



Milwaukie Housing Affordability Strategy 2018-2023 Action Plan

The **Milwaukie Housing Affordability Strategy (MHAS)** was adopted by the Milwaukie City Council on July 17th, 2018.

This **5-year-long** strategy contains **31 action items** for short, mid-term, and long-term implementation for providing and supporting equitable and affordable housing opportunities.



BACKGROUND

Between April 2012 and April 2018, the median sale price for single-family homes in Milwaukie increased 92 percent. During the same period, the median sale price of small multifamily units increased 24 percent. The most recent Census numbers show that **32 percent of homeowners and 51 percent of renters are spending more than 30 percent of their income on housing**. Seniors, people of color, and people with disabilities are disproportionately impacted by the housing situation.

Being able to afford quality housing close to quality schools, grocery stores, and parks is a struggle for many low-income families. Cost-burdened households often find themselves without sufficient funds for other necessities (ie. food, health care, child care, and transportation). The high cost of housing also leads to housing instability and limits housing choice. Many families end up moving frequently which has a financial, social and emotional impact, on them and their families.

MILWAUKIE HAS 3 MAIN HOUSING GOALS

1. **Develop New Units**
2. **Prevent Displacement and Retain Affordability**
3. **Connect People to Existing Affordable Housing**



GOAL 1: DEVELOP NEW UNITS

- Increase the amount of housing affordable to people across the income spectrum while factoring in supportive housing or resident services. These services will help relieve the pressure on housing costs, including rental costs, and minimizes the threat of homelessness.
- Increase the number of affordable units and the total amount of housing to better meet market demand through financing and direct development. Changing requirements (ie. building codes and land use) can reduce the cost of building housing, which in turn promotes more housing supply and long-term affordability.

GOAL 2: PREVENT DISPLACEMENT AND RETAIN AFFORDABILITY

- Stabilizing housing costs, including rents and property values can prevent displacement when residents become susceptible to becoming priced out of neighborhoods.
- Protect renters and homeowners by preserving existing affordable housing and increasing education and access to resources.

GOAL 3: CONNECT PEOPLE TO EXISTING AFFORDABLE HOUSING

- Help existing and potential residents find, qualify for, and access housing that is affordable and appropriate for their needs.
- Households who are ready to move into homeownership will benefit from education and support.
- Renters could overcome barriers by increasing access to programs that help them overcome these barriers.

ADDITIONAL INFORMATION

To learn more about MHAS action plan, visit www.milwaukieoregon.gov/communitydevelopment/affordable-housing or contact:

Alma Flores

Community Development Director

Phone: 503-786-7652

Fax: 503-774-8236





CITY OF MILWAUKIE

Milwaukie Housing Affordability Strategy (MHAS): 2018–2023 Action Plan



Goals and Actions: Implementation

Goal 1: Develop New Affordable Units

1.1 Explore program(s) for affordable housing through the existing construction excise tax (CET).⁵

1.1.1 Create an oversight committee for the establishment of the CET programming and create criteria for distributing the funds.

1.1.2 Develop a work plan for the programming and establish criteria for distribution (keep in mind regional initiatives and leverage opportunities).

1.1.3 Develop the marketing plan for the CET fund distribution.

Advantages

- Creates certainty in the process.
- Provides transparency.
- No cost to low cost option (\$) - mainly staff time.

Disadvantages

- May slow the use of funds if not properly designed.
- May not allow discretion to evolve if narrowly defined.

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.)⁶

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.)

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.⁷

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.

Advantages

- Permanent affordability addresses the "leaky bucket" concern where affordable units may be lost when their subsidies expire.
- The model makes homeownership available to families who would likely never be eligible in the private market.
- The model offers security for owners and the ability to generate equity.
- A flexible model can be scalable and tailored to the needs of the community, and can facilitate partnerships.
- Low to mid cost option (\$-\$) - staff time plus consultants.

Disadvantages

- Resale provisions that capture a portion of a home's appreciation to maintain affordability must be balanced to ensure that homeowners grow a reasonable amount of equity.
- Legal agreements may be complicated for homeowners and partners, and will require additional counseling and coordination with lenders.

1.3 Explore incentivizing the development of affordable units through a local property tax exemption or other form of tax alleviation.⁸

1.3.1 Explore a partnership with the Clackamas County Housing and Homelessness Task force.

1.3.2 Hold education sessions with other taxing districts to leverage their support.

1.3.3 Study the revenue impact and evaluate creative ways to replace the foregone revenue.

Advantages

- Tax exemptions are a common operating subsidy for affordable housing units, and many providers are familiar with them.
- A local tax exemption is within local control and is not an up-front expenditure.

Disadvantages

- Tax exemptions are foregone future revenue and will reduce funding available for public purposes.
- County and other taxing districts control over 70 percent of the taxes.
- Potentially high cost (loss of tax revenue for 10 years or more depending on program details (\$\$\$))

1.4 Create an internal culture that is friendly to developers by exploring ways to streamline permitting and planning. Developers need to know that Milwaukie understands and values their contribution to the City. Milwaukie should nurture a development-friendly culture and treat developers as partners in providing housing, not as adversaries.

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.

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.

1.4.3. Provide a predictable review process with early feedback to avoid costly delays and duplication, for City staff and housing providers. Predictability also provides transparency for community members and assists them in engaging and providing input.

1.4.4. Identify zoning code fixes that could alleviate the time and cost of development.

1.4.5. Explore how other cities in the region are streamlining their processes.

Advantages

- Process improvements can save staff time and money through increased efficiency.
- Milwaukie can gain a reputation as a business-friendly community.
- Increased and faster delivery of housing units
- No cost to Low cost (\$)—staff time

Disadvantages

- Regulatory streamlining can only go so far to improve the affordability of market-rate and regulated affordable units.
- Time and resources will be needed to align departments and potentially hire new staff.

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.⁹

1.5.1 Continue to develop public-private partnerships to reduce the impact of development fees with the expectation of additional affordable housing development (e.g., development agreements for shared cost).

1.5.2 Structure incentives to encourage universal design

and age-friendly housing.

1.5.3 Incentivize sustainable design (energy efficiency measures) to reduce the cost of utilities to the tenants.

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.¹⁰

Advantages

- Implementing policy goals with fee structures is within local control.
- There is the potential to impact the cost of housing by reducing development costs.
- No to low cost option (\$)—staff time

Disadvantages

- Lower fees may result in less revenue for public purposes.
- An appropriate incentive system may be complicated, but must ensure predictability.
- Over 70 percent of the SDCs are controlled by the county.
- Bancrofting is a high cost to city to cover.

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 units to be 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.

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.

1.6.3 Continue to find opportunities to land bank and perform necessary due diligence in property negotiations.

Advantages

- Provides flexibility to reduce the cost of land and donate or sell land for revenue, where appropriate.
- A lower land price can result in lower cost units.
- Allowing increased density tied to provision of affordable housing could reduce the cost per unit.
- No cost to low cost option (\$)—staff time

Disadvantages

- There are a limited number of public properties.
- Not all sites will be appropriate for housing.
- Assessing the appropriate selling price or discount may be complex and will have tradeoffs for other public interests.

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.

1.7.1 Market/promote the designs of the Cottage Cluster Feasibility Analysis.

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.¹²

Advantages

- Preapproved plans reduce time and expense resulting in lowered housing costs.
- Preapproved plans will reduce staff review time.

Disadvantages

- Similar designs may detract from unique neighborhood character if not developed appropriately.
- Template plans may not work on all lot layouts or provide enough personal design flexibility.
- Pre-approved plans may not always comply with public funding sources for affordable housing.
- Mid cost needed up front to

1.8 Explore right-sizing parking requirements for ADUs, cottage clusters, tiny homes, etc. Thoughtful, right-sized off-street parking requirements for affordable housing can increase the financial feasibility of desired housing types. Parking maximums may also be appropriate in certain areas. Parking should be reduced for affordable units within the area of a major transit stop, to be defined based upon frequency of service, connectivity, and other factors.

Advantages

- Rightsizing parking requirements may advance other City goals, like multimodal transportation, climate objectives, and walkability, if paired with other investments.
- Parking reductions do not require a City expenditure and can reduce the cost of housing production.
- Rightsizing parking requirements provides flexibility for unit sizes (studios and family units have varying demands).
- No cost to low cost (\$)—staff time.

Disadvantages

- Parking ratios that do not reflect user patterns may create parking spillover into surrounding areas; comprehensive parking management may be necessary.
- Parking reduction tied to affordability will require compliance monitoring.
- Parking ratios that do not reflect user patterns may create parking spillover into surrounding areas; comprehensive parking management may be necessary.
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1.9 Explore incentivizing/encouraging ADU and cottage cluster development. ADUs can provide an income stream for existing homeowners, increase the supply of affordable housing, and increase opportunities for residents to remain in their neighborhoods as their needs change. Milwaukee can reduce the barriers and costs associated with ADU development in exchange for provisions around use.

1.9.1 Implement the recommendations of the cottage cluster code audit (will be underway in the summer of 2018).

1.9.2 Explore what other cities have implemented and what our Housing Strategies Report (under the housing

assessment) recommended for easing the development requirements for ADUs, etc.

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).

1.9.4 Provide community-approved template plans (in Goal 1.7).

1.9.5 Waive SDC fees.

1.9.6 Revise the zoning code and other development standards to facilitate creation of ADUs.

1.9.7 Market the results of the Cottage Cluster Feasibility Study and seek to implement one or two cottage cluster developments.

Advantages

- Increases overall housing supply.
- Provides an additional source of income for homeowners.
- Provides option for seniors or people with special needs to remain in their homes.
- Increases housing choices.
- Allows for multi-generational living.
- Work is already in process through the Metro Equitable Housing grant—low cost \$

Disadvantages

- Increased density might change neighborhood character.
- New housing might not be affordable.

1.10 Explore lean construction methods to bring down the cost of housing development and market those cost reducing methods to developers.

1.10.1 Research traditional construction costs against adding additional elements and sustainability efforts (cross-reference with the Climate Action Plan results) and consider programming/incentives to assist.

Advantages

- Aligning city review and permitting processes with lean construction approaches can create efficiencies for development review of all types.
- Milwaukie may be able to incentivize lean construction practices for housing providers by developing proactive best practices and methodologies.

Disadvantages

- Milwaukie may need to engage the assistance of technical experts to complete this work.
- The city may find it difficult to control costs (if incentivized or the market manipulated—high cost potential (\$\$\$).

1.11 Engage with Metro’s Equitable Housing program to pursue a general obligation bond for affordable housing.

1.11.1 Continue to attend committee meetings to discuss how Milwaukie could use funds from a general obligation bond.

1.11.2 Continue to communicate with Clackamas County Housing Authority to advocate for Milwaukie’s needs.

Advantages

- Opportunity to participate in a regional housing approach and leverage Milwaukie's and Clackamas County's resources.
- Potential flexibility in use of funds.
- No cost

Disadvantages

- Complexity of joint development

1.12 Develop and maintain a database of available properties (all zones) to market to developers.

1.12.1 Develop a website to promote the opportunity sites and explain the constraints and opportunities of the sites.

Advantages

- Highlights opportunities in Milwaukie for site selectors, brokers, and housing developers.
- No cost to low cost (\$) --staff time

Disadvantages

- Will require resources and efforts to keep up to date.

1.13 Partner and support Clackamas County's affordable housing development and rehabilitation projects in Milwaukie.

1.13.1 Attend the Clackamas County Housing and Houselessness Task force and advocate for Milwaukie needs.

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.

1.13.3 Seek opportunities to leverage grants or programming to support additional resident services or

supportive housing services.

Advantages

- Provides opportunity to leverage Clackamas county's efforts and combine resources for greater impact.
- No cost to low cost (\$) —staff time

Disadvantages

- Diverts staff and monetary resources from other Milwaukie initiatives.

1.14 Seek to adopt new or modify existing land use policies to meet developer and community needs (coincides with the development of the housing element of the comprehensive plan or the Housing Strategies Report).

1.14.1 Be prepared to move forward with code/zoning changes that the housing element of the comprehensive plan will recommend in 2019.

Advantages

- Provides ability to leverage momentum of planning process to implement recommendations quickly after plan's adoption.
- Demonstrate to housing providers and communities that Milwaukie is committed to housing affordability through prompt action.
- No cost to low cost (\$) —staff

Disadvantages

- Not all development standards necessary to achieve Milwaukie's housing goals are within local control.

Goal 2: Prevent Displacement & Keep Affordable Units Affordable

2.1 Hire Housing Coordinator to help implement this strategy and to serve as a liaison to homeowners, renters, and rental housing providers. Have the coordinator provide information about existing programs to ensure that people understand their rights and responsibilities and have access to resources.¹³

Advantages

- The Housing Coordinator will act as a centralized source of information. The Coordinator will users to connect community-wide resources and each other.
- Already funded

Disadvantages

- To be successful, the Coordinator will require longevity and deep knowledge.

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).

Advantages

- Purchasing and preserving existing affordable units may be a more cost-effective method of delivering affordable units than new construction.
- Provides potential to keep existing residents in place through acquisition and preservation.
- No cost to Low cost (\$)—existing staff time

Disadvantages

- Existing units may not have all desired qualities to align with city goals.

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.

Advantages

- Dedicated funding offers a committed source for housing affordability efforts, insulated from annual budget allocations.
- Provides flexibility to design and modify program spending.

Disadvantages

- Sources of funding will fluctuate with the strength of the economy and construction.
- Potentially high cost (\$\$\$) to seed the program.
- New fees must not be excessive and negatively impact housing production and cost.
- Dedication of revenue to trust fund precludes it from other

2.4 Support and promote programs that provide financial assistance for seniors and low-income homeowners to remain in their homes. While homeownership may provide stability for many families, many residents may need additional support to ensure that their homes meet their needs over time and remain an affordable, safe option.¹⁴

Advantages	Disadvantages
<ul style="list-style-type: none"> • May be able to support the work of others and existing services for effective use of city resources. • Low cost (\$)—leveraging existing programs. 	<ul style="list-style-type: none"> • New programs may need to be created by the city or in partnership with others where they do not exist, new territory for the city.

2.5 Adopt policies to mitigate the impact of rental displacement. Explore a relocation assistance ordinance or similar type of tenant assistance policy. Involuntary displacement can be a traumatic, disruptive event for families, and additional information and support can ease the impact on Milwaukie households.

2.5.1 Research and make policy recommendations related to other city's relocation assistance policies or other similar tools.

2.5.2 Conduct more targeted policy outreach to impacted stakeholders.

Advantages	Disadvantages
<ul style="list-style-type: none"> • Relocation assistance paid by landlord may encourage other solutions and collaboration with tenants. • No cost to low cost (\$)—staff time. 	<ul style="list-style-type: none"> • Additional requirements on housing providers may disincentive making housing available for rent. • Potentially high cost for property owners, developers, etc.

2.6 Assist in eviction prevention by promoting Clackamas County's landlord-tenant mediation services, which can help housing providers and tenants navigate confusing and contentious issues, saving time, money, and anxiety for all parties.¹⁵

2.6.1 Partner with the county mediation services to connect tenants and landlords through mediation services.

2.6.2 Connect with organizations that provide training and resources for landlords and tenants and help to market their programs.

2.6.3 Explore monitoring and developing habitability standards that will be enforced through a property-owner database.

2.6.4 Explore a rental database to monitor available rentals and market rents.

Advantages	Disadvantages
<ul style="list-style-type: none"> • Mediation may prevent long-lasting detriments to renter's records and substantial losses to landlords. • Solutions may be developed without substantial legal fees and time. • No cost 	<ul style="list-style-type: none"> • Mediation may be challenging for housing owners who are non-local. • Successful mediation requires good faith participation by all parties and cannot be mandatory.

2.7 Research and market low-cost loans to property owners for maintenance, weatherization, and seismic upgrades.

2.7.1 Support and promote rehab loans for multifamily buildings.¹⁶

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.

2.7.3 Develop and market a financial resource guide for tenants and property owners.

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.

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.

Advantages	Disadvantages
<ul style="list-style-type: none"> • Encourages preservation of existing housing stock. • Can help keep tenants in their homes. • Relatively small amounts of funding can have substantial positive impacts on households. • Helping a household stay in their home with assistance will also benefit the housing provider who does not lose rental income. • Connects State workforce initiatives with the community. • Existing programs to leverage—Low cost (\$) 	<ul style="list-style-type: none"> • Necessary funding allocations may be substantial, and creating a loan program will require staff and legal expertise. • Ensuring that units meet affordability goals after rehab will require compliance monitoring and may be challenging. • Compliance requirements will demand sensitivity. • Emergency assistance may help a limited number of circumstances and not underlying causes. • The fund will not reduce the cost of housing or create additional units. • Seed money may be needed (\$)

2.8 Partner with Clackamas Housing Authority to support new affordable units for Milwaukie renters.¹⁷

Advantages	Disadvantages
<ul style="list-style-type: none"> • Leverages and supports existing voucher programs. • No cost 	<ul style="list-style-type: none"> • Requires that case management services and housing production by another agency are tied together. As a result, program may not be able to work in isolation.

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.

Advantages	Disadvantages
<ul style="list-style-type: none"> • Increase in information sharing may result in higher standards of service for tenants. 	<ul style="list-style-type: none"> • Building community among rental housing providers won't result in the creation of new affordable units. • Will require seed money (\$-\$\$) to provide networking opportunities.

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.

2.10.1 Provide consistent and reliable permit and license fees that are predictable.

2.10.2 Send packets of information to rental housing providers who receive or renew a business license or permit.

Advantages

- Public, accessible information helps housing providers make informed decisions about their investments.
- Can leverage existing communication avenues, like license renewals.
- Low cost (\$)

Disadvantages

- May eliminate some discretion and flexibility in city standards and fees.
- May not result in the creation of new housing units.

2.11 Build stronger alignment with the workforce development system. Through partnerships 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.

Advantages

- Creates continuum of support with changing economy and job opportunities.
- Provides opportunity for existing residents to advance in in-demand careers and pathways.
- Financially stabilizing families will help mitigate the impact of rental displacement.

Disadvantages

- Public funding is fairly volatile and will impact sustainability of services and resources.
- Public housing residents may need resource-intensive wrap-around supports as they transition to market rate housing to ensure on-going success.

Goal 3: Connect People to Existing Affordable Housing

3.1 Partner with nonprofits and employers to provide information and support for prospective homebuyers as they navigate the home-buying process.¹⁸

Advantages	Disadvantages
<ul style="list-style-type: none"> • Can leverage existing resources and foster connections. • Low cost (\$) 	<ul style="list-style-type: none"> • Will not increase the supply of housing or decrease housing expenses.

3.2 Support and promote programs to certify renters and reduce their move-in costs.

3.2.1 Promote the County's Rent Well program. Rent Well provides tenant education to give residents the support, knowledge, and expertise they need to become successful tenants.

Advantages	Disadvantages
<ul style="list-style-type: none"> • Renters who are not able to access appropriate housing will gain options. • Leverages existing program. • Both renters and landlords can benefit from the program. 	<ul style="list-style-type: none"> • Does not create new affordable units or keep people in existing affordable units.

3.3 Support and promote programs that streamline the rental application process. The high cost of rental applications is a barrier to many households. Encouraging the use of programs that streamline the application process by matching prospective tenants to all appropriate and

available housing options using a single application and fee reduces the cost for tenants.

3.3.1 Research and promote program(s) that provide a one-stop application and fee process for renters (e.g. OneApp fee).

Advantages	Disadvantages
<ul style="list-style-type: none"> • With less time and expense, helps renters access appropriate housing and helps landlords find tenants. • Low cost-high impact option (\$) 	<ul style="list-style-type: none"> • Does not create new affordable units or keep people in existing affordable units. • May need seed money (\$)

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. (\$0)

3.5 Develop a financing and resource database. (\$0)

3.6 Partner with Oregon IDA Initiative to help Milwaukie residents build financial management skills and build assets. (\$0)