to land banking.
- Research partnerships for land banking and how the City can participate in partnerships with different organizations.
- Document the City's proposed approach on land banking and begin executing on the approach, as appropriate.

Community Land Trusts and Housing Cooperatives

- Research partnerships and how the City can participate in partnerships with different organizations.
- Working with the City Council, determine funding, land, staff, and other resources the City can commit to these approaches.
- Document the City's proposed approach on these partnerships and begin executing on the approach, as appropriate.

Funding or Revenue Implications

Partnering is the most administratively efficient and cost-efficient approach to implementing this strategy. If the City is contributing land to the land bank at low- or no-cost, then the City is forgoing realizing the value of the land if it was sold on the open market. If the City contributes funds to a land bank or land trust, the City will need to identify a source of funding for the contributions.

B. Reduced SDCs or Planning Fees

Rationale

One of the main ways a city can influence project costs is through exempting some developments from paying Systems Development Charges (SDCs) or Planning Fees. SDC's can represent a substantial portion of development costs, while Planning Fees are typically more less costly. When cities reduce these fees, especially SDCs, it can increase the financial feasibility of a project and facilitate more affordable housing production. In most cases, the City will need to find an alternative funding source to pay (“backfill”) the costs of SDCs exempted on specific projects.

Description

SDCs are assessed on new development, and the City must use SDC revenues to fund growth-related capital improvements. They are intended to reflect the increased capital costs incurred by a municipality or utility because of a development. SDCs are one of several ways for local governments to pay for expanding infrastructure and other public facilities, including sewer, water, transportation, and parks and recreation. The City of Milwaukie charges SDCs on new and expanding development within the city that connects to or otherwise will use City services. Milwaukie can reduce Planning Fees and SDCs for domestic water, sanitary sewer, transportation and stormwater.

Milwaukie already considers waiving SDCs associated with development of income-restricted housing projects that provide housing at 30% or less of Median Family Income. This action proposes to go beyond the existing policies to consider reducing Planning Fees or SDCs for development of housing affordable to households with incomes of 60% or less of MFI. Most service providers that offer SDC exemptions or reductions in Oregon for affordable housing limit it to regulated/income-restricted affordable housing. Some cities have set a cap on the amount of waivers (number of units or dollar amount) they will issue for a given time period.

In most cases, cities must identify ways to “backfill” the cost of reducing SDCs, from other sources such as a CET fund and are typically advised to do so, but it is not required by state statute.

The City could also consider deferral of SDCs for development of housing affordable to households with incomes of 80% or less of MFI, if waiving SDCs for these developments is not possible. Deferring payment of SDCs until a development has a certificate of occupancy reduces carrying costs and makes development more feasible.

The City's Planning Fees are less costly than SDCs and the City could also consider reducing Planning Fees to support development of affordable housing, such as that affordable to households with incomes of 60% or less of MFI.

City Role

Evaluate updates to the City's SDC methodology as well as criteria that would make certain types of housing eligible for an SDC reduction and identify a funding source to “backfill” the SDC costs. Implement SDC methodology change by ordinance or resolution. Develop similar criteria for reducing Planning Fees.

City Policy

Plan Document	Policy Number	Policy
MHAS	1.9.5	Waive SDC Fees
Comp Plan	8.3.5	Expand the use of incentives and other financial tools that serve to: a) Encourage development in Neighborhood Hubs. b) Improve housing affordability.

Partners and their Role

Lead Partner. Community Development Department

Partners. Public Works Department, Market-rate developers, Nonprofit developers, County agencies that have SDCs.

Anticipated Impacts

Populations Served	Income	Housing Tenure	Magnitude of New Units Produced
Low- and middle-income households	80% MFI and below	Renter and Owner	Small to Large

Potential Risks

Funding normally generated from SDCs to support capital improvements would not be available, but this risk can be offset by planning to backfill the costs of SDCs from other sources.

Long-Term Affordability Considerations

This action may or may not result in long-term affordable units, depending on the type of housing built.

Implementation Steps

Systems Development Charges

- Evaluate potential impact of waiving SDCs.
- Identify a source of funding to backfill waived SDCs.
- Working with City Council, develop a policy about when it is appropriate to waive or reduce SDCs.

Planning Fees

- Work with City Finance Department to understand potential impacts of changes in Planning Fees.
- Working with City Council, develop a policy about when it is appropriate to waive or reduce Planning Fees.
- Work with the City Council to adopt changes to the City's Master Fee schedule and budget process.

Funding or Revenue Implications

The City would be foregoing funding generated from SDCs and would need to consider alternative funding sources. The City will need to identify a source to backfill the costs of SDCs, such as with CET or Urban Renewal funds.

C. Multiple-Unit Property Tax Exemption Program

Rationale

The Multiple-Unit Property Tax Exemption (MUPTE) program is flexible, and eligibility criteria can be set locally, allowing the City to target the exemption to meet its needs. It offers an incentive for preservation and development of housing for low to moderate-income households. It can offer an incentive for mixed-income housing, providing a way to leverage private, market-rate development to expand affordable housing.

Description

MUPTE allows cities to offer a partial property tax exemption (limited to the value of the housing, not the land) for multi-unit development that meets specific locally established criteria, such as having an affordability agreement with a public agency. The terms of the affordability agreement can be set by the City—there are no specific income/affordability requirements in the state statute that enables the program. The City can cap the number of MUPTE exemptions it allows.

The City could explore using MUPTE in two possible ways:

- To incentivize mixed income development through inclusion of below-market units (units affordable below 80% of MFI) in otherwise market-rate developments. The City would not have the capacity to manage the affordable units ensured through this program. This strategy would need to involve partnership with the Clackamas Housing Authority, or would need to include requirements for the applicant to demonstrate they have the ability to administer and manage the affordability component of developments over the course of the MUPTE period.
- To incentivize owners of existing low-cost market rate housing to rehabilitate properties without displacing existing tenants or escalating rents.

What does the exemption apply to? It applies to rental housing for low-income and moderate-income persons, often in a mixed-income multi-unit building. The exemption applies only to improvement value of the housing.

How long does it apply? The property tax exemption can be granted for up to 10 years, except that for low-income housing, exemption can be extended for as long as the housing is subject to the public assistance contract.

What taxing districts would participate? The property tax exemption only applies to city property taxes (which account for about 19% of property taxes in Milwaukie, inclusive of levies) unless the City gets affirmative support from at least 51% of overlapping taxing districts for the exemption to apply to their tax collections. Typically, the tax exemption from MUPTE is only large enough to provide an incentive for affordable housing development with support of the overlapping taxing districts (so that all property tax is exempted by MUPTE).

City Role

- Work with other taxing districts to leverage their support for MUPTE
- Implement the exemption and execute on annual reporting and administration procedures.

City Policy

Plan Document	Policy Number	Policy
MHAS	1.3	Explore incentivizing the development of affordable units through a local property tax exemption or other form of tax alleviation
MHAS	1.3.1	Explore a partnership with the Clackamas County Housing and Homelessness Task Force

MHAS	1.3.2	Hold education sessions with other taxing districts to leverage their support
MHAS	1.13	Partner and support Clackamas County's affordable housing development and rehabilitation projects in Milwaukie
Comp Plan	8.3.5	Expand the use of incentives and other financial tools that serve to: a) Encourage development in Neighborhood Hubs. b) Improve housing affordability.

Partners and their Role

Lead Partner. Community Development Department

Partners. Developers applying for MUPTTE

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 MUPTTE, within input from the City Council.
- Research partner organizations that may assist with program administration and income verification (if any).
- Work with City Council to establish an MUPTTE ordinance.
- Establish annual reporting and administration procedures.

Funding or Revenue Implications

Developing and on-going implementation of a MUPTTE program will require significant staff time. Revising the development code will also require staff time. MUPTTE 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 densities in the High-Density Residential (HDR) Zone

Rationale

Increasing residential densities in the HDR zone can allow for more development of multi-unit housing and support redevelopment, both for affordable housing and market-rate multi-unit housing.

Description

Milwaukie's 2022 Housing Capacity Analysis (HCA) shows that the city's high density residential zones have been developing at far lower density than the allowed by code. The HCA shows that between 2000 and 2020, in the R-2 and R-3 zones, Milwaukie's newly permitted housing was developed¹³ at a net density of 6 and 9.9 dwelling units per net acre respectively.

The City recently consolidated its high-density residential zones into one zone, the High Density Residential (HDR zone). This code change increased the minimum and maximum densities in high density residential zones to 25 and 32 dwelling units per acre respectively.¹⁴

Further increasing the allowable densities in the City's high density residential zones gives developers the option of building more units in these zones. The City could increase density in the high-density residential zones in several ways:

- Evaluate increasing allowed density in the high-density residential zone.
- Look for opportunities to rezone to add more land to the high-density residential zone.
- Evaluate potential opportunities to support redevelopment of underutilized parcels in high density residential zones, such as parcel assembly (Action A).
- Allow an FAR bonus for family-sized units (3 or 4 bedrooms).

This action should include a proforma analysis to understand the densities that makes redevelopment feasible on underutilized parcels in the HDR zone. The findings from this analysis should be used to evaluate, and inform potential amendments to, density allowances in the HDR zone.

City Role

Evaluate options for increasing density, then adopt code changes or determine other implementation steps.

City Policy

Plan Document	Policy Number	Policy
Comp Plan	7.1.2	Establish development standards that regulate size, shape, and form and are not exclusively focused on regulating density.
Comp Plan	7.2.2	Allow and encourage the development of housing types that are affordable to low or moderate-income households, including middle housing types in low and medium density zones as well as larger apartment and condominium developments in high-density and mixed-use zones.
Comp Plan	7.4.1	Implement land use and public investment decisions and standards that: a) encourage creation of denser development in centers, neighborhood hubs and along corridors; and

¹³ Note (for the density analysis by zone): ADUs were included in the single-dwelling housing type category.

¹⁴ The HDR zone includes what was previously the R-3, R-2.5, R-2, R-1, and R-1B zones. Before this code change, the minimum and maximum densities were 11.6 and 14.5 du/acre for R-3 zones, 11.6 and 17.4 du/acre for R-2.5 and R2 zones, and 25 and 32 du/acre for R-1, and R-1B zones.

		b) foster development of accessible community gathering places, commercial uses, and other amenities provide opportunities for people to socialize, shop, and recreate together.
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Partners and their Role

Lead Partner. Community Development Department

Partners. Market-rate developers, non-profit developers

Anticipated Impacts

Populations Served	Income	Housing Tenure	Magnitude of New Units Produced
All residents	Any	Renter or Owner	Moderate to Large

Potential Risks

If this action led to a significant increase in density in certain areas, it could put pressure on the transportation system.

Long-Term Affordability Considerations

This action would increase the supply of housing at all income levels and would not, in itself, ensure long-term affordable units.

Implementation Steps

- Draft code amendment.
- Work with Milwaukee’s Planning Commission and City Council to get public input on and adopt the code revisions.

Funding or Revenue Implications

Revising the development code will require staff time.

E. Evaluate Incentives for Affordable Housing Development such as Density Bonuses.

Rationale

Incentives can help support development of income-restricted housing. Providing more flexibility for development standards can allow for development of multi-unit more housing affordable at about 60% of MFI. The City could offer regulatory incentives, such as a density bonus, for multi-unit housing in locations where it is desired and/or encourage development of particular types of housing, such as mixed-use residential development or income-restricted affordable housing.

Description

The City can evaluate changes to Milwaukie's zoning code to provide densities bonuses that would allow for more housing units to be built than allowed by zoning, if the proposed project provides a certain number of affordable units.

Examples of density bonus incentives for affordable housing include:

- Permitting a larger number of units in a building or development site.
- Permitting smaller minimum lot sizes in a development.
- Providing a bonus height allowance or exemption from height restrictions that allow for construction of additional stories.
- Reducing the amount of open space required on a development site.
- Setback reduction of the parent parcel.

City Role

Evaluate incentives options for income restricted units and determine incentive parameters. Once determined, draft amendments to the land use ordinance and work with Milwaukie's Planning Commission and City Council to adopt the revised standards.

City Policy

Plan Document	Policy Number	Policy
Comp Plan	7.1.3	Promote zoning and code requirements that remove or prevent potential barriers to home ownership and rental opportunities for people of all ages and abilities, including historically marginalized or vulnerable populations such as people of color, aging populations, and people with low incomes.
Comp Plan	7.2.2	Allow and encourage the development of housing types that are affordable to low or moderate-income households, including middle housing types in low and medium density zones as well as larger apartment and condominium developments in high-density and mixed-use zones.
Comp Plan	7.2.3	Pursue programs and incentives that reduce the impacts that development/design standards and fees have on housing affordability, including modifications to parking requirements, system development charges, and frontage improvements.
Comp Plan	7.2.5	Expand and leverage partnerships with non-profit housing developers and other affordable housing providers and agencies that preserve or provide new low to moderate income-housing units, create opportunities for first-time homeownership, and help vulnerable homeowners maintain and stay in their homes.
Comp Plan	8.3.5	Expand the use of incentives and other financial tools that serve to: a) Encourage development in Neighborhood Hubs. b) Improve housing affordability.

Partners and their Role

Lead Partner. Community Development Department

Partners. Market-rate developers, non-profit developers

Anticipated Impacts

Populations Served	Income	Housing Tenure	Magnitude of New Units Produced
Low-income households	60% MFI and below	Renter or Owner	Moderate

Potential Risks

Increases in density could impact surrounding neighbors, possibly requiring buffers to reduce impact.

Long-Term Affordability Considerations

If the action results in income-restricted housing development, will maintain affordability for 60 or more years.

Implementation Steps

- Draft code amendment.
- Work with Milwaukie's Planning Commission and City Council to get public input on and adopt the code revisions.

Funding or Revenue Implications

Revising the development code will require staff time.

F. Develop Pre-Approved Plan Sets For ADUs And Middle Housing Typologies

Rationale

Pre-approved plan sets are building designs that have been reviewed for compliance with the building code and are approved to build. Pre-approved plans for middle housing types and accessory dwelling units (ADUs) would streamline permitting procedures for these housing types, thereby reducing development timelines, uncertainty, and costs. Plans would also reduce the need for architectural costs and reduce barriers to entry. Pre-approved plan sets for ADUs may facilitate ADU development by homeowners as well as developers.

Description

As Milwaukie's middle housing code was only recently implemented (in June 2022), it is not yet known how the removal of these barriers will shape demand and development trends for middle housing types. The City could develop pre-approved plans for middle housing typologies, such as cottage clusters, townhomes, and other middle-income housing types, as well as for accessory dwelling units.

The plans should be highly efficient, designed for constrained lots and low-cost solutions, and would allow for streamlined permitting.

For pre-approved plan sets, the Building Department may offer decreased review fees and quicker turnaround times, as reasonable, in order to encourage faster housing production.

City Role

The City should monitor middle housing development trends over the next few years and initiate the 'Pre-Approved Plan Set' action once there is a better sense of the kinds of middle housing plans that are most desirable and feasible in Milwaukie. At that time, the City can work with architects and developers to identify and develop plan sets for feasible middle housing types and ADUs to incentivize their production within the city. DLCD is currently considering developing and providing middle housing plan sets for use by local governments. The City could evaluate and possibly utilize DLCD's plan sets. The City might also consider adopting pre-approved plans developed by other cities or working with other cities to develop pre-approved plans.

City Policy

Plan Document	Policy Number	Policy
MHAS	1.7	Partner with architects and builders to create base development plans. Develop template and pre-approved development plans that reflect the community's housing vision and reduce the time, expense, and risk of building housing. Milwaukie can work with architects and builders to create base plans that an owner can use to get a head start on the design process or replicate easily with less time spent designing and less time for City staff to review.
MHAS	1.7.2	Research the Portland infill program and the design templates they created for skinny homes; consider a competition to encourage the design fields to develop prototypes specific to the character of Milwaukie neighborhoods.
MHAS	1.9	Explore incentivizing/encouraging ADU and cottage cluster development
MHAS	1.9.4	Provide community-approved template plans (in Goal 1.7)

Comp Plan	7.2.4	Provide a simplified permitting process for the development of accessory dwelling units (ADUs) or conversion of single-unit homes into duplexes or other middle housing types.
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Partners and their Role

Lead Partner. Community Development Department

Partners. Building Department, Market-rate developers, non-profit developers, architects.

Anticipated Impacts

Populations Served	Income	Housing Tenure	Magnitude of New Units Produced
Low- and middle-income households	120% MFI and below	Renter or Owner	Small to Moderate

Potential Risks

Impacts are likely to be minor or have no negative impact.

Long-Term Affordability Considerations

This action would increase the supply of housing at all income levels and would not, in itself, ensure long-term affordable units.

Implementation Steps

- Develop middle housing types and ADU plans in collaboration with developers and the community, or use and adapt plan sets developed by DLCD.
- Work with 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 existing corrections facilities or unaccompanied youth.

A city can support these types of housing by ensuring that they are allowed in the City's zoning code and through facilitating the planning process. The City may also contribute funds, land, or other resources to support development of these housing types.

City Role

- Partner and support Clackamas County's affordable housing development and rehabilitation projects in Milwaukie.
- Collaborate with community partners to provide a continuum of programs that address the needs of unhoused persons and families, including temporary shelters, alternative shelter models, long-term housing, and supportive services.
- Seek opportunities to leverage grants or programming to support additional resident services or supportive housing services.
- Look to reduce barriers associated with siting and allowing transitional housing projects and services.

City Policy

Plan Document	Policy Number	Policy
MHAS	1.13	Partner and support Clackamas County's affordable housing development and rehabilitation projects in Milwaukie

MHAS	1.13.1	Attend the Clackamas County Housing and Houselessness Task force and advocate for Milwaukie needs
MHAS	1.13.2	Partner with Clackamas County on the rehabilitation of the Hillside Manor and the development of the master plan of the Hillside Manor
MHAS	1.13.3	Seek opportunities to leverage grants or programming to support additional resident services or supportive housing services
MHAS	2.4	Support and promote programs that provide financial assistance for seniors and low-income homeowners to remain in their homes
Comp Plan	7.1.8	Collaborate with community partners to provide a continuum of programs that address the needs of unhoused persons and families, including temporary shelters, alternative shelter models, long-term housing, and supportive services.
Comp Plan	7.1.9	Implement and support programs to reduce the displacement of renters.
Comp Plan	7.2.5	Expand and leverage partnerships with non-profit housing developers and other affordable housing providers and agencies that preserve or provide new low to moderate income-housing units, create opportunities for first-time homeownership, and help vulnerable homeowners maintain and stay in their homes.
Comp Plan	7.2.8	Implement development code provisions to permit shelters and transitional housing for people without housing.

Partners and their Role

Lead Partner. Nonprofits such as Impact NW, Clackamas County Human Services Department, Metropolitan Family Service, NW Housing Alternatives,

Partners. Community Development Department, other governmental agencies.

Anticipated Impacts

Populations Served	Income	Housing Tenure	Magnitude of New Units Produced
Low-income households	60% MFI and below	Rental	Small to Moderate

Potential Risks

The success of this action depends on having effective partnerships, without which this action may not be implemented sufficiently.

Long-Term Affordability Considerations

This action supports income-restricted affordable housing, which ensures affordability for 60 or more years.

Implementation Steps

- Identify community partners to work and support in implementing the partner’s programs that address the needs of unhoused persons and families.
- Seek opportunities to leverage grants or programming to support additional resident services or supportive housing services.
- Evaluate options to reduce barriers associated with siting and allowing transitional housing projects and services, working with the Planning Commission and City Council to implement needed changes to City policies.
- Continue working with partners on implementation of programs, as opportunities arise.

Funding or Revenue Implications

Successful implementation of this action will require substantial funding and staff time to develop and maintain partnerships. Some funding may be available from the state or federal governments.

H. Revolving loan fund for homeownership assistance

Rationale

Barriers to homeownership are often costs which are outside of regular monthly housing expenses (such as a mortgage and utility bills) that would figure into a household's budget. A down payment on a new home, physical upkeep work, weatherization, and accessibility additions can all become financial obstacles for residents who are otherwise able to afford housing costs but require a larger lump sum.

A revolving loan fund (RLF) is a self-replenishing pool of money, utilizing interest and principal payments on old loans to issue new ones. Typically, homeownership programs are able to reach households at 80% of median family income.

Description

Much of the housing in Milwaukie that is affordable to low and moderate-income households is older privately-owned housing that is not subject to affordability restrictions. This housing may have deferred maintenance issues because of a lack of resources to make improvements and pay for repairs (and, in some cases, owner neglect). In addition, need for a down payment is often a barrier to purchasing housing. The City could support homeownership for lower-income households in a range of ways:

- Down Payment Assistance. Typically for first time home buyers, generally with incomes below 80% of MFI. Typical assistance per household ranges from \$25,000-\$110,000.
- Home Repairs. For existing low-income homeowners to make major repairs on their home, such as fixing the roof, foundation, or other major repairs, generally for households with incomes below 80% of MFI. Typical assistance per household ranges from \$10,000-\$50,000.
- Weatherization. For existing low-income homeowners to make major repairs on their home, such as replacing windows, adding insulation, and other weatherization efforts, generally for households with incomes below 80% of MFI. Typical assistance per household ranges from \$10,000-\$25,000.
- Accessibility Improvements. For homeowners at or below 80% MFI, seniors, people with disabilities, to add accessibility features like ramps or widen doorways. Typical assistance per household ranges from \$7,000-\$10,000.

The City should consider funding sources available from the state and federal governments to support rehabilitation and weatherization. For instance, the City could consider pursuing grant funding through the Oregon Healthy Homes Program, which provides financial assistance to eligible homeowners and landlords to repair and rehabilitate dwellings.¹⁵ The City could also evaluate opportunities to use Community Development Block Grant (CDBG) funding to support this action.

¹⁵ HB 2842 recently directed the Oregon Health Authority (OHA) to provide grants to third-party organizations to "provide financial assistance to eligible homeowners and landlords to repair and rehabilitate dwellings to address climate and other environmental hazards, ensure accessible homes for disabled residents, and make general repairs needed to maintain a

City Role

Provide funds to be administered by a third party that support one or more of these programs, possibly funded through use of CET.

City Policy

Plan Document	Policy Number	Policy
MHAS	2.4	Support and promote programs that provide financial assistance for seniors and low-income homeowners to remain in their homes
MHAS	2.7	Research and market low-cost loans to property owners for maintenance, weatherization, and seismic upgrades
MHAS	2.7.1	Support and promote rehab loans for multifamily buildings
MHAS	2.7.2	Partner with agencies to provide low-income renters with emergency housing grants; leverage any existing programs at the county, regional, or state level
MHAS	2.7.3	Develop and market a financial resource guide for tenants and property owners
MHAS	2.7.4	Consider developing a renter emergency fund. For households without a financial cushion, unexpected expenses can be the difference between staying in their homes or missing rent payments or sacrificing other important things, like childcare, food, and medicine
Comp Plan	7.2.7	Support the use of tiny homes as an affordable housing type, while addressing adequate maintenance of these and other housing types through the City's code enforcement program.

Partners and their Role

Lead Partner. Nonprofits offering rehabilitation and down payment assistance, such as DevNW and Network for Oregon Affordable Housing (NOAH).

Partners. Community Development Department

Anticipated Impacts

Populations Served	Income	Housing Tenure	Magnitude of New Units Produced
Low- and middle-income households	80% and below may be the primary focus Possibly up to 120% MFI	Rental or Owner	Small to Moderate

Potential Risks

The costs per household for homeownership down payment subsidies can be high. Assuming limited funding availability, the number of households that would be helped through this action would be limited.

Long-Term Affordability Considerations

Long-term affordability depends on the type of assistance the City offers and the set requirements for the program.

safe and healthy home." Rulemaking is currently underway to allow funding for this program in the fall of this 2023. Cities and other eligible organizations can then apply for grants to fund these types of rehabilitation and repair programs.

Implementation Steps

- Identify existing programs that support rehabilitation, weatherization, and accessibility improvements from existing nonprofits and agencies.
- Get policy direction from City Council on implementing this action.
- Select the program(s) that the City wants to support and identify criteria (such as income level, financial need, types of rehabilitation, and other criteria)
- Seek and apply for funding opportunities, with a focus on sustainable (rather than one-time) funding sources.
- Develop an outreach program to ensure that underrepresented communities are aware of the program(s) and have opportunities to apply for funding from the program(s).

Funding or Revenue Implications

Implementation of this action will require staff time to develop and maintain partnerships with agencies that focus on this type of assistance. This action will also require substantial funding from the City. Some funding may be available from the state or federal governments.

Funding Sources

The City has already adopted and established Urban Renewal and a Construction Excise Tax. These actions focus on how funding from these sources will be used to implement the other actions in the HPS.

I. Urban Renewal / Tax Increment Finance (TIF)

Rationale

Urban renewal provides a flexible funding tool that can support many of the key strategies identified in the Housing Production Strategy. Urban renewal funds can be used to support development of off-site infrastructure necessary to support new housing development, most likely in commercial areas. In addition, urban renewal funds could be used to support rehabilitation of existing housing in poor condition, possibly with future requirements that it remain affordable at an income level like 80% or less of MFI.

Description

Milwaukee has an Urban Renewal District for Tax Increment Financing District. Milwaukee's Urban Renewal District covers downtown and the city's Central Milwaukee area. The purpose of the District is to catalyze improvements to this area, by funding development of infrastructure, economic development, and housing development.

The primary purpose of the Urban Renewal District is supporting revitalization through infrastructure upgrades. Over the next five to eight years, the City expects to bond about \$4 million dollars to support infrastructure upgrades, such as road and streetscape improvements. These upgrades can support all types of development, including housing development.

Over the next five-year period, the City expects to have \$2 million in its Urban Renewal Fund to support housing and development. Housing within the urban renewal district will primarily be mixed-use multi-unit housing, much of which is expected to be affordable at less than 120% MFI.

City Role

The City will need to decide how to use the funding. The best use of funding may be in coordination with other actions in the HPS, such as with land banking and support of development of income-

restricted housing. The City may also evaluate incorporating anti-displacement strategies into their Urban Renewal plan.

City Policy

Plan Document	Policy Number	Policy
Comp Plan	7.2.2	Allow and encourage the development of housing types that are affordable to low or moderate-income households, including middle housing types in low and medium density zones as well as larger apartment and condominium developments in high-density and mixed-use zones.
Comp Plan	7.2.3	Pursue programs and incentives that reduce the impacts that development/design standards and fees have on housing affordability, including modifications to parking requirements, system development charges, and frontage improvements.
Comp Plan	7.3.4	Promote the use of active transportation modes and transit to provide more reliable options for neighborhood residents and help reduce driving.
Comp Plan	7.3.5	Increase economic opportunities for locally owned and operated businesses by encouraging the development and redevelopment of more housing near transit, shopping, local businesses, parks, and schools.
Comp Plan	7.4.1	Implement land use and public investment decisions and standards that: a) encourage creation of denser development in centers, neighborhood hubs and along corridors; and b) foster development of accessible community gathering places, commercial uses, and other amenities provide opportunities for people to socialize, shop, and recreate together.
Comp Plan	7.4.2	Require that new development improves the quality and connectivity of active transportation modes by providing infrastructure and connections that make it easier and more direct for people to walk or bike to destinations such as parks, schools, commercial services, and neighborhood gathering places.
Comp Plan	8.3.5	Expand the use of incentives and other financial tools that serve to: a) Encourage development in Neighborhood Hubs. b) Improve housing affordability.

Partners and their Role

Lead Partner. Community Development Department

Partners. Public Works Department, Finance Department, market-rate developers, nonprofit developers

Anticipated Impacts

Populations Served	Income	Housing Tenure	Magnitude of New Units Produced
Low- and middle-income households	120% MFI and below	Renter or Owner	Moderate to Large

Potential Risks

As property values increase in an Urban Renewal District, there is a serious potential for displacing existing residents.

Long-Term Affordability Considerations

This action may or may not result in long-term affordable units, depending on the funding is spent.

Implementation Steps

- Implement the Urban Renewal Plan and Five-Year Action Plan.
- Update the Five-Year Action Plan as needed, paying attention to opportunities to support development of affordable housing.

Funding or Revenue Implications

Implementing the Urban Renewal plan will require substantial staff time.

J. Construction Excise Tax

Rationale

Construction Excise Tax (CET) is one of few options to generate additional locally-controlled funding for affordable housing. A CET is intended to provide funding to support development of affordable housing. The funds from the CET are required by State law to be spent on developer incentives, supporting affordable housing programs, and homeownership programs.

Description

Milwaukie collects a Construction Excise Tax. The CET revenue collected will be used to support affordable housing development incentives, and for funding programs associated with economic development activities as designated by the city's municipal code. Staff are in the process of developing program details to align with criteria for the program that includes prioritized funding for projects that provide the most income restricted units, the depth of affordability (lower income preferences), longer guaranteed periods of affordability, financial feasibility, project readiness, transit-oriented development, and service to underserved populations.

CET is a tax assessed on construction permits issued by local cities and counties. In Milwaukie, the tax is 1% of the construction value over \$100,000 on residential, commercial, and industrial construction. The allowed uses for CET funding are defined under Chapter 3.60 (Affordable Housing Construction Excise Tax) of the city's municipal code. The City may retain 4% of funds to cover administrative costs.

The net revenue for the residential CET is allocated as follows:

- 50% to fund incentives for the development and construction of affordable housing;
- 35% to fund programs and activities related to affordable housing; and
- 15% flows to Oregon Housing and Community Services for homeowner programs.

The net revenue from the tax on commercial and industrial improvements is allocated as follows:

- 50% to fund incentives for the development and construction of housing that is affordable at up to one hundred twenty percent (120%) of median family income; and
- 50% for economic development programs with an emphasis on areas of the City that are subject to plans designated as eligible by the City.

As of September 2022, the City had the following CET funds available:

- \$1.4 million for affordable housing at or below 80% MFI,
- \$600,000 for housing at or below 120% MFI, and
- \$600,000 for economic development programs.

The City's plans to use the existing CET funds include:

- \$1.7 million to Hillside Phase 1, which includes 275 units affordable to 30 and 60% AMI.

- \$300,000 for a middle housing courtyard by Shortstack Housing in partnership with Proud Ground's Land Trust, to provide home ownership opportunities for those making 100% AMI (workforce housing).

The City may use CET funds to support other Actions in the HPS such as backfilling SDC reductions or a revolving loan fund for homeownership assistance, the City may put out a Request For Proposals for affordable housing or mixed-income developments.

City Role

The City should continue to decide on an annual basis how to use CET funding.

City Policy

Plan Document	Policy Number	Policy
MHAS	1.1	Explore program(s) for affordable housing through the existing construction excise tax (CET)
MHAS	1.1.1	Create an oversight committee for the establishment of the CET programming and create criteria for distributing the funds
MHAS	1.1.2	Develop a workplan for the programming and establish criteria for distribution (keep in mind regional initiatives and leverage opportunities)
MHAS	1.1.3	Develop the marketing plan for the CET fund distribution
Comp Plan	7.2.2	Allow and encourage the development of housing types that are affordable to low or moderate-income households, including middle housing types in low and medium density zones as well as larger apartment and condominium developments in high-density and mixed-use zones.
Comp Plan	7.2.3	Pursue programs and incentives that reduce the impacts that development/design standards and fees have on housing affordability, including modifications to parking requirements, system development charges, and frontage improvements.
Comp Plan	7.3.5	Increase economic opportunities for locally owned and operated businesses by encouraging the development and redevelopment of more housing near transit, shopping, local businesses, parks, and schools.
Comp Plan	8.3.5	Expand the use of incentives and other financial tools that serve to: a) Encourage development in Neighborhood Hubs. b) Improve housing affordability.

Partners and their Role

Lead Partner. Community Development Department

Partners. Market-rate developers, nonprofit developers

Anticipated Impacts

Populations Served	Income	Housing Tenure	Magnitude of New Units Produced
Low- and middle-income households	120% MFI and below	Renter or Owner	Small to Large

Potential Risks

The CET impacts permit fees for all housing development. Additionally, slower periods of development can reduce accumulation of funding.

Long-Term Affordability Considerations

Whether or not this action results in long-term affordability depends on how the funds are spent. Some CET funds must be spent on housing that may only be affordable for a limited period.

Implementation Steps

- Continue to implement the CET program and solicitate projects to support affordable housing projects.

Funding or Revenue Implications

Implementation of a CET program requires some staff time.

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Appendix E: Evaluation: Achieving Fair and Equitable Housing Outcomes

This chapter presents an evaluation of the goals and strategic actions for achieving fair and equitable housing outcomes. It also includes a discussion of monitoring the outcomes of Milwaukie's HPS.

Evaluation of the Policies and Strategic Actions

OAR 660-008 requires an evaluation of all the HPS for achieving the following types of outcomes. The discussion below provides a brief evaluation of each of the expected outcomes for the policies and actions of the HPS, with a focus on housing opportunities for federal and state protected classes.¹⁶ This is not intended to be an exhaustive evaluation of how each action addresses these outcomes but a high-level overview of the HPS as a whole.

Affordable Homeownership. This criterion focuses on actions that support production of housing affordable for homeownership and includes actions to support development of housing affordable at less than 120% of MFI. Many of the actions in the HPS support development of affordable housing for homeownership through supporting development of lower-cost ownership housing, removing regulatory barriers to development of affordable ownership housing, supporting Fair Housing, and making capital improvements necessary to support affordable ownership housing. Some of the actions within the HPS that support affordable homeownership include:

Existing actions and programs

- Middle housing code changes
- Low-cost loans to support rehabilitation

Actions in the HPS

- Develop a Land Bank Strategy and Partnerships to Support Affordable Housing Development
- Reduced SDCs or Planning Fees
- Increase densities in the HDR zone
- Develop Pre-Approved Plan Sets For ADUs And Middle Housing Typologies

¹⁶ Federal protected classes are: race, color, national origin, gender, familial status, and disability. Oregon's additional protected classes are: marital status, source of income, sexual orientation, and status as a domestic violence survivor. Under Fair Housing laws, it is illegal to deny access to housing in based on the characteristics of people within these protected classes.

- Revolving loan fund for homeownership assistance
- Inclusionary zoning
- Urban Renewal / Tax Increment Finance (TIF)
- Construction Excise Tax

Affordable Rental Housing. Supporting affordable rental housing includes actions to support production of both income-restricted affordable housing (affordable to households with incomes below 60% of MFI) and privately developed affordable housing (affordable for households with incomes between 61% and 80% of MFI). Actions within the HPS that support affordable rental housing development include:

Existing actions and programs

- Middle housing code changes
- Property tax exemptions
- Construction Excise Tax
- Model potential impact of incentives
- Eviction mitigation
- Develop informational materials for tenants

Actions in the HPS

- Develop a Land Bank Strategy and Partnerships to Support Affordable Housing Development
- Reduced SDCs or Planning Fees
- Multiple-Unit Limited Tax Exemption Program
- Increase densities 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 densities in the HDR zone
- Evaluate Incentives for Affordable Housing Development such as Density Bonuses
- Develop Pre-Approved Plan Sets For ADUs And Middle Housing Typologies
- Develop Housing Options And Services To Address And Prevent Houselessness
- Urban Renewal / Tax Increment Finance (TIF)
- Construction Excise Tax

Location of Housing. Diversifying the location of housing requires increasing options for residential development that is compact, in mixed-use neighborhoods, and available to people within state and federal protected classes. This measure is intended, in part, to meet statewide greenhouse gas emission reduction goals. Actions within the HPS that support development of compact, mixed-use neighborhoods include:

Existing actions and programs

- Streamline the development process
- Middle housing code changes
- Construction Excise Tax
- Property tax exemptions
- Model potential impact of incentives
- Eviction mitigation
- Much of the redevelopment occurring in Milwaukie is in mixed-use areas, as documented in the Housing Capacity Analysis

Actions in the HPS

- Develop a Land Bank Strategy and Partnerships to Support Affordable Housing Development
- Multiple-Unit Limited Tax Exemption Program (depending on where it is applied)
- Evaluate Incentives for Affordable Housing Development such as Density Bonuses
- Develop Housing Options And Services To Address And Prevent Houselessness
- Urban Renewal / Tax Increment Finance (TIF)

Fair Housing. Supporting Fair Housing is accomplished by increasing access to housing for people in state and federal protected classes, Affirmatively Furthering Fair Housing, addressing disparities on access to housing opportunity for underserved communities, and decreasing

patterns of segregations or concentrations of poverty. Actions within the HPS that further Fair Housing policies include:

Existing actions and programs

- Housing Coordinator
- Construction Excise Tax
- Eviction mitigation
- Low-cost loans to support rehabilitation
- Develop informational materials for tenants, prospective homebuyers, and others

Actions in the HPS

- Develop a Land Bank Strategy and Partnerships to Support Affordable Housing Development
- Evaluate Incentives for Affordable Housing Development such as Density Bonuses
- Develop Housing Options And Services To Address And Prevent Houselessness
- Revolving loan fund for homeownership assistance

Taken together, the policies and actions included in Milwaukie's Housing Production Strategy are intended to work together to achieve equitable outcomes for all residents of Milwaukie, with an emphasis on improving outcomes for underserved communities, lower-income households, and people in state and federal protected classes.

Assessment of Benefits and Burdens from the Action

Milwaukie is required to consider the anticipated benefit and burden from each action for the following groups of people who have been historically marginalized: low-income communities, communities of color, people with disabilities, and other state and federal protected classes.¹⁷

Exhibit 15. Assessment of Benefit and Burden for Historically Marginalized Communities as a Result of Each Action

Strategies	Benefits	Burdens
A. Develop a Land Bank Strategy and Partnerships to Support Affordable Housing Development	<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.
B. Reduced SDCs or Planning Fees	<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.
C. Multiple-Unit Limited Tax Exemption Program	<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.
D. Increase densities in the HDR zone	<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.
E. Evaluate Incentives for Affordable Housing Development such as Density Bonuses	<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
	<p>the policies benefit these groups, including people in protected classes.</p>	
<p>F. Develop Pre-Approved Plan Sets For ADUs And Middle Housing Typologies</p>	<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.
<p>G. Develop Housing Options And Services To Address And Prevent Houselessness</p>	<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 from for participation in the program.
<p>H. Revolving loan fund for homeownership assistance</p>	<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 from for participation in the resulting development.
<p>I. Urban Renewal / Tax Increment Finance (TIF)</p>	<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.
<p>J. Construction Excise Tax</p>	<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 support the actions in the HPS, along with the status of these policies at the time the HPS was being developed.

Exhibit 16. MHAS and Comprehensive Plan Housing Actions included in the HPS

Plan	Policy Number	Strategy	Status (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.)	Not Started
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.)	Not Started
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.	Not Started
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.	Not Started
MHAS	1.6.3	Continue to find opportunities to land bank and perform necessary due diligence in property negotiations.	Not Started
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	

Plan	Policy Number	Strategy	Status (complete, in progress, not started, or not in MHAS)
Comp Plan	7.2.5	Expand and leverage partnerships with non-profit housing developers and other affordable housing providers and agencies that preserve or provide new low to moderate income-housing units, create opportunities for first-time homeownership, and help vulnerable homeowners maintain and stay in their homes.	
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
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)			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
MHAS	1.3.1	Explore a partnership with the Clackamas County Housing and Homelessness Task Force	In Progress
MHAS	1.3.2	Hold education sessions with other taxing districts to leverage their support	In Progress
MHAS	1.13	Partner and support Clackamas County's affordable housing development and rehabilitation projects in Milwaukie	In Progress
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 densities 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.	

Plan	Policy Number	Strategy	Status (complete, in progress, not started, or 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.	
Comp Plan	7.4.1	Implement land use and public investment decisions and standards that: a) encourage creation of denser development in centers, neighborhood hubs and along corridors; and b) foster development of accessible community gathering places, commercial uses, and other amenities provide opportunities for people to socialize, shop, and recreate together.	
E. Evaluate Incentives for Affordable Housing Development such as Density Bonuses			Not in MHAS
Comp Plan	7.1.3	Promote zoning and code requirements that remove or prevent potential barriers to home ownership and rental opportunities for people of all ages and abilities, including historically marginalized or vulnerable populations such as people of color, aging populations, and people with low incomes.	
Comp Plan	7.2.2	Allow and encourage the development of housing types that are affordable to low or moderate-income households, including middle housing types in low and medium density zones as well as larger apartment and condominium developments in high-density and mixed-use zones.	
Comp Plan	7.2.3	Pursue programs and incentives that reduce the impacts that development/design standards and fees have on housing affordability, including modifications to parking requirements, system development charges, and frontage improvements.	
Comp Plan	7.2.5	Expand and leverage partnerships with non-profit housing developers and other affordable housing providers and agencies that preserve or provide new low to moderate income-housing units, create opportunities for first-time homeownership, and help vulnerable homeowners maintain and stay in their homes.	
Comp Plan	8.3.5	Expand the use of incentives and other financial tools that serve to: a) Encourage development in Neighborhood Hubs. b) Improve housing affordability.	
F. Develop Pre-Approved Plan Sets For ADUs And Middle Housing Typologies			
MHAS	1.7	Partner with architects and builders to create base development plans. Develop template and pre-approved development plans that reflect the community's housing vision and reduce the time, expense, and risk of building housing. Milwaukie can work with architects and builders to create	Not started

Plan	Policy Number	Strategy	Status (complete, in progress, not started, or not in MHAS)
		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.	Not started
MHAS	1.9	Explore incentivizing/encouraging ADU and cottage cluster development	Completed
MHAS	1.9.4	Provide community-approved template plans (in Goal 1.7)	Not started
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
MHAS	1.13.1	Attend the Clackamas County Housing and Houselessness Task force and advocate for Milwaukie needs	Completed
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
MHAS	1.13.3	Seek opportunities to leverage grants or programming to support additional resident services or supportive housing services	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
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
Comp Plan	7.2.5	Expand and leverage partnerships with non-profit housing developers and other affordable housing providers and agencies that preserve or provide new low to moderate income-housing units, create opportunities for first-time homeownership, and help vulnerable homeowners maintain and stay in their homes.	Ongoing

Plan	Policy Number	Strategy	Status (complete, in progress, not started, or not in MHAS)
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
MHAS	2.7	Research and market low-cost loans to property owners for maintenance, weatherization, and seismic upgrades	In Progress
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
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.	
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.	

Plan	Policy Number	Strategy	Status (complete, in progress, not started, or not in MHAS)
Comp Plan	7.4.1	Implement land use and public investment decisions and standards that: a) encourage creation of denser development in centers, neighborhood hubs and along corridors; and b) foster development of accessible community gathering places, commercial uses, and other amenities provide opportunities for people to socialize, shop, and recreate together.	
Comp Plan	7.4.2	Require that new development improves the quality and connectivity of active transportation modes by providing infrastructure and connections that make it easier and more direct for people to walk or bike to destinations such as parks, schools, commercial services, and neighborhood gathering places.	
Comp Plan	8.3.5	Expand the use of incentives and other financial tools that serve to: a) Encourage development in Neighborhood Hubs. b) Improve housing affordability.	
H. Construction Excise Tax			In Progress
MHAS	1.1	Explore program(s) for affordable housing through the existing construction excise tax (CET)	Ongoing
MHAS	1.1.1	Create an oversight committee for the establishment of the CET programming and create criteria for distributing the funds	Completed
MHAS	1.1.2	Develop a workplan for the programming and establish criteria for distribution (keep in mind regional initiatives and leverage opportunities)	Completed
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	In Progress
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	Not Started
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 and Ongoing
1.4.3	Provide a predictable review process while early feedback to avoid costly delays and duplication, for City transparency for community members and assists them in engaging and providing input	Completed
1.4.4	Identify zoning code fixes that could alleviate the time and cost of development	Completed
1.4.5	Explore how other cities in the region are streamlining their processes	In Progress
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	In Progress
1.5.2	Structure incentives to encourage universal design and age-friendly housing	In Progress
1.5.3	Incentivize sustainable design (energy efficiency measures) to reduce the cost of utilities to the tenants	In Progress
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
1.6	Develop public lands policy that supports the goal of increasing affordable housing while improving workforce development opportunities for construction workers. A predictable public lands policy that supports affordable housing preservation and creation is an effective way to leverage land as a city-owned resource. Public lands policies can establish a minimum percentage of sales revenues to be dedicated to affordable housing programs, minimum percentage of affordable housing units to be	Not Started

	created on formerly publicly owned lands, and other public interest objectives like wage standards and diversity goals. 11	
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.	Not Started
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.	Not Started
1.6.3	Continue to find opportunities to land bank and perform necessary due diligence in property negotiations.	Not Started
1.8	Explore right-sizing parking requirements for ADU's, cottage clusters, tiny homes, etc. Thoughtful, right-sized off-street parking requirements for affordable housing can increase the financial feasibility of desired housing types. Parking maximums may also be appropriate in certain areas. Parking should be reduced for affordable units within the area of a major transit stop, to be defined based upon frequency of service, connectivity, and other factors.	Not Started
1.9.1	Implement the recommendations of the cottage cluster code audit	Completed
1.9.2	Explore what other cities have implemented and what our Housing Strategies Report (under the housing assessment) recommended for easing the development requirements for ADU's, etc.	Completed
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)	Not Started
1.9.6	Revise the zoning code and other development standards to facilitate creation of ADUs	Completed
1.9.X	Convene a group of Subject Matter Experts (SMEs) to discuss the ADU work to be undertaken in the following months.	Completed
1.9.7	Market the results of the Cottage Cluster Feasibility Study and seek to implement one or two cottage cluster developments	Completed
1.10.	Explore lean construction methods to bring down the cost of housing development and market those cost reducing methods to developers.	Not Started
1.10.1	Research tradition construction costs against adding additional elements and sustainability efforts (cross-reference with the Climate Action Plan results) and consider programming/incentives to assist.	Not Started
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
1.11.2	Continue to communicate with Clackamas County Housing Authority to advocate for Milwaukie's needs	Complete and Ongoing
1.12	Develop and maintain a database of available properties (all zones) to market to developers	Not Started
1.12.1	Develop a website to promote the opportunity sites and explain the constraints and opportunities of the sites	Not Started
2.1	Hire a Housing Coordinator	Completed

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).	Not Started
2.3	Consider developing an affordable housing trust fund or partnering with the County's efforts. Existing and potentially new impact fees or construction excise taxes on residential, commercial, and industrial development can capitalize a dedicated affordable housing trust fund to support housing affordability programs in a variety of ways depending on local need.	Not Started
2.4	Support and promote programs that provide financial assistance for seniors and low-income homeowners to remain in their homes	In Progress
2.6	Assist in eviction prevention by supporting Clackamas County's landlord-tenant mediation services	Completed
2.6.1	Partner with the county mediation services to connect tenants and landlords through mediation services	Completed
2.6.2	Connect with organizations that provide training and resources for landlords and tenants and help to market their programs	In Progress
2.6.3	Explore monitoring and developing habitability standards that will be enforced through a property-owner database	In Progress
2.6.4	Explore a rental database to monitor available rentals and market rents	In Progress
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	Not Started
2.8	Partner with Clackamas Housing Authority to support new affordable units for Milwaukie renters	Not Started
2.9	Build community among rental housing providers. Renting out housing can be confusing, intimidating, and risky. Rental housing providers can build community among themselves, support each other, share information and best practices, and mentor new and small rental property providers to provide better services to the community and maintain the supply of rental units. Milwaukie can connect housing providers to existing networks and services and provide support for these groups to enhance their efforts.	Not Started
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
2.10.1	Provide consistent and reliable permit and license fees that are predictable.	Not Started
2.10.2	Send packets of information to rental housing providers who receive or renew a business license or permit.	Not Started
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.	Not Started
3.1	Partner with nonprofits and employers to provide first-time homebuyer education and support	In Progress

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
3.5	Develop a financing and resource database	In Progress
3.6	Partner with Oregon IDA Initiative to help Milwaukie residents build financial management skills and build assets	In Progress

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Appendix G: Pre-HPS Survey



Housing Portal

Pre-HPS Survey Submission

Page: 1 of 2

Year: 2021 City: Milwaukee

Submitted Date: 12/23/2021

4/12/2023 1:22:05 pm

Category	Strategy	Encourage Needed Housing	Increase Affordability	Reduce Rent Burden
A - Zoning and Code Changes	A02 - Zoning Changes to Facilitate the Use of Lower-Cost Housing Types	Yes	Yes	No
	Comments:			
A - Zoning and Code Changes	A05 - Code Provisions for ADUs	Yes	Yes	No
	Comments:			
A - Zoning and Code Changes	A08 - Promote Cottage Cluster Housing	Yes	Yes	No
	Comments:			
A - Zoning and Code Changes	A15 - Encourage Diverse Housing Types in High-Opportunity Neighborhoods	Yes	Yes	No
	Comments:			
A - Zoning and Code Changes	A18 - Increase Density near Transit Stations and Regional Multi-use Trails	Yes	No	No
	Comments:			
B - Reduce Regulatory Impediments	B01 - Remove or Reduce Minimum Parking Requirements	No	Yes	No
	Comments:			
B - Reduce Regulatory Impediments	B02 - Remove Development Code Impediments for Conversions	Yes	Yes	No
	Comments:			
B - Reduce Regulatory Impediments	B11 - Pro-Housing Agenda	Yes	Yes	No
	Comments:			
B - Reduce Regulatory Impediments	B12 - Pro Affordable Housing Agenda	Yes	Yes	No
	Comments:			
B - Reduce Regulatory Impediments	B14 - Adopt Affirmatively Furthering Fair Housing as a Housing Policy in Comprehensive Plan	Yes	No	No
	Comments:			