
Moving Forward Milwaukee: **Enhancing Our Commercial Districts** Action and Implementation Work Program for Downtown and Central Milwaukee

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Final Report

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

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Executive Summary

Purpose and goal

The goal of the *Moving Forward Milwaukie: Enhancing Our Commercial Districts Project* ("Moving Forward Milwaukie" or MFM) is to remove barriers and create incentives in order to encourage appropriate development in Milwaukie's commercial areas. This document is an *Action and Work Program* for downtown and central Milwaukie. Its purpose is to identify specific steps for the City to take to realize successful new development and redevelopment in its key commercial areas. These steps include policy (Comprehensive Plan), regulatory (Zoning Ordinance, or other code), financial, and economic development approaches.

Vision

Downtown - The City's vision for downtown is clearly defined in multiple public documents. Key components of this vision include:

- Build on existing assets, existing uses (including businesses), the few remaining historic buildings, and the downtown's unique character.
- Feature the natural environment, especially the Willamette River.
- Strengthen Main Street as a source of community pride to ensure economic success.
- Reconnect Milwaukie to the riverfront.
- Support a vibrant, pedestrian-oriented Main Street.
- Retain existing buildings and encourage high quality new construction.

If the City is successful in implementing this vision, it will breathe new life into the City. Existing buildings will be renovated to look better than ever, and vacant land and worn-down buildings will be replaced with attractive new buildings that complement Milwaukie's unique character. As a result:

- Residents will benefit from new places to live, work, and shop.
- Landowners and businesses will benefit from increased demand and more customers.
- The City will benefit from increased tax revenues helping to pay for vital City services and important public projects like Riverfront Park.

Central Milwaukie – There is no adopted vision or framework plan for central Milwaukie. A *Central Milwaukie Land Use and Transportation Plan* will be adopted as part of the Moving Forward Milwaukie Project, which will define the vision for the area.

Recognition of obstacles to new development

Downtown – As the subject of extensive planning efforts over the past two decades, downtown has a good policy framework that does not create any obstacles to new development. Instead, the primary obstacles downtown are regulatory and financial issues. Downtown codes are confusing, inconsistent, and overly restrictive. Market conditions are too weak to justify new

construction downtown without first having successful projects proving that higher rents can be achieved. Costly requirements for streetscape improvements compound these financial challenges for potential developers.

Central Milwaukie – Central Milwaukie suffers from many of the same obstacles to development as downtown, including weak market conditions, and restrictive and inconsistent code. The area is also divided by Hwy 224 and railroad tracks, which provides connectivity challenges for all modes of transportation. The lack of an official vision for central Milwaukie also presents a challenge, as property owners, neighbors and potential developers lack clarity on what types of development are desired and permissible in the area.

Strategies to overcome those challenges

This *Action and Work Program* identifies ten general strategies to overcome challenges to development in downtown and Central Milwaukie. The document also identifies 45 specific actions to implement those strategies. Key aspects of these strategies and actions include:

Downtown

- **Policy:** Minor policy revisions are needed to refresh the Comprehensive Plan, specifically the *Downtown and Riverfront Land Use Framework Plan*, the adopted policy document for downtown; adopt the *South Downtown Concept Plan*; and update references to these documents within the Comprehensive Plan as needed.
- **Regulatory:** The City will revise the downtown code to reduce the number of zones, establish a two-track process for development review, and update allowed uses, height, and parking restrictions, among other changes. Pedestrian-oriented design standards will be expanded to include other important corridors downtown, in addition to Main Street.
- **Financial:** The City will create a tool kit of Public-Private Partnership (PPP) tools that can be used to invest in appropriate catalyst projects. The City will look for opportunities to lower the cost of development for catalyst projects, including establishing an alternative funding strategy for downtown streetscape improvements. These financial tools can be applied citywide, and not just in downtown.
- **Economic Development:** The City will proactively encourage new development, with a short-term emphasis on adaptive reuse projects that may be more financially feasible in current market conditions. The City will expand its economic development efforts to establish relationships with existing businesses, property owners, and potential developers. These economic development strategies can be applied citywide, and not just in downtown.

Central Milwaukie

- **Policy:** The City will adopt a Central Milwaukie Land Use and Transportation Plan, establishing a vision for the area and identifying solutions to existing connectivity problems. Minor policy revisions may be needed to update the Comprehensive Plan and references to Central Milwaukie commercial areas; minor revisions may also be needed to incorporate new connections into the Transportation System Plan.

- **Regulatory:** The City will consider creating a new zone for central Milwaukie, clearly identifying uses that will be allowed by-right, and adopting design standards for commercial development to ensure new development is attractive, especially along important transportation corridors.
- **Financial:** The same PPP tools for Downtown will also be made available in Central Milwaukie to invest in appropriate catalyst projects. Additionally, Industrial Development Bonds are a specific PPP tool that may prove useful for flex space development in some situations.
- **Economic Development:** In addition to the citywide economic development efforts described above, the City will address transportation infrastructure deficiencies in central Milwaukie, improving connectivity through the area.

Desired outcomes

Through implementation of the strategies and actions identified in this plan, the City will remove multiple obstacles to redevelopment throughout Milwaukie's commercial areas. The bulk of these actions will be carried out in the next four years (2014 to 2018). The intent of the Plan is to move quickly to remove these barriers, and establish partnerships with property owners and developers to facilitate new development in the short-term.

Revitalization of Milwaukie's commercial areas will not happen overnight. Instead it will be a gradual process, with early catalyst projects paving the way for future successes. Some of these early projects may be smaller in scale, or adaptive reuse projects that take advantage of existing buildings. These earlier projects might also require more assistance from the City and other public-sector partners. Ultimately, the actions and strategies described in this document are intended to facilitate the successful development of these early catalyst projects, which in turn will help generate momentum for long-term economic development efforts citywide.

Top priorities

All of the actions and strategies identified in this Plan are important for the economic success of downtown and Central Milwaukie. A few of these actions, however, should be viewed as higher priorities that are critical for successful redevelopment and can give the City the most "bang for its buck." Below, we identify the actions and strategies that support these top priorities.

1. Remove impediments to private development

A top priority for the City is to realize new development that implements the City's vision for downtown and central Milwaukie. This is intended to be more than an aspirational program; it is intended to bring about tangible improvements in Milwaukie's commercial areas. To achieve this, it will be critical to remove existing impediments to new development, including both regulatory and financial obstacles. Strategies to remove impediments to private development include:

- Strategy 6. Provide more clarity and flexibility for allowed development. The actions the support this strategy include combining and simplifying the number of zones in downtown and Central Milwaukie, and providing developers more flexibility on allowed uses, and more clarity on building design guidelines.
- Strategy 8. Lower the cost of development for catalyst projects. These actions will help reduce or eliminate the financial gap for private developers. The success of near-term projects can strengthen market conditions in the area, which will reduce the need for public investment in private projects in the future. Specific actions include addressing the City's costly downtown frontage improvements, the Public Area Requirements (PARs), and making publicly-owned sites available for private development at favorable terms.

2. *Encourage adaptive reuse*

Many existing buildings in Downtown could be enhanced through renovations and storefront improvements to become more attractive for commercial and residential tenants. These adaptive reuse projects are likely less costly and less risky than larger-scale development of new buildings. This makes adaptive reuse a particularly attractive short-term strategy to begin to realize tangible new development in Milwaukie. Strategies to encourage adaptive reuse include:

- Strategy 4. Support existing businesses. Establishing a storefront improvement program and a small business development fund are two actions that will help make funding available to tenants and building owners that will help them reinvest in existing buildings.
- Strategy 9. Encourage adaptive reuse. This strategy is focused on downtown, with actions that focus on identifying buildings that would potentially be good candidates for adaptive reuse, meeting with those property owners to discuss their interest in adaptive reuse, and connecting local property owners with private developers who are experienced in adaptive reuse projects. These relatively low-cost actions can help build the strong relationships between property owners, developers, and the City that are needed to cultivate successful adaptive reuse projects.

3. *Implement cost-effective solutions*

A third top priority for the City is to pursue cost-effective solutions that make good use of the City's resources and leverage a significant return on investment. This philosophy is reflected in both of the other top priorities listed above: encouraging adaptive reuse is typically less costly than new development, and removing obstacles to new development is less costly than investing additional public resources into new development. Other strategies that can contribute to the economic vitality of Milwaukie's commercial areas without requiring substantial financial investment from the City include:

- Strategy 1. Update Comprehensive Plan. Having a clear vision for downtown and Central Milwaukie is important to attract developers to Milwaukie. These planning

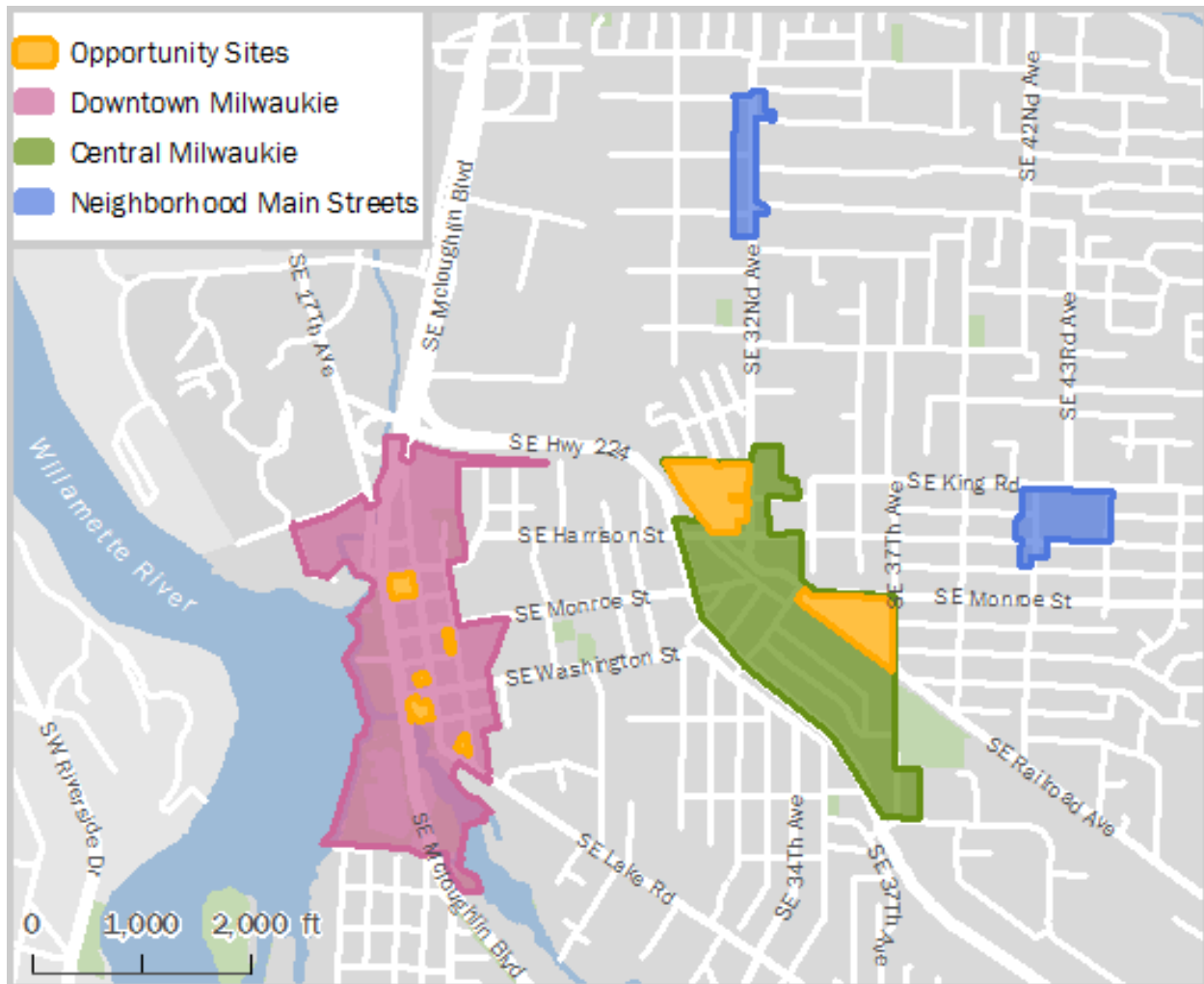
efforts are already funded through the Moving Forward Milwaukie project, and will not require additional City resources to implement.

- Strategy 2. Enhance the culture of helpfulness. Without this “culture of helpfulness” development is likely to take more time, and be more complex, which are red flags for developers. This strategy includes actions to strengthen the relationships between developers/property owners and City staff and elected officials. This is another low-cost strategy that could pay big dividends in terms of attracting developers to Milwaukie.

1 Introduction

Goal: The goal of the *Moving Forward Milwaukie: Enhancing our Commercial Districts Project* (MFM) project is to remove barriers and encourage appropriate development in Milwaukie’s commercial areas. A healthy community needs thriving and vibrant commercial districts. Building on the insights of several past studies, *Moving Forward Milwaukie* will strengthen and revitalize Milwaukie’s most important commercial hubs, including: downtown, central Milwaukie, and neighborhood main streets. Exhibit 1 shows a map of these three study areas.

Exhibit 1. Map of *Moving Forward Milwaukie* study areas



Purpose: This document is an Action and Implementation Work Program for downtown and central Milwaukie. Its purpose is to identify specific steps for the City to take to realize successful new development and redevelopment in its key commercial areas. These steps include policy (Comprehensive Plan), regulatory (Zoning Ordinance), financial, and other economic development approaches.

This Action and Implementation Work Program was completed as part of the MFM project, which builds on the findings and recommendations of the 2013 *Fresh Look Milwaukie: Downtown Road Map* project. This document is a bridge between previous tasks, which focused on understanding Milwaukie's challenges and opportunities, and future tasks, which will amend Milwaukie's Comprehensive Plan, development code and zoning map to overcome those obstacles and take advantage of those opportunities. Specific sources of input for this document include:

- **Market study:** In December 2013, the ECONorthwest Team completed the Moving Forward Milwaukie Market Study, which evaluated demographic and market trends for the city of Milwaukie and included an analysis of the strengths, weaknesses, opportunities, and threats (SWOT) of seven "opportunity sites" located in Downtown and Central Milwaukie.
- **Opportunity site development concepts:** For each of the opportunity sites, the ECONorthwest Team created numerous hypothetical development concepts using the Envision Tomorrow software program. Each development concept included a building program, site plan, building massing diagram, and financial pro forma. Each concept demonstrated the range of uses and densities that could be accommodated on each site, and the challenges for implementing each of these concepts. In March 2014, three final concepts were selected for each site. These concepts are included as Appendix B.
- **Development Roundtables:** Two development roundtables were conducted (in September 2013 and January 2014), allowing over 20 development professionals the opportunity to learn about development opportunities in Milwaukie and to provide their comments on the challenges and opportunities for each of the opportunity sites, as well as Downtown and Central Milwaukie in general.
- **Downtown Plan and Code Review Memo:** In February 2014, Angelo Planning Group (APG), as part of the ECONorthwest Team, reviewed the City's Comprehensive Plan and ancillary documents, as well as the City's development code. APG identified shortcomings of the Plan and Code, and places where the Plan and Code could be improved to better implement the City's vision for Downtown.
- **Public Involvement:** There were numerous opportunities for public involvement, including four public meetings where live-polling technology was used to solicit input from the public about the type of new development that they would like to see in Milwaukie. Additionally, these presentations and polling questions were made available to the public online following each public meeting, to solicit additional input from members of the public unable to attend the meetings in person. The project team briefed the Planning Commission and the Design and Landmarks Committee several times during the project.
- **Project Advisory Committee:** A Project Advisory Committee (PAC) was established in September 2014, and included 18 key stakeholders. The roster included members of City Council, Planning Commission, Design and Landmarks Committee, South Downtown Planning Committee, business and/or property owners in the focus areas, and representatives from each neighborhood district association (NDA). The PAC provided

direction to the project team throughout the project, and strongly supported all of the key issues and strategies identified in this Action and Implementation Work Program. The PAC is scheduled to meet at least twice more before conclusion of the MFM project, to review and discuss proposed Plan and Code revisions for Downtown, the Central Milwaukie Land Use and Transportation Plan and implementing Plan and Code revisions for Central Milwaukie, and Neighborhood Main Streets.

- **City Council:** The City Council provided substantial direction regarding the strategies and actions to be included in this document. The City Council has discussed the project at seven worksessions and study sessions to date. Additionally, each City Councilor met with the ECONorthwest Team individually at the outset of the project. The City Council will continue to be engaged on the MFM Project moving forward, as other deliverables are completed.

The remainder of this report is organized by geography, with separate sections for Downtown and Central Milwaukie, and a third section for strategies and actions that apply citywide. Within each geography, we describe lessons learned from the opportunity sites within that geography, and then describe the strategies to address those lessons learned, and the actions needed to implement those strategies. An Action and Implementation Work Program Summary Matrix is located in Chapter 4 of this report, and provides a condensed list of the strategies and actions identified in this document.

2 Key findings and lessons learned

This section identifies the key findings from previous analysis on the Moving Forward Milwaukie project. The information is organized according to subarea (Downtown and Central Milwaukie), with more specific findings identified for each of the seven opportunity sites included in Appendix A. Note that a Strengths, Weaknesses, Opportunities, and Threats (SWOT) Analysis was conducted for each of the opportunity sites, and included as an attachment to the Market Study. Although this document builds off of the findings from the SWOT analysis, we do not repeat all of those findings here.

2.1 Downtown

Exhibit 2. Map of downtown Milwaukie and opportunity sites



Source: 2013 RLIS data

2.1.1 Vision

The vision for Downtown is described in detail through multiple documents that have been adopted by the City Council over the course of the past three decades, including Chapter 4 of the Comprehensive Plan (1989), Milwaukie Vision Statement (1995), Town Center Master Plan (1997), and Downtown and Riverfront Framework Plan (2000). However, because the vision is described in multiple documents, no document exists that provides a clear, yet thorough description of the entire vision. In this document, we briefly restate the key concepts for the City's adopted vision for Downtown. Key components of this vision include:

- Build on existing assets, existing uses (including businesses), the few remaining historic buildings, and the downtown's unique character.
- Feature the natural environment, especially the Willamette River.
- Strengthen Main Street as a source of community pride and to ensure economic success.
- Reconnect Milwaukie to the riverfront.
- Support a vibrant, pedestrian-oriented Main Street.
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If the City is successful in implementing this vision, it will breathe new life into the City. Existing buildings will be renovated to look better than ever, and vacant land and worn-down buildings will be replaced with attractive new buildings that fit in with Milwaukie's unique character. As a result:

- Residents will benefit from new places to live, work, and shop.
- Property owners and businesses will benefit from increased demand and more customers.
- The City will benefit from increased tax revenues and help to pay for vital City services and important public projects like Riverfront Park.

2.1.2 Summary of obstacles to development in Downtown Milwaukie

In this section, we summarize the obstacles to implementation of the City's vision for downtown. In following sections of the report, we describe the actions and strategies that the City will take to overcome these obstacles.

Policy (Comprehensive Plan)

No policy-related obstacles to development were identified for downtown Milwaukie.

Regulatory (Zoning Ordinance)

There are several aspects of the City's development code that present obstacles to potential development:

- **Ground-floor retail requirements/restrictions.** In portions of downtown, City code requires ground-floor uses to be either retail or eating/drinking establishments. In other portions of downtown, City code prohibits individual retail and eating/drinking

establishments from being more than 5,000 SF. While in many cases, developers may be able to work within these code restrictions, each of these restrictions can act as an obstacle to new development, by eliminating flexibility for developers to choose what ground-floor uses are most feasible in the market.

- **Maximum height restrictions.** All of downtown has maximum building height restrictions that range from three to five stories, depending on location and type of use. While many potential new development projects will be within this height range, these limitations may eliminate other, higher-density, development projects.
- **Minimum parking requirements.** In portions of downtown, minimum onsite parking requirements apply. These requirements stipulate a minimum number of parking stalls that must be provided for every residential unit or for every 1,000 SF of space. These parking requirements may be more than the market requires, potentially adding cost to new development projects or preventing a site from developing to its full potential. This obstacle is especially troublesome near the light rail station where transit-oriented development is appropriate.
- **Confusing and inconsistent zones.** While the zoning on any individual site in downtown may not be too problematic, the sheer number of downtown zones, each with different restrictions on height, parking, and allowed-uses, creates confusion for potential developers. A site on one side of a street might not require any onsite parking, but require ground-floor retail, when across the street the City code would have minimum and maximum parking requirements, but prohibit ground-floor retail above 5,000 SF.
- **Other regulation and code issues.** The first three code issues identified above act as obstacles for new development throughout downtown. There are other code issues that pertain to more limited situations in downtown.
 - **Maximum setback requirements.** Maximum setback requirements on Main Street prohibit building designs that would include publicly-accessible open space or plazas. While these design features are unlikely to be included in many new development projects, they were strongly supported during the opportunity site development concept process and should not be prohibited.
 - **Willamette River Greenway.** The western half of the Cash Spot Site and the block to the north are included in the Willamette Greenway Overlay Zone, which imposes further restrictions on building heights and allowed uses. These act as further deterrents to new development.

Financial

- **Public Area Requirements (PARs)** describe the required streetscape improvements (street, sidewalk, landscaping, utility undergrounding, light poles, street furniture, etc.) that must be made in conjunction with new development downtown. The cost of these streetscape improvements is significant and the level of upgrades is greater than what is required in other jurisdictions. The increased development costs for PARs are a financial disincentive for new development.

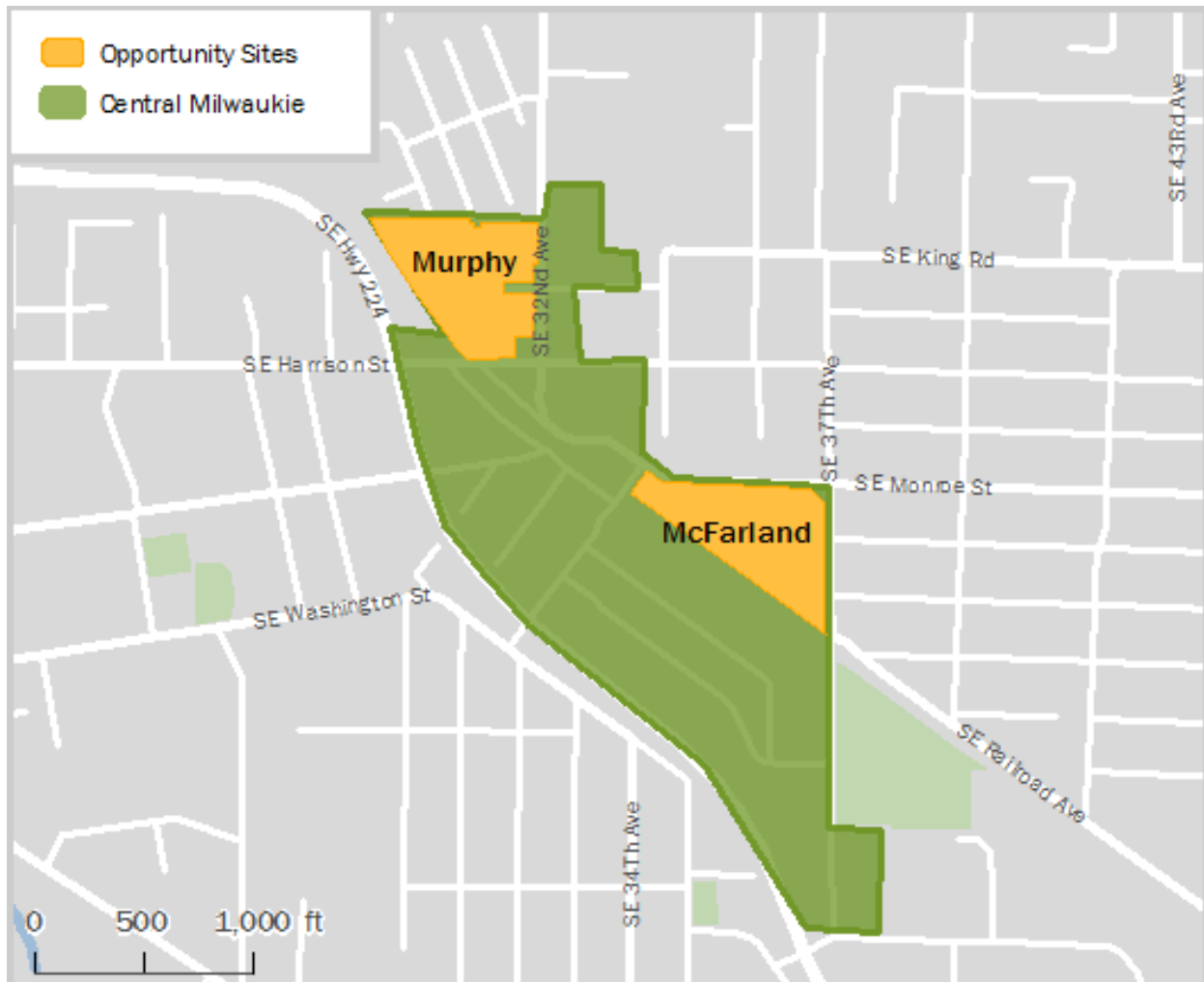
- **Current market conditions** demonstrate relatively soft demand for all types of development in downtown Milwaukie. High-quality new development in downtown may be able to achieve higher rental rates than the existing building stock, proving a stronger market. However, current market rents in downtown are relatively low, resulting in financial pro formas that show insufficient returns on investment, making it difficult for developers to obtain financing.
- **High construction costs:** Generally speaking, construction costs are fairly consistent across the Portland metropolitan region; however there are some aspects of development in downtown Milwaukie that could cause construction costs to be higher.
 - **Public desire for “gateway” projects.** Both the Texaco Site and Cash Spot Site are located on McLoughlin Blvd, and positioned as bookends for the City’s downtown. Public input has emphasized the importance for these two sites to be developed as attractive, iconic buildings that serve as visual gateways to Milwaukie. This can increase project costs through higher-quality building materials and architectural design.
 - **On-site parking.** Structured parking for an individual project is substantially more expensive to build than lower-density surface parking, and acts as a disincentive for new development. Due to off-street parking requirements in parts of downtown, new buildings are required to satisfy their on-site parking demand through development of structured parking. This is primarily because land downtown is divided into relatively small parcels that do not offer enough space to provide surface parking for the medium-density buildings that are called for in the City’s vision. These off-street parking requirements, and the need to accommodate them through structured parking, result in projects that do not provide sufficient return to justify their cost, i.e. don't "pencil out."

Economic development

- **Site access and transportation infrastructure.** There are some limitations of the transportation infrastructure downtown. Several sites downtown have vehicle access restrictions due to heavy traffic volumes and access restrictions to and from McLoughlin Blvd (Hwy 99E), and various cross streets. In particular, the Texaco and Cash Spot sites will require creative solutions to provide access to parking onsite. Additionally, many areas of downtown could benefit from pedestrian-related streetscape improvements, including wider sidewalks and street lights.
- **Parcel size and existing buildings.** Development in a downtown environment offers different obstacles to development in a greenfield area. Some parcels, like the Triangle Site, are small and irregularly shaped, presenting design challenges. Other parcels, like the Graham and Dark Horse sites, have existing buildings on them; they provide opportunities for adaptive reuse, but also challenges if the existing buildings are not well suited to the desired new use. Generally, parcel sizes in downtown are small, and parcel assembly may be required for larger-scale projects. Most sites are in close proximity to existing buildings, which requires coordination among different property owners for issues related to access and parking.

2.2 Central Milwaukie

Exhibit 3. Map of central Milwaukie and opportunity sites



Source: 2013 RLIS data

2.2.1 Vision

There is no adopted vision or framework plan for Central Milwaukie. The Moving Forward Milwaukie project is the first official City project to define a boundary for this area (shown in Exhibit 3). A Central Milwaukie Land Use and Transportation Plan will be adopted as part of the Moving Forward Milwaukie Project, and this document will define the vision for the area.

Central Milwaukie generally includes the commercial areas east of Highway 224 and consists of 6 zones and overlays: Residential-Office-Commercial Zone ROC with a Mixed Use Overlay on the Murphy and McFarland Sites; General Commercial Zone CG; Community Shopping Center Zone CSC; and Residential Zones R1 and R2.

2.2.2 Summary of obstacles to development in Central Milwaukie

Policy (Comprehensive Plan)

- **No established vision for the area as a whole.** Central Milwaukie is not an officially recognized geographic area in any previous City planning documents, and therefore the area does not have an official vision. The Milwaukie Vision Statement and Town Center Master Plan establish a vision for Milwaukie's Town Center, which includes both downtown and Central Milwaukie, but does not directly address the function and role of the central Milwaukie commercial area with the exception of the Murphy and McFarland sites.
- **Existing commercial area designations in Central Milwaukie may be outdated.** The Comprehensive Plan describes Harrison St at Highway 224 as a highway oriented commercial area, which differs from the community's current expectations about how this area will function and serve the neighborhoods. The Town Center Master Plan includes detailed schematic plans of desired development on the Murphy and McFarland sites. However, the site plans are based on key assumptions that have changed over time, including the assumption that the Murphy site would be adjacent to a future light rail station. The light rail station alignment has been changed and the light rail station is currently under construction in downtown Milwaukie.
- **Pedestrian and vehicular networks.** The area lacks a clear framework for north/south pedestrian and vehicular connections through central Milwaukie.

Regulatory (Zoning Ordinance)

- **No development is permitted outright on the Murphy and McFarland Sites.** The Mixed-Use Overlay that applies to the area requires Type III Planning Commission review for all development. This is a subjective process, which adds uncertainty to the development process, and could potentially cause lengthy delays or costly changes to a proposed development program. Additionally, the overlay requires compliance with the Town Center Master Plan, which is 17 years old and out of date.
- **No clarity regarding design expectations for commercial development.** With the exception of the ROC zone and MU overlay areas, there are no design standards for commercial development in the area. This level of freedom and flexibility is generally viewed positively by developers, but some agreed-upon standards are needed to ensure that new development responds appropriately to adjacent neighborhoods.

Financial

- **Current market conditions** demonstrate relatively soft demand for all types of development in Central Milwaukie. High-quality new development in Milwaukie may be able to achieve higher rental rates than the existing building stock, proving a stronger market. However, current market rents in Milwaukie are relatively low, resulting in financial pro formas that show insufficient returns on investment, making it difficult for developers to obtain financing.

- **No internal transportation network.** The Murphy and McFarland sites are each approximately 7 acres in size, with no internal street grid. New developers will have to pay to build this internal transportation network, either as public streets or as private drive lanes.

Economic Development

- **Environmental contamination.** A 2.5-acre portion of the McFarland site (Parcel 2) is contaminated from previous industrial use. This contamination has been remediated to allow for non-residential development, but residential development is prohibited on this portion of the site.
- **Close proximity to heavy rail line.** An active heavy rail line runs through Central Milwaukie. The rail line is an obstacle to connectivity through the area, including bike, pedestrian, and auto connections. Additionally, train traffic through the area generates unwanted noise and vibration, which is a deterrent for new development. The recent establishment of a quiet zone is expected to mitigate some of these negative noise impacts.
- **Site access and transportation infrastructure.** In addition to accessibility issues caused by the rail line, the Murphy Site cannot be accessed from SE Harrison Street due to heavy traffic volumes and the close spacing of existing intersections. Additionally, many intersections in the area are projected to experience significant congestion in the future. Weight restrictions on 37th Ave, adjacent to the McFarland site, limit the types of traffic that can access the site.

3 Strategies and actions

This section is organized primarily by geography (Citywide, downtown, and central Milwaukie). Within each geography we identify the overarching strategies for implementing the City’s vision. Some strategies apply to multiple geographic areas, and as such, they are listed under multiple subsections. These strategies are organized into four categories:

- (1) Policy (Comprehensive Plan)
- (2) Regulations (Zoning Ordinance or other Code)
- (3) Financial
- (4) Economic Development

Specific actions are identified to carry out each strategy, including a timeline for when each action will occur. For the purpose of this timeline, “Year 0” is 2014, “Year 1” is 2015, etc.

3.1 Citywide

3.1.1 Policy (Comprehensive Plan)

Strategy 1 – Update Comprehensive Plan

Description: The City’s vision for downtown is current, detailed, and well documented through multiple documents, including Chapter 4 of the *Comprehensive Plan* (1989), *Milwaukie Vision Statement* (1995), *Town Center Master Plan* (1997), and *Downtown and Riverfront Framework Plan* (2000). However there is no adopted vision for central Milwaukie. A *Central Milwaukie Land Use and Transportation Plan* will be adopted as part of the Moving Forward Milwaukie Project, and this document will define the vision for the area.

The City’s Comprehensive Plan plays an important role in implementing the City’s vision by providing a high-level, general description of the type of development allowed and prohibited throughout the City. Most of the language in the Comprehensive Plan regarding new development is still applicable and consistent with the City’s vision. A few sections of the Comprehensive Plan, however, are out of date and need to be updated to reflect the outcomes of this project, including Chapter 4 – Land Use (specifically policies related to commercial uses and references to other documents). This Comprehensive Plan language should be updated to be consistent with the proposed changes to the City Code.

In addition to the Comprehensive Plan itself, there are 20 ancillary documents to the Comprehensive Plan. One of these ancillary documents, the *Transportation System Plan (TSP)*, is a guiding policy document for long-term transportation planning. This document should be updated to reflect any changes in transportation policy, or projects.

Another ancillary document, the *Downtown and Riverfront Land Use and Framework Plan (Framework Plan)*, provides detailed guidance on the type of new development that can occur

Downtown. This document requires updating and revision to reflect the current status of the City's vision for Downtown, and to be consistent with the other strategies and actions laid out in this document. See Action 1C in the Downtown section of this report.

Why it's needed: To ensure the Comprehensive Plan and its ancillary documents reflect the City's current vision, policies, and priorities.

Intended outcomes: The Comprehensive Plan and its ancillary documents will be consistent with the City's current vision, policies, and priorities, providing clarity and certainty for current and future residents and prospective developers¹ regarding City plans.

Actions:

1A. Update Chapter 4 of Comprehensive Plan

Description: Chapter 4 of the Comprehensive Plan describes Land Use and may need to be revised to update references to ancillary documents and to reflect any policy refinements that result from this project. This work program does not recommend policy revisions for downtown.

Timeline: 0-1 Years.

Required resources: Funding for this action is provided through the Moving Forward Milwaukie project.

Implementation process:

- Complete Plan and Code Review Memo.
- Revise (as needed) and adopt the South Downtown Concept Plan as an ancillary document to the Comprehensive Plan. This may occur through incorporation into the Downtown and Riverfront Land Use Framework Plan.
- Adopt downtown plan and code amendments.
- Adopt the Central Milwaukie Land Use and Transportation Plan and implementing Comprehensive Plan and code amendments
- Adopt Neighborhood Main Streets plan and code amendments, amending the Comprehensive Plan as needed.

¹ Note that developers are not always large companies or agencies. A developer can be a property owner building a new home, or a company building a large-scale mixed use development. This term refers to the spectrum of people developing property.

1B. Update Transportation System Plan to reflect Moving Forward Milwaukie plan and code revisions

Description: Other strategies throughout this document may result in changes to transportation policy, or priorities for future capital projects. The TSP should be updated to reflect these changes. Specific strategies that might impact the TSP include *Strategy 6 – Provide more clarity and flexibility on allowed development*, and *Strategy 10 – Provide adequate infrastructure to support new development*. Additionally, the Moving Forward Milwaukie project calls for adoption of a Central Milwaukie Land Use and Transportation Plan, which may identify additional changes regarding transportation policy and projects. Potential changes could include the establishment of one or more Multimodal Mixed-Use Area (MMA) designations, changes to parking ratios downtown, or identification of new transportation connections in Central Milwaukie, among others. See Action 10A for a discussion of the MMA program.

Timeline: 0-2 Years.

Required resources: Funding for updates to the TSP is provided through the Moving Forward Milwaukie project. Adoption of an MMA will require additional amendments to the Comprehensive Plan, which are not included in the MFM project.

Implementation process:

- Adopt the Central Milwaukie Land Use and Transportation Plan and implementing Comprehensive Plan and code amendments
- Adopt the Neighborhood Main Streets plan and code amendments.
- Establish one or more MMAs in Milwaukie, if conversations with the Oregon Department of Transportation (ODOT) determine that MMAs are beneficial and appropriate for Milwaukie. Establishment of an MMA requires a Comprehensive Plan amendment.
- Establish list of necessary changes to the TSP based on previous steps.
- Update TSP as needed to reflect Moving Forward Milwaukie plan and code amendments. If necessary, issue RFP for transportation consultant services to assist with the TSP update.

3.1.2 Regulatory (Zoning Ordinance)

Strategy 2 – Enhance the culture of helpfulness

Description: As a component of the City's Economic Development program, representatives of the City (both staff and elected officials) should strive to be helpful to developers and members of the public and supportive of potential development efforts. City staff should help developers understand relevant plans and code and provide timely review on permits to ensure development projects move ahead smoothly. Elected officials should voice their support of high-quality development projects to show developers that the City is a committed partner in the process.

Ultimately, the City's plans and code should be clear and accurately reflect the City's vision for new development, while screening-out undesirable projects. Projects that are consistent with the plan and code should generally be supported by representatives of the City.

Why it's needed? Many regional locations offer comparable market conditions and financial incentives, and developers have a choice about which communities to work in. Often, developer decisions hinge on how easy it is to work in a City. Developers must work with City staff during the development process. Frequently, developers must also interact with the general public, elected officials, and the Planning Commission. These interactions have the potential to make or break a new development project. Some communities earn a reputation for adversarial staff, lengthy and unpredictable processes for project review, and fervent opposition from elected officials and the general public. Other communities earn reputations for helpful staff, swift and predictable permitting processes, and supportive elected officials and general public. The reputation that a City earns can have a big impact on the amount and quality of development that occurs.

Without this "culture of helpfulness," development is likely to take more time, and be more complex, which are red flags for developers. Time is money for developers, who typically need to borrow money early in the development process, and need to get to completion as soon as possible to start generating revenue to repay their lenders. Complexity means uncertainty for developers, creating a risk that plans will change, either increasing costs or decreasing revenue potential.

Because of the relatively weak current market conditions in Milwaukie, it is especially important for the City to show developers that Milwaukie is an easy city to work with, with the City acting as a partner with developers rather than an adversary.

Intended outcomes: The City of Milwaukie will have a reputation as being welcoming and easy to work with, while protecting the small-town feel of the community. The City will streamline the development process, providing developers certainty that their projects will move forward quickly.

Actions:

2A. Streamline City permitting and review processes

Description: Review the City's current permitting and review process, and compare to best practices based on other jurisdictions of a similar size with a strong reputation in this area. Update the City's permitting and review process to be consistent with these best practices. Train City staff to be familiar with the new process. Various cities, for example, have worked in tandem with private developers to find ways that add efficiency, yet maintain accountability to their permitting processes. Others have offered guaranteed turnaround times for certain permits or expedited permitting for development projects that meet significant city goals, such as green buildings, transit-oriented development, or affordable housing.

Timeline: 0-2 Years.

Required resources: Funding for this action is not included in the MFM project. This action would require additional funding for implementation, either through the allocation of staff time, or through a contract for consulting services, or a combination of both.

Implementation process:

- Evaluate best practices of case study cities.
- Identify proposed changes to Milwaukie permitting and review process.
- Train City staff on the changes to the permitting and review process.
- Monitor City performance to ensure desired timelines are being met.

3.1.3 Financial

Strategy 3 – Invest in high-priority projects with Public-Private Partnership (PPP) tools

Description: The City has access to many different tools to invest in high-priority projects. The City should identify which of these tools it is comfortable using, identify criteria for when and where to use these tools, and then explore potential catalytic development options to invest in with these tools.

Why it's needed? The market study and opportunity site analysis identified a significant financial gap for new development in Milwaukie. Given current market conditions, it is unlikely that private developers will be interested in Milwaukie without public-sector partnerships to share the financial risk. By investing in catalyst projects the City may achieve high-quality new construction in downtown and/or Central Milwaukie. Successful development could help prove the market to other prospective developers, reducing the need for long-term City investment in future projects, while also providing new amenities to residents and employees of Milwaukie.

Intended outcomes: The City would achieve high-quality new development or redevelopment in downtown and/or Central Milwaukie that otherwise would not have occurred but for the use of PPP tools. The tools that the City uses would have no significant short-term negative impact on the City's budget, and long-term would have a positive fiscal impact to the City.

Actions:

3A. Establish a strategy for using PPP tools

Description: In addition to the non-City funding sources described above, there are several additional PPP tools that do require investment of City funds. Although these can be powerful tools for achieving new development, the City has limited resources, and these tools need to be used judiciously, to ensure the City is receiving a good return on investment. The City should establish a strategy for when and where to use these PPP tools. These tools include:

- Non-City funding sources (described in Action 3B)
- Site-specific tax increment financing (TIF) zones (described in Action 3C).
- Property tax abatement programs (described in Action 3D)
- Reduction or waiver of frontage improvements and system development charges (SDCs) (described in Actions 8A-8C)
- Contribution of publicly-owned land at favorable terms (described in Action 8D)

Timeline: 0-2 Years.

Required resources: Funding for this action is not included in the MFM project. Depending on the tools used, this action may require additional one-time funds and staffing.

Implementation process:

- Conduct an evaluation of each potential PPP tool, including its potential to eliminate project funding gaps, eligible projects, and fiscal impact to the City.
- Engage the City Council and the public to solicit input on the appropriate uses for each of these tools.
- Establish a strategy for using PPP tools, identifying what types of projects, in what locations, to what extent, and for how long.

3B. Use non-City funding sources for development

Description: There are several PPP tools available to invest in catalyst projects that use non-City funds. The City should become familiar with these tools and help potential developers secure funding from these non-City sources. These tools include:

- Metro: Transit-Oriented Development (TOD) Program and others
- EB-5 – Foreign investment program (limited application in downtown, not available in central Milwaukie)
- Low Income Housing Tax Credit (LIHTC)
- HUD Section 108 and 221d4
- Industrial Development Bonds (for industrial uses and development)

Timeline: 0-2 Years.

Required resources: Funding for this action is not included in the MFM project. This action does not require any additional resources other than staff time to monitor the availability of these tools for Milwaukie.

Implementation process:

- City staff will conduct research into each of these programs, and all relevant City staff will be educated on how these programs work.
- City staff will monitor the status of programs that require specific qualifications, such as the EB-5 program.

3C. Use "site-specific TIF zones" for appropriate projects

Description: One specific PPP tool is tax increment financing (TIF). Through TIF, the City can capture increased tax revenues from development and reinvest those revenues back into the project. In Oregon, an urban renewal area (URA) must be established to collect TIF. Traditionally, URAs have been relatively large, encompassing entire downtowns. A more targeted approach is to create very small URAs known as "TIF Zones" that focus on just a specific parcel or a single block. The City could establish multiple TIF Zones focused on key opportunity sites in the City.

These TIF zones would have no fiscal impact to the City or other taxing districts unless development occurs. If and when development occurs on the site, the City could use the TIF zones to reinvest in the projects, temporarily delaying the growth in tax revenues for affected taxing districts. As an example, consider if a developer were to invest \$10 million into a new commercial development in a TIF Zone. This would generate roughly \$140,000 in TIF in the first year. Over time, the TIF Zone would generate more substantial revenues, including \$750,000 over the first 5 years, \$1.6 million over the first 10 years, and \$2.65 million over the first 15 years. It would be up to the City to determine the length of time that the TIF Zone would be in effect.

Note that TIF works by dividing existing tax rates of overlapping taxing districts, this means that other taxing districts forego a portion of their property tax revenues. Although if the development would not have occurred but for the use of TIF, then there is no "real" impact on taxing districts, and the calculation of foregone revenues is mostly academic.

It is understandable for taxing districts to be concerned about the impact of TIF on their future tax revenues. During the life of a TIF Zone, taxing districts will forego increases in property taxes within the TIF Zone. However, at the termination of the TIF Zone, taxing districts will receive the benefit of TIF if the tool was successful at increasing the taxable assessed value. Note that TIF Zones do not affect taxes for general obligation bonds or local option levies, and only permanent tax rates are affected.

Also note that school districts are affected differently than other types of taxing districts. Generally, the amount of funding a school district receives is based on the number of students. This "equalized" approach is described in more detail below (emphasis added):

"Allocation of State revenues to local school districts comes in the form of 'general purpose grants.' The primary driver of the State allocation is the number of students in each district. This means that local property taxes generated by a school district have no direct impact on school funding in that district. Thus, any impacts that an URA might have on local school

district property tax revenues would have no direct impact on school funding in that district.²

The adoption of an Urban Renewal Plan for a site-specific TIF district requires communication with affected districts, public outreach, and public hearings before the Planning Commission and City Council. The analysis, preparation, and adoption of an Urban Renewal Plan is generally expected to take at least 6 months.

Timeline: 1-4 Years.

Required resources: Funding for this action is not included in the MFM project. This action would require additional one-time funds, staffing and consultant resources.

Implementation process:

- Establish a strategy for using PPP tools (Action 3B).
- Identify key opportunity sites to be designated TIF zones.
- Select a consultant to write an Urban Renewal Plan establishing the TIF zones, including the approved uses of TIF funds, and the criteria for development projects to qualify for TIF funds.
- Adopt an Urban Renewal Plan if desired by Council.

3D. Use property tax abatement programs for appropriate projects

Description: There are three property tax abatement programs authorized by the State of Oregon and available for Milwaukie to use: (1) vertical housing tax abatement; (2) multifamily housing tax abatement; and (3) affordable housing tax abatement. Only the affordable housing tax abatement program would be restricted to affordable housing; the other programs could be used for market rate housing. To use these programs, the City must adopt ordinances specifying the geographic areas where these programs apply, and the criteria for projects to qualify for these tax abatements.

Timeline: 1-4 Years.

Required resources: Funding for this action is not included in the MFM project. This action would require additional one-time funds and staffing. If Action 3B was completed first, much of the analysis regarding these tax abatement programs would have been completed and costs would be lower

² Association of Oregon Redevelopment Agencies (AORA) handbook, "Best Practices for Urban Renewal Agencies in Oregon," available online [here](#).

Implementation process:

- Establish a strategy for using PPP tools (Action 3B).
- Pass ordinances describing the qualification criteria for vertical housing; multifamily housing; and/or affordable housing tax abatement programs.

3.1.4 Economic development

Strategy 2 – Enhance the culture of helpfulness

Description: See Strategy 2 in the Policy – Comprehensive Plan section of the Citywide chapter of this report.

Why it’s needed? See Strategy 2 in the Policy – Comprehensive Plan section of the Citywide chapter of this report.

Intended outcomes: See Strategy 2 in the Policy – Comprehensive Plan section of the Citywide chapter of this report.

Actions:

2B. Support the City’s strong and proactive customer service approach

Description: One part of creating a culture of helpfulness is formal: streamlining the City permitting and review process (Action 2A), but another part is informal. Regardless of how many days it takes to process a building permit, it’s important for City staff to provide good customer service when interacting with developers and other members of the public. The City should enhance their existing culture of providing strong and proactive customer service.

Timeline: 0-2 Years/ongoing.

Required resources: Funding for this action is not included in the MFM project. This action would require additional one-time funds

Implementation process:

- Hire a customer service expert to provide training to members of City staff who will frequently interact with developers.
- Take lessons learned from the customer service training and write a customer service handbook that can be shared with new staff hires.

Strategy 3 – Invest in high-priority projects with Public-Private Partnership (PPP) tools

Description: See Strategy 3 in the Policy – Comprehensive Plan section of the Citywide chapter of this report.

Why it's needed? See Strategy 3 in the Policy – Comprehensive Plan section of the Citywide chapter of this report.

Intended outcomes: See Strategy 3 in the Policy – Comprehensive Plan section of the Citywide chapter of this report.

Strategy 4– Support existing businesses

Description: Business retention is an important component of City economic development efforts. The City should work with existing local businesses to help them improve their building facades, encourage adaptive reuse of existing buildings, and other efforts to support small businesses.

Why it's needed? The City's existing commercial building stock could benefit from reinvestment, including façade improvements or more substantial adaptive reuse and remodel of existing buildings. These projects are typically less expensive than new development, which makes them more achievable in Milwaukie in the short-term, given market conditions. Fundamentally, local small businesses are the foundation of Milwaukie's economy, and the City should explore strategies to assist these small businesses.

Intended outcomes: Façade improvements and adaptive reuse of existing buildings could enhance the existing streetscape, with the potential to make downtown, central Milwaukie, and neighborhood main streets more attractive places to live, work, and shop. Other small businesses assistance efforts could help grow the local economy, generating additional demand for retail, commercial, or industrial space.

Actions:

4A. Establish a storefront improvement program

Description: Storefront improvement programs offer matching loans to building owners to upgrade their building façade. These loans are typically relatively small (less than \$10,000). Loan terms are favorable compared to traditional bank loans, and may even be forgivable if the loan recipient meets certain criteria (e.g., employment targets). Metro is considering establishing a program that would provide additional matching funds for storefront improvement projects. Milwaukie previously had a downtown storefront improvement program, funded jointly by the City and Metro, which led to the successful renovation of multiple storefronts in downtown. The City should establish permanent funding for this program to allow for the gradual and consistent improvement of streetscapes in downtown, central Milwaukie, and on neighborhood main streets.

Timeline: 0-2 Years.

Required resources: Funding for this action is not included in the MFM project. This action would require ongoing funding and staffing for program administration

Implementation process:

- Establish qualifying criteria and loan terms.
- Seek matching funds from Metro.
- Advertise the program to local businesses and property owners.

4B. Establish a small business development fund

Description: The City should establish a revolving loan fund to provide very low-interest loan from the City directly to small businesses. The City could seek a starter grant from the State or business community. The purpose of the loans would be to assist small businesses hoping to expand in Milwaukie. The type and location of recipient businesses would need to be identified.

Timeline: 0-2 Years.

Required resources: Funding for this action is not included in the MFM project. This action would require ongoing funding and staffing for program administration.

Implementation process:

- Establish program guidelines and approval criteria
- Obtain funding for the program
- Educate local small business on the program

Strategy 5 – Proactively encourage new development

Description: The City should not passively wait for developers to knock on Milwaukie’s door, but instead should proactively seek out and encourage development opportunities. City staff, elected officials, and prominent community members should tell prospective developers, employers, and residents about the many strengths Milwaukie has to offer. City staff and leaders should connect potential developers with potential tenants and property-owners to help facilitate development deals and reinforce the City's desire to be a partner.

Why it’s needed? Milwaukie is a relatively small city in the much larger Portland metropolitan area. Developers and employers tend to do business in communities that they are familiar with. Milwaukie is relatively unknown among major developers and employers in the region, which means Milwaukie is likely losing out on potential opportunities.

Intended outcomes: By proactively encouraging development, the City could expand and enhance Milwaukie’s reputation, establish partnerships, and achieve high-quality new development and redevelopment.

Actions:

5A. Cultivate relationships with developers, brokers, and property owners

Description: The City's senior staff in Planning and Economic Development should establish working relationships with local property owners and regional developers and brokers. These relationships are critical to align local opportunities with interested development professionals from around the region. These informal relationships will also assist City staff in understanding the strengths and weaknesses of the City for development, and to monitor how the perception of the City with the development community changes over time.

Timeline: 0-2 Years/ongoing

Required resources: Funding for this action is not included in the MFM project. No significant funding for this action is anticipated. Some additional funding may be required for memberships to organizations, or attendance at regional events.

Implementation process:

- Identify key local property owners and employers and invite them to meet with senior City staff.
- Identify key regional developers and brokers and invite them to meet with senior City staff and elected officials to learn about opportunities in Milwaukie.
- Attend regional events where multiple key regional developers and brokers will be in attendance to stay in touch with these real estate professionals and enhance these relationships.
- When development opportunities do arise, advertise these opportunities informally through these professional connections.

5B. Establish business recruitment program

Description: Business retention and recruitment are the two primary strategies for supporting economic growth. Business recruitment focuses on attracting new businesses to locate in a community. Some business recruitment efforts occur at the State or regional level, through organizations like Clackamas County Department of Business and Economic Development, Business Oregon and Greater Portland Inc. These organizations might help to steer potential businesses to Milwaukie if they are aware of Milwaukie's assets and opportunity sites, and if those assets appeal to potential businesses. Local cities, however, can also do their own business recruitment efforts to complement state and regional efforts. The City should establish a business recruitment program to help attract new businesses to Milwaukie. The City's Economic Development Program has identified several action steps to move this initiative forward.

Timeline: 0-4 Years/ongoing

Required resources: Funding for this action is not included in the MFM project. This action would require ongoing funding and staffing for administration.

Implementation process:

- Establish business recruitment program, and allocate staff resources to run the program, including the Business Assistance Team (BAT). The BAT is a group of City officials that will work on various business assistance efforts and will serve as the clear point of contact on all communications.
- Establish and maintain a database of available spaces for lease and developable parcels. Maintaining an updated list of available properties (both land and buildings) for sale and lease is a key component for the City's Economic Development Program. When a potential business is looking at Metro Portland for a location, having basic site information about available properties in Milwaukie is necessary.
- Create promotional materials advertising the strengths of Milwaukie, including the available PPP tools.
- Identify local industry clusters. Industry clusters are geographic concentrations of interconnected companies, specialized suppliers, service providers, and associated institutions in a particular field that are present in a region or community – a critical mass. Staff is currently working to identify our own local industry clusters. Through this effort the City can help support and promote those businesses.
- Work with the County, Greater Portland Inc. and Business Oregon to ensure these larger business recruitment organizations are aware of these opportunities in Milwaukie.

5C. Explore partnership opportunities with major employers

Description: Existing employers in Milwaukie have the potential to spur new development or redevelopment through growth, or through upgrading their current office space. Existing employers already know the positive attributes of Milwaukie, which is a benefit, compared to external employers who may be unfamiliar with the city. Local employers may also have roots in the community and be willing to take on additional risk or expense if it will help the broader community. The City should forge strong relationships with major local employers to understand their needs, and to explore potential partnership opportunities for new development or redevelopment.

Timeline: Ongoing.

Required resources: Funding for this action is not included in the MFM project. No significant funding for this action is anticipated.

Implementation process:

- Identify key local property owners and employers and invite them to meet with senior City staff.
- Follow-up with periodic meetings to continue to cultivate these relationships. A key component of the City's Economic Development Program is to maintain an ongoing dialogue with local businesses and companies in the City to both introduce staff to them and to get to know their operations.

5D. Communicate positive changes to the development community

Description: Once the City plan and code has been revised, and the City has adopted a strategy for using PPP tools and streamlined its permitting process, the City should then communicate all of these positive changes to developers and brokers from around the region and solicit development proposals for key opportunity sites. In addition to meeting with developers and brokers to tell them about these positive changes, the City should produce attractive marketing materials to distribute to members of the development community.

Timeline: 2-4 Years.

Required resources: Funding for this action is not included in the MFM project. This action would require additional one-time funds to produce marketing materials.

Implementation process:

- Create marketing materials describing the advantages of Milwaukie.
- Cultivate relationships with developers, brokers, and property owners (Action 4A).
- Advertise these positive changes to the development community through informal relationships.
- Host a developer roundtable, inviting multiple developers to visit Milwaukie and learn about development opportunities.
- Develop a quarterly newsletter that focuses on new development, business and investment as well as emerging opportunities in Milwaukie. It would feature economic development-related information such as details on new companies coming to Milwaukie; business expansions; major commercial, residential or other developments; and initiatives that support Milwaukie's growth.

3.2 Downtown

3.2.1 Policy (Comprehensive Plan)

Strategy 1 – Clarify vision and update Comprehensive Plan

Description: See Strategy 1 in the Citywide chapter of this report.

Why it's needed? See Strategy 1 in the Citywide chapter of this report.

Intended outcomes: See Strategy 1 in the Citywide chapter of this report.

Actions:

1C. "Refresh" Downtown and Riverfront Land Use Framework Plan

Description: This ancillary document to the Comprehensive Plan was adopted in 2000. It includes both a vision and framework for downtown and a concept plan for future Downtown development that is unnecessarily specific. The *Fresh Look Milwaukee* project confirmed that the vision is still valid, but should be updated to reflect current realities and desires. Specific revisions to this document will include updates to reflect projects and goals already completed; policies that have been changed or refined through the adoption of later documents; and updates to document graphics and images. This could include incorporating the South Downtown Concept Plan into the Framework Plan. See Action 1D.

Timeline: 0-1 Years.

Required resources: Funding for this action is provided through the Moving Forward Milwaukee project.

Implementation process:

- Complete a Plan and Code Review memorandum, identifying issues that need to be addressed.
- Draft Downtown Plan and Code amendments, and solicit public input.
- Adopt the Downtown Plan and Code amendments.

1D. Revise (as needed) and adopt South Downtown Concept Plan

Description: The South Downtown Concept Plan was completed by Walker Macy in 2011. The Concept Plan and an implementation strategy were adopted by City Council in 2011.³ The document provides guidance for development of South Downtown (south of

³ Resolution 82-2011.

Washington St, east of McLoughlin Blvd, and west of 21st Ave), and should be implemented through Comprehensive Plan and code amendments, as well as amendments to the Public Works Standards.

The most direct route to implementation is to either adopt the Concept Plan as an ancillary document to the Comprehensive Plan or to incorporate elements of the Concept Plan into the Downtown and Riverfront Downtown Framework Plan. The project team proposes incorporating elements of the Concept Plan into the Framework Plan.

Timeline: 0-2 Years.

Required resources: Funding for some actions are provided through the Moving Forward Milwaukie project. Amendments to the Public Works Standards are not part of the Moving Forward Milwaukie project and would require additional funding and staffing.

Implementation process:

- Complete a Plan and Code Review memorandum, identifying issues that need to be addressed.
- Prepare Downtown Plan and Code amendments, and solicit public input.
- Adopt the Downtown Plan and Code amendments.
- Amend the Public Works Standards to implement public improvements such as the South Downtown plaza.

3.2.2 Regulatory (Zoning Ordinance)

Strategy 6 – Provide more clarity and flexibility on allowed development

Description: City code governs the size, placement, design, and use of buildings. Clarity means that property owners and developers can easily understand what types of buildings and uses are allowed in different areas of the City. Flexibility means that, where possible, the City should allow a range of uses, heights, parking requirements, and building materials. When restrictions do apply, there should be a discretionary process for developers to apply for a variance to the regulations. This does not mean that the City should have no restrictions on future development. Regulations that govern new development are important to ensure that new development is attractive and consistent with the City’s vision. These regulations, however, should all serve a very clear purpose, and the regulations should be clear, concise, and easy to understand.

Why it’s needed: The downtown is currently a patchwork of five different zones, each with different requirements for height, uses, and parking requirements. The City’s zoning code is very specific and restrictive. This makes it difficult for developers to understand what is allowed to develop throughout downtown, and provides little flexibility for developers, which discourages new development in downtown.

Intended outcomes: The City clarifies important elements of new development downtown, while providing additional flexibility and clarity for new developers, making the downtown more attractive to developers, leading to more high-quality development downtown.

Actions:

6A. Reduce the number of downtown zones

Description: Downtown is currently divided into five different zones and two overlays. This results in a confusing mixture of zones, where regulations on one side of the street can be substantially different than regulations on the other side. The City should eliminate most of these downtown zones through consolidation to simplify the regulations that apply downtown, with one uniform downtown zone applying to the majority of downtown.

Timeline: 0-1 Years.

Required resources: Funding for this action is provided through the Moving Forward Milwaukie project.

Implementation process:

- Complete a Plan and Code Review memorandum, identifying issues that need to be addressed.
- Prepare Downtown Plan and Code amendments, and solicit public input.
- Adopt the Downtown Code and Plan amendments.

6B. Establish a “two-track” process for development downtown

Description: Although the revised downtown code is expected to already be flexible, allowing a wider-range of uses, heights, and building materials, the City should provide a formal avenue for developers to seek approval for development concepts that are not allowed by right in the downtown code. A two-track process will allow developers to proceed with certainty, with the knowledge that their projects are allowed by right, and not subject to discretionary review. . These decisions can be made administratively, giving developers more certainty on the timeline for the review process. For projects that do not meet the clear and objective standards, or desire more design flexibility or voluntarily select it, there is an alternative path that allows the development to be reviewed against development guidelines through a discretionary process

Timeline: 0-1 Years.

Required resources: Funding for this action is provided through the Moving Forward Milwaukie project.

Implementation process:

- Complete a Plan and Code Review memorandum, identifying issues that need to be addressed.
- Prepare Downtown Plan and Code amendments, and solicit public input.
- Adopt the Downtown Code and Plan amendments.

6C. Consider updating onsite parking requirements

Description: Certain areas of downtown have minimum and maximum onsite parking requirements, while other areas of downtown do not have any onsite parking requirements. Additionally, the existing parking requirements were shown to be an obstacle to some development concepts that were evaluated for this project. The City's existing policies, contained in the Transportation System Plan (TSP), call for moving away from on-site parking requirements. The multi-modal connectivity of downtown, especially once the light-rail station is completed and operational, also supports reduced or eliminated parking requirements.

The City should consider modernizing its parking requirements, either through eliminating parking requirements for all uses except residential uses and/or by reducing the minimum ratio of parking spaces per unit or per square foot to be in line with other similarly-sized downtowns with light-rail access. The Planning Commission should consider these (and perhaps other) alternatives, and make a recommendation on which approach is most appropriate for downtown Milwaukie. This recommendation should consider the desire to preserve an adequate supply of on-street parking, and the goal of ensuring parking requirements are not unnecessarily high and serving as a disincentive for new development.

Additionally, the City should consider applying these parking requirements uniformly throughout downtown, including areas that currently have no onsite parking requirements. This may result in some areas of downtown having increasing parking requirements, while other parts of downtown experience decreases. The ultimate purpose is for a single set of parking requirements to apply throughout downtown, and for those requirements to be reasonable, and not serving as an obstacle to new development in Milwaukie.

Timeline: 0-1 Years.

Required resources: Funding for this action is provided through the Moving Forward Milwaukie project.

Implementation process:

- Complete a Plan and Code Review memorandum, identifying issues that need to be addressed.

- Prepare Downtown Plan and Code amendments, and solicit public input.
- Adopt the Downtown Plan and Code amendments.

6D. Update building height standards

Description: City code establishes maximum and minimum building heights for new development in downtown. These requirements can have an important impact on the look and feel of downtown, as well as the attractiveness of the area for new development. The City should update its code to clarify the range of appropriate building heights throughout downtown, taking into account public input, and providing flexibility for potential developers. This could result in reducing allowed heights in South Downtown.

Timeline: 0-1 Years.

Required resources: Funding for this action is provided through the Moving Forward Milwaukie project.

Implementation process:

- Complete a Plan and Code Review memorandum, identifying issues that need to be addressed.
- Prepare Downtown Plan and Code amendments and solicit public input.
- Adopt the Downtown Plan and Code amendments.

6E. Update allowed uses, including ground-floor uses

Description: City code specifies what types of uses are allowed in buildings in downtown. These restrictions have an important impact on the look and feel of downtown, as well as the attractiveness of the area for new development. The City should broaden the allowed uses downtown to allow greater flexibility for developers, and allowing building owners to market their spaces to a wider-range of tenants. However, some restrictions are still needed (particularly on the ground-floor of buildings on Main Street) to promote an active and attractive downtown.

Timeline: 0-1 Years.

Required resources: Funding for this action is provided through the Moving Forward Milwaukie project.

Implementation process:

- Complete a Plan and Code Review memorandum, identifying issues that need to be addressed.
- Prepare Downtown Plan and Code amendments, and solicit public input.

- Adopt the Downtown Plan and Code amendments.

6F. Update setback requirements

Description: City code specifies the minimum and maximum “setbacks” for buildings downtown. Setbacks refer to the distance from a building face to the sidewalk. Milwaukie requires most buildings downtown to be setback no more than 10 feet. While this setback requirement is appropriate for most types of development downtown, it precludes buildings from incorporating ground-floor plazas, pocket parks, or other open space elements that could be attractive amenities downtown. The City should update their setback requirements to accommodate these potential ground-floor open space uses.

Timeline: 0-1 Years.

Required resources: Funding for this action is provided through the Moving Forward Milwaukie project.

Implementation process:

- Complete a Code and Plan Review memorandum, identifying issues that need to be addressed.
- Draft Downtown Code and Plan amendments, and solicit public input.
- Adopt the Downtown Code and Plan amendments.

Strategy 7 – Ensure development is attractive and pedestrian-friendly

Description: Design standards regulate how buildings look and how they interact with the street, as well as the types of building materials can be used in construction and how “pedestrian-friendly” buildings must be (e.g., ground floor windows, lighting, signage, etc.). In general, the purpose of design standards is to ensure that buildings are attractive, regardless of the size of the building and the use located within the building. The City should update their design standards to ensure high-quality development that is consistent with the public vision, while providing developers with sufficient clarity and flexibility for building design.

Why it’s needed? Pedestrian-friendly design standards only apply to small areas of downtown, which means new development in much of downtown could be auto-oriented in design. In downtown, existing design standards restrict or prohibit a long list of materials, many of which are commonly used in attractive contemporary buildings; this is inflexible and overly prescriptive and may discourage new development.

Intended outcomes: The City’s design standards would provide sufficient clarity and flexibility, so that they are not an obstacle to new development. The City’s design standards would be consistent with the community vision, ensuring new development downtown is attractive. Areas of the City that are envisioned as being active pedestrian-friendly streets would have appropriate pedestrian-friendly design standards to implement that vision.

Actions:

7A. Expand pedestrian-oriented standards and urban design standards

Description: Main Street in downtown Milwaukie already has urban design standards and pedestrian-oriented standards. Public input to date supports establishing urban design standards for McLoughlin Blvd and pedestrian-oriented standards for SE 21st Ave and east/west streets. The City would expand their pedestrian-oriented design standards to SE 21st Ave, as well as Harrison, Jackson, Monroe, Jefferson, Washington, and Adams streets.

Because McLoughlin Blvd is a much wider street with higher traffic volumes and higher speeds, and because development options on McLoughlin Blvd are limited to just the east side of the street, it is unrealistic to assume that development on McLoughlin Blvd can achieve the same pedestrian-oriented “main street” feel as Main Street and SE 21st Ave. Urban design on McLoughlin Blvd, however, is still very important, as it provides many commuters their first look at Milwaukie, and serves as a gateway to the City for vehicles, and bicyclists and pedestrians arriving via the Trolley Trail. Thus, urban design standards would be applied to McLoughlin Blvd to improve the appearance of new development on this street.

Timeline: 0-1 Years.

Required resources: Funding for this action is provided through the Moving Forward Milwaukie project.

Implementation process:

- Complete a Plan and Code Review memorandum, identifying issues that need to be addressed.
- Prepare Downtown Plan and Code amendments, and solicit public input.
- Adopt the Downtown Plan and Code amendments.

3.2.3 Financial

Strategy 8 – Lower the cost of development for high-priority projects

Description: In addition to using PPP tools to invest in new development (Strategy 3), the City should seek to lower the cost of development for catalyst projects. Catalyst projects are new development efforts in the short-term that can help prove the market in Milwaukie, but need some form of public-sector partnership to overcome the high degree of risk inherent in investing in unproven markets. The City can help reduce the cost of development by reducing or waiving some of the fees and charges on new development or by making publicly-owned sites available at favorable terms to private developers. These actions result in closing the financing gap and making catalyst projects more financially feasible. Note that one of these options, waiving or reducing systems development charges (SDCs) could have potential fiscal

impacts for other taxing districts, as the City collects parks and wastewater SDCs on behalf of the County, and passes these revenues through to the County. Thus, in situations where other taxing districts are affected, the City will need to collaborate with those affected taxing districts to implement this strategy.

Why it's needed? The market study and opportunity site analysis identified a significant financial gap for new development in Milwaukie. Given current market conditions, it is unlikely that private developers will be interested in Milwaukie without public-sector partnerships to share the financial risk. By reducing the cost of development for catalyst projects, the City may achieve high-quality new construction in downtown and/or Central Milwaukie. Successful development could help prove the market to other prospective developers, reducing the future need for long-term City investment in future projects, while also providing new amenities to residents and employees of Milwaukie.

Intended outcomes: The City would achieve high-quality new development or redevelopment in downtown and/or Central Milwaukie that otherwise would not have occurred but for the use of strategies to reduce the cost of development. The tools that the City uses would have no significant short-term negative impact on the City's budget, and long-term would have a positive fiscal impact to the City.

Actions:

8A. Establish alternative funding strategy for PARs

Description: The City charges new development in downtown for public area requirements (PARs) to rebuild the existing streetscape. The charges for PARs pay for improvements like street furniture, street trees, undergrounding utilities, and redesigning and repaving sidewalks. The City estimates the cost of PARs to be an average of approximately \$500,000 per block face.

While it's common practice for jurisdictions to require half street improvements (pavement, curb, landscape strip, sidewalk and sometimes a bike lane) and street trees as part of new development, Milwaukie's PARs are unusual because they go beyond the typical half street by requiring wider sidewalks with special treatments; ornamental street lights; underground utilities; street furniture and granite medallions (along Main St); and corner bulb-outs with irrigated landscaping. This results in a significant additional cost for development in downtown Milwaukie that is higher than both areas outside of downtown Milwaukie and, many other areas across the region, putting downtown Milwaukie at a competitive disadvantage for attracting new development.

Although the current method for charging developers to fund construction of PARs is a significant barrier to redevelopment, the goal of the City's public area requirements is still important. Many downtown streets lack adequate lighting and sidewalks, as well as comforts such as benches and trashcans. Streetscape improvements make downtowns more attractive and pedestrian-friendly, which encourages both residents and visitors to spend more time downtown and helps to boost rents and make downtown more attractive for

businesses and developers. The City should explore other funding sources to implement PARs downtown, as well as which components of the PARs are critical to implement the community's vision for a vibrant, pedestrian-oriented downtown. Typical funding sources used by other jurisdictions include local improvement districts (LIDs), urban renewal areas (URAs), and general obligation bonds. The specific funding source(s) that the City would use is undetermined at this time.

The City's previous approach to implementation of PARs has relied on piecemeal construction for segments of the streetscape adjacent to new development. Due to the slow pace of development downtown, and the pattern of relatively small individual parcels, this approach to implementation is inefficient. Instead, the City should have a more strategic approach, constructing large sections of the downtown streetscape at once, resulting in consistent, and noticeable improvements to sections of the downtown streetscape.

Creation of a new PAR funding strategy will take time, perhaps up to two years. During this time, it is important that the City adopt interim measures to waive or reduce the cost of PARs for interested developers. On an interim basis, the City could only charge new developers for the cost of the most critical elements of the PARs, including: half street improvements, curb/gutter/ramps, 8-ft sidewalks, and street trees. These costs are estimated to be \$100,000 per block face, instead of \$500,000 per block face for the full list of PAR requirements.

Additionally, the City should identify criteria for desirable catalyst projects downtown and consider waiving the charges for PARs for qualifying projects to lower the cost of development and encourage private investment in downtown. If the City chooses to waive the cost of PARs for a given project, it will result in no improvement to the streetscape adjacent to that project until another source of funding is identified to pay for those projects. Since an LID is a potential source for a portion of the funding for future streetscape improvements, the City should seek to negotiate agreements with new developers to support such an LID effort in the future, should the City decide to pursue implementation of an LID.

Timeline: 0-2 Years.

Required resources: Funding for this action is not included in the MFM project. The cost for full implementation of PARs throughout downtown is unknown at this time. The 2013 Transportation System Plan estimates the costs at \$7,300,000.⁴ These improvements could be made in block-by-block phases rather than throughout the entire downtown, which may increase the overall costs. In addition, funding for staffing and consultant assistance would be required.

⁴ 2013 dollars.

Implementation process:

- Adopt criteria for projects to qualify for a waiver or reduction of PAR charges.
- Communicate this financial benefit of the waiver or reduction to potential developers.
- Establish alternative funding strategy for PARs.
 - Clarify the elements of the PARs that should be implemented.
 - Estimate the total cost of implementing PARs throughout downtown. Identify potential phases of implementation, with cost estimates for each phase.
 - Evaluate multiple potential funding sources based on their financial capacity and their potential support from elected officials, downtown businesses and property owners, and the general public.
- Establish a funding strategy for PARs based on the findings from previous steps.

8B. Waive or finance SDCs for qualifying projects

Description: The City collects systems development charges (SDCs) for new development in the city. Waiving, reducing, or financing these SDCs has the potential to reduce the cost of development, helping to close the financing gap. Although the costs of SDCs can be similar to the cost of PARs downtown, the City has less direct control over these costs. The bulk of the SDCs (approximately 65%) charged by the City are passed through to other taxing districts that provide infrastructure for parks and wastewater treatment for Clackamas County. The City should explore opportunities to waive, reduce, or finance the SDCs that the City controls. Additionally, the City should collaborate with other taxing districts that charge SDCs in Milwaukie, and discuss opportunities to waive, reduce, or finance these SDCs.

Timeline: 0-2 Years.

Required resources: Funding for this action is not included in the MFM project. By waiving, reducing, or financing SDCs for new projects in downtown, the City and other affected taxing districts would lose out on a potential revenue source to pay for infrastructure, and would need to offset this lost revenue with another funding source. The extent of this fiscal impact depends on the amount of new development that occurs downtown.

Implementation process:

- Adopt criteria for projects to qualify for a waiver, reduction, or financing of SDCs.
- Meet with affected taxing districts to attempt to negotiate their participation in the waiver, reduction, or financing of SDCs.

- Communicate this financial benefit to potential developers.

8C. Make publicly-owned sites available to developers at favorable terms for qualifying projects

Description: The City owns two key opportunity sites in downtown: the Cash Spot Site, and half of the Texaco Site. Other public entities like Metro and TriMet also own property in downtown. Publicly-owned sites have great potential for catalyst projects, because the public-sector does not necessarily require the same profit from land sales as most private land owners. The City should be willing to sell their opportunity sites to potential developers at terms that are favorable to the developers, if the proposed project is consistent with the City vision and has a demonstrated financing gap. These land sales should be carefully constructed so that the City has significant input into the development process, ensuring that the final development is of high-quality. The City should work with other public landowners to make their sites available at favorable terms to potential catalyst projects as well.

Timeline: 0-6 Years.

Required resources: Funding for this action is not included in the MFM project. This action would not require any additional resources, but could result in the City disposing of property for less than the desired return on investment. Thus the City could be forgoing potential future profits from land sales at a higher price point. However, these lost potential revenues are speculative, as there is no proven demand for these properties at any price point.

Implementation process:

- Issue requests for qualification (RFQs) for development of publicly-owned sites in downtown (Actions 4F and 4E).
- Evaluate the financial gap for the proposed development.
- Negotiate a disposition and development agreement (DDA) with the developer, specifying the price for sale of the land based on the magnitude of the financial gap and the public benefits that the proposed development will bring to the community.
- Identify a site and relocation plan for the Farmers Market when the Texaco Site is made available.

3.2.4 Economic development

Strategy 5 – Proactively encourage development

Description: See Strategy 5 in the Citywide chapter of this report.

Why it's needed? See Strategy 5 in the Citywide chapter of this report.

Intended outcomes: See Strategy 5 in the Citywide chapter of this report.

Actions:

5E. Encourage final development of the “Triangle” site with consideration of appropriate interim uses

Description: The City should actively seek financially feasible development opportunities on the Triangle Site. This could include, but not be limited to, issuing a request for qualifications (RFQ) for potential developers interested in the site. Before this RFQ can be issued, the City should first complete the downtown plan and code amendments that apply to the site, and should establish a strategy for when to use PPP tools to invest in new development projects.

The Triangle Site’s unusual shape and small footprint present challenges for achieving high-quality, multi-story development on the site, and it is possible that in the short-term, no financially feasible development options exist. If this occurs, the City should consider short-term, temporary uses on the site, such as a food cart pod, to generate activity on the site and support the new light rail station until market conditions improve and a more permanent development option becomes feasible.

Timeline: 0 -1 Years (temporary, interim use)

1-6 Years (permanent use)

Required resources: Implementing this action will require staff time or as long as active negotiations with developer(s) are ongoing.

Implementation process:

- Issue an RFQ for development of the site.
- Select a preferred developer, based on the quality of the proposed concept, the public benefits that the project would bring to the community, and the experience and financial capacity of the development team.
- Negotiate a disposition and development agreement (DDA) for the site with the private developer and other public partner(s).
- Note that there are other approaches the City could pursue to implement this action. Instead of an RFQ, the City could issue an RFP, or the property owner could simply put the property up for sale (though there may be some restrictions on sales without a public solicitation process, or other conditions that limit a public agency’s ability to sell land for various purposes). Instead of a DDA, the City could negotiate a Purchase and Sale Agreement (PSA), using deed restrictions and covenants to ensure public-sector objectives are met.

5F. Issue RFQs for development on the Cash Spot and Texaco sites

Description: The City should actively seek financially feasible development opportunities on the Texaco and Cash Spot sites. Ultimately, this will include issuing a request for qualifications (RFQ) for potential developers interested in the site. Before the RFQs can be issued, the City must first complete the downtown plan and code amendments that apply to the sites, and must establish a strategy for when to use PPP tools to invest in new development projects.

Timeline: 1-4 Years.

Required resources: Funding for this action is provided through the Moving Forward Milwaukie project.

Implementation process:

- Issue RFQs for development of the sites.
- Select a preferred developer for each site, based on the high-quality of the proposed concepts, the public benefits that the projects would bring to the community, and the experience and financial capacity of the development teams.
- Negotiate disposition and development agreements for the sites with the private developers and other public partner(s).
- Note that there are other approaches the City could pursue to implement this action. Instead of an RFQ, the City could issue an RFP, or the property owner could simply put the property up for sale (though there may be some restrictions on sales without a public solicitation process, or other conditions that limit a public agency's ability to sell land for various purposes). Instead of a DDA, the City could negotiate a Purchase and Sale Agreement (PSA), using deed restrictions and covenants to ensure public-sector objectives are met.

Strategy 9 – Encourage adaptive reuse

Description: The city has many existing buildings (particularly in downtown) that should not be torn down, but could still benefit from remodeling or renovation. Through the adaptive reuse of existing buildings, the City can incrementally improve the quality of the city's building stock, helping to attract new tenants to the City, and increasing achievable rents. Adaptive reuse has the potential to help the City realize their visions for downtown, and these projects typically cost substantially less than new construction, which means they may be more achievable in the short-term. The City should establish a strategy to encourage adaptive reuse of existing buildings.

Why it's needed? The City's downtown has relatively few vacant parcels, and many existing buildings in need of remodel or renovation. These adaptive reuse projects may also be more financially feasible in the short-term.

Intended outcomes: The City would achieve more development downtown through adaptive reuse projects, contributing to an active and attractive downtown.

Actions:

9A. Create a program to encourage adaptive reuse of existing buildings

Description: The City should identify specific tools and funding sources to assist with adaptive reuse projects. Many PPP tools are geared towards new development, and are not as helpful for adaptive reuse projects. For example, the funding capacity for TIF Zones is based on the increase in assessed value of property, which is greater for new development than remodeling an existing structure. However, TIF Zones can be used to fund programs such as façade improvements or other loans/grants.

Timeline: 0-2 Years.

Required resources: Funding for this action is not included in the MFM project. Implementing this action will require staffing and funding.

Implementation process:

- Evaluate PPP tools for their applicability to adaptive reuse projects.
- Collaborate with Metro on the creation of new grant and loan programs to support adaptive reuse efforts.
- Establish a clearly defined program for applying these tools to help local property owners with adaptive reuse projects.

9B. Identify potential sites for adaptive reuse

Description: The City should inventory existing buildings downtown to determine which are good adaptive reuse candidates (i.e., buildings that are structurally sound but underutilized and/or unattractive).

Timeline: 0-2 Years.

Required resources: Funding for this action is not included in the MFM project. Implementing this action will require some staff time and or consultant expenses.

Implementation process:

- Identify criteria for high-potential adaptive reuse buildings.
- Conduct an inventory of buildings in downtown, identifying those with adaptive reuse potential.

9C. Engage property owners about adaptive reuse potential

Description: Once Action 9A has been completed, the City should be proactive in encouraging adaptive reuse of building downtown. The City should invite owners of buildings with strong adaptive reuse potential to learn about the City's new adaptive reuse program, and the available tools to help with adaptive reuse projects.

Timeline: 1-2 Years.

Required resources: Funding for this action is not included in the MFM project. Implementing this action will require some staff time, and would need to be added to the economic development work plan.

Implementation process:

- Create marketing materials that describe the benefits of the adaptive reuse program, and distribute these materials to downtown property owners.
- Host an open house to meet with property owners and discuss tools to assist with adaptive reuse projects.
- Invite regional developers with adaptive reuse experience to come and learn about buildings with adaptive reuse potential in downtown.
- Invite property owners of buildings with the best adaptive reuse potential to have one-on-one meetings with City staff to discuss potential adaptive reuse projects. Where possible, make connections between local property owners and interested developers with experience doing adaptive reuse projects.

Strategy 10 – Provide adequate infrastructure and public amenities to support new development

Description: One of the most basic services that cities provide to encourage development is the provision of infrastructure. This includes traditional infrastructure like streets, sidewalks, water, and sewer pipes. However, other public amenities like parks and plazas are also important infrastructure components that make areas more attractive to both developers and potential visitor and residents.

Downtown Milwaukie is generally well served with regards to transportation and utility infrastructure, but there are still improvements that the City can and should make. Some intersections experience heavy congestion, which affects connectivity within and between downtown and central Milwaukie. Many areas of downtown have inadequate and unattractive streetscapes, which act as a deterrent to pedestrian activity and can reduce the attractiveness of sites to potential developers. Existing parks and open space areas in and around downtown provide very basic features and lack many amenities desired by the community.

Why it's needed? Many intersections in downtown Milwaukie have congestion issues that are expected to worsen in the future. Downtown policies that describe the area as pedestrian-

friendly and transit-oriented, but transportation planning for the areas may not be as supportive of these policies as it should be. Downtown has some parks and open space, but they could benefit from additional investment, and the proposed South Downtown plaza lacks funding for implementation.

Intended outcomes: The City would have all necessary infrastructure to support new development in downtown Milwaukie. Parks and open space downtown would be attractive amenities, valued by both residents and developers. Transportation infrastructure is supportive of the City's vision for pedestrian-friendly, transit-oriented areas.

Actions:

10A. Explore Multimodal Mixed-Use Area (MMA) designation downtown

Description: An MMA designation allows greater flexibility for new development by lifting a requirement of the state Transportation Planning Rules (TPR) to apply automobile congestion standards to the review of certain land use changes. An MMA designation in downtown would mean that changes to City land use plans would not need to be evaluated using congestion performance standards, but could consider other community goals and priorities. In short, added congestion in downtown from new development would not be an impediment to that development. Upon further exploration, the City may determine that an MMA is not needed or desirable.

Timeline: 0-2 Years.

Required resources: Funding for this action is not included in the MFM project. Implementing this action will require staffing and funding.

Implementation process:

- Meet with ODOT to discuss the appropriateness of an MMA designation in downtown.
- Evaluate the potential impacts of an MMA designation in downtown, including how it would affect the need for capital improvement downtown, the impact on congestion, and the financial impact to the City and new developers.
- If the City determines an MMA designation downtown is beneficial, then the City would adopt a Comprehensive Plan amendment designating the area as an MMA.

10B. Enhance existing downtown Parks (Dogwood and Scott)

Description: Dogwood Park is located in south downtown and extends from the intersection of Main and Adams streets to the north to the Kellogg Bridge to the south. Scott Park is located in north downtown, to the rear of Ledding Library.

Dogwood Park is minimally improved with a picnic table and a sign, and a concept plan for the park was completed in 2011. The concept plan establishes an interim design in anticipation of the implementation of the South Downtown Concept Plan.

Scott Park is partially developed but underutilized. There is an existing Master Plan for Scott Park, but much of the plan has not been implemented. These park improvements would make the area more attractive for local residents and employees of Milwaukie, as well as potential developers.

Timeline: 0-4 Years.

Required resources: Funding for this action is not included in the MFM project. Implementing this action would require additional capital expenditures.

Implementation process:

- Clarify specific capital improvements for these parks, and estimate total costs.
- Identify funding source(s).
- Collect funds and construct the improvements.

10C. Provide gateway improvements along McLoughlin Blvd

Description: McLoughlin Blvd serves as a “gateway” to Milwaukie for both vehicular and pedestrian/bicycle traffic. It is the primary north-south connection through downtown, as well as the downtown gateway to the Trolley Trail multiuse facility. These entrances to the city would benefit from increased visibility and appeal. Gateway improvements at key roads and intersections on McLoughlin Blvd can help through traffic realize that they have arrived in Milwaukie, and draw attention to Milwaukie’s assets (like the existing downtown and future catalyst projects on McLoughlin Blvd). Ultimately, the purpose of the gateway improvements would be to draw more traffic off of McLoughlin Blvd and into downtown. Potential gateway improvements include: gateway features (e.g., signage, sculptures, etc.), plantings, lighting, and related improvements.

Timeline: 2-4 Years.

Required resources: Funding for this action is not included in the MFM project. Implementing this action would require additional one-time capital expenditures.

Implementation process:

- Clarify specific capital improvements and estimate total costs.
- Identify funding source(s).
- Collect funds and construct the improvements.

10D. Construct the South Downtown plaza

Description: The South Downtown Concept Plan identifies a public plaza at the intersection of Adams and Main streets, connecting the new light rail station with Main Street. The goal of the project is to create a focal point at the south end of downtown. The City has completed the concept planning phase of the project, and now needs funds for preliminary design, final design, and construction.

Timeline: 2-4 Years.

Required resources: Funding for this action is not included in the MFM project. Implementing this action would require additional one-time capital expenditures.

Implementation process:

- Complete final design work and refine cost estimates.
- Identify funding source(s).
- Collect funds and construct the improvements.

3.3 Central Milwaukie

3.3.1 Policy (Comprehensive Plan)

Strategy 1 – Clarify vision and update Comprehensive Plan

Description: See strategy 1 in the Citywide chapter of this report.

Why it's needed? See strategy 1 in the Citywide chapter of this report.

Intended outcomes: See strategy 1 in the Citywide chapter of this report.

Actions:

1E. Adopt Central Milwaukie Land Use & Transportation Plan

Description: The Central Milwaukie Land Use & Transportation Plan will include an evaluation of current land use conditions and transportation infrastructure, a vision for the future of Central Milwaukie, and a plan for achieving that vision. The document will provide specific direction for plan and code amendments related to the Central Milwaukie area, and will be adopted concurrent with these plan and code amendments. When adopted, the document will refine the Town Center Master Plan that currently describes an outdated vision for the area.

Timeline: 0-1 Years.

Required resources: Funding for this action is provided through the Moving Forward Milwaukie project.

Implementation process:

- Draft Central Milwaukie Land Use & Transportation Plan.
- Make revisions based on input from City Council, Planning Commission, the Project Advisory Committee, and the general public.
- Adopt the final Central Milwaukie Land Use & Transportation Plan as an ancillary document to the Comprehensive Plan, concurrent with the Central Milwaukie Comprehensive Plan and code amendments.

3.3.2 Regulatory (Zoning Ordinance)

Strategy 6 – Provide more clarity and flexibility on allowed development

Description: See Strategy 6 in the downtown section of this report.

Why it's needed: See Strategy 6 in the downtown section of this report.

Intended outcomes: See Strategy 6 in the downtown section of this report.

Actions:

6G. Adopt a “Central Milwaukie Commercial” zone

Description: The City will consider adopting a zone or zones that applies to all of Central Milwaukie, excluding the Milwaukie Marketplace. Currently, Central Milwaukie is a patchwork of 5 different zones and overlays. With the exception of the Murphy and McFarland sites (addressed below) the bulk of Central Milwaukie is commercially-zoned, with pockets of high-density residential zoning. The commercial areas zones of Central Milwaukie are very permissive, and there are no design or development standards to ensure new development meets the community's expectations. Residential uses are not currently allowed in these commercial areas; the community may wish to revisit that restriction.

The new Central Milwaukie Commercial zone or zones will clarify what is allowed and prohibited throughout Central Milwaukie. The new zone or zones will include provisions, as necessary, to differentiate subareas where specific uses (like flex space on the Murphy site) will be allowed, and where they will be prohibited.

Timeline: 0-1 Years.

Required resources: Funding for this action is provided through the Moving Forward Milwaukie project.

Implementation process:

- Draft a Central Milwaukie Land Use and Transportation Plan (Action 1E), describing the land use vision for Central Milwaukie.
- Draft Central Milwaukie Comprehensive Plan and code amendments to implement the plan, and solicit public input.
- Adopt the Central Milwaukie Comprehensive Plan and code amendments concurrent with the Central Milwaukie Land Use and Transportation Plan.

6H. Allow by-right development on the Murphy and McFarland sites

Description: The current zoning for the Murphy and McFarland sites is a confusing combination of a permissive mixed-use zone and a very restrictive overlay. Any development on the site requires Planning Commission review and approval, making it difficult for potential developers to know whether any development proposal would receive approval. Development that implements the community's vision, as identified in the Central Milwaukie Land Use and Transportation Plan, should be permitted based on a Type I Development Review similar to development in other areas of the city, and should not require any special or higher level of review.

Timeline: 0-1 Years.

Required resources: Funding for this action is provided through the Moving Forward Milwaukie project.

Implementation process:

- Draft the Central Milwaukie Land Use and Transportation Plan (Action 1E), describing uses that should be allowed by right, allowed conditionally, and prohibited in the area.
- Draft Central Milwaukie code and plan amendments, and solicit public input.
- Adopt the Central Milwaukie code and plan amendments, concurrent with the Central Milwaukie Land Use and Transportation Plan.

6l. Update allowed uses, including provisions for flex space on the Murphy site

Description: Use standards govern what types of activities are allowed in an area. Public input has been supportive of a wide-range of uses in Central Milwaukie, as long as the buildings are attractive (see Strategy 7). The Central Milwaukie Commercial zone will identify which uses are allowed by right, allowed conditionally, and prohibited throughout Central Milwaukie. Most of these use standards will be applied to Central Milwaukie in its entirety. One use, however, that should only be allowed in portions of Central Milwaukie is light industrial flex space. The term “flex space” applies to buildings that are attractive to a wide-range of potential tenants, including both light industrial and office users. These buildings are typically more attractive and higher quality than traditional industrial buildings, but more affordable and with a lower level of finishes than traditional office space. Code and plan amendments should ensure that flex space is allowed on the Murphy site, at a scale that does not encourage large truck traffic, but prohibited in other areas of Central Milwaukie.

Timeline: 0-1 Years.

Required resources: Funding for this action is provided through the Moving Forward Milwaukie project.

Implementation process:

- Draft the Central Milwaukie Land Use and Transportation Plan (Action 1E), describing uses that should be allowed by right, allowed conditionally, and prohibited in the area.
- Draft Central Milwaukie code and plan amendments, and solicit public input.
- Adopt the Central Milwaukie code and plan amendments, concurrent with the Central Milwaukie Land Use and Transportation Plan.

Strategy 7 – Ensure development is attractive and pedestrian friendly

Description: See Strategy 7 in the downtown chapter of this report.

Why it's needed? See Strategy 7 in the downtown chapter of this report.

Intended outcomes: See Strategy 7 in the downtown chapter of this report.

Actions:

7B. Adopt design standards for commercial development

Description: The Central Milwaukie area has no design standards for new commercial development, which gives the City very little ability to ensure new development in the area is attractive. Establishing design standards in this area is an element of the project scope and the approach has been supported by public input to date. The City should adopt design standards for Central Milwaukie, regulating what types of building materials can be used in construction, and how “pedestrian-friendly” buildings must be (e.g., ground floor windows, lighting, signage, etc.). These design standards should ensure high-quality development, while still being flexible enough to allow potential developers substantial freedom to design affordable buildings that work best for their tenants. This approach will need to be confirmed or revised during the Land Use and Transportation Plan adoption process.

Timeline: 0-1 Years.

Required resources: Funding for this action is provided through the Moving Forward Milwaukie project.

Implementation process:

- Draft the Central Milwaukie Land Use and Transportation Plan (Action 6F).
- Draft Central Milwaukie code and plan amendments, and solicit public input.
- Adopt the Central Milwaukie code and plan amendments, concurrent with the Central Milwaukie Land Use and Transportation Plan.

7C. Revise development standards for commercial development

Description: Development standards regulate the size of buildings and where they are located on a site. These standards should be updated for Central Milwaukie to ensure buildings (especially buildings fronting main streets like SE 32nd Ave, or SE Harrison Street) are located close to the sidewalk with parking located at the side or rear of buildings. This approach will need to be confirmed or revised during the Land Use and Transportation Plan adoption process.

Timeline: 0-1 Years.

Required resources: Funding for this action is provided through the Moving Forward Milwaukie project.

Implementation process:

- Draft the Central Milwaukie Land Use and Transportation Plan (Action 6F).
- Draft Central Milwaukie code and plan amendments, and solicit public input.
- Adopt the Central Milwaukie code and plan amendments, concurrent with the Central Milwaukie Land Use and Transportation Plan.

3.3.3 Financial

Strategy 3 – Invest in catalyst projects with Public-Private Partnership (PPP) tools

Description: See Strategy 3 in the Citywide section of this report.

Why it's needed? See Strategy 3 in the Citywide section of this report.

Intended outcomes: See Strategy 3 in the Citywide section of this report.

Actions:

3E. Evaluate the use of Industrial Development Bonds for flex space on the Murphy Site.

Description: There are many PPP tools that the City can apply to development throughout the City, including Central Milwaukie (see Strategy 3 in the Citywide chapter of this report). One tool with a much more specific applicability is Industrial Development Bonds. These are bonds issued by the State to provide long-term, low-interest financing to industrial projects with an eligible anchor tenant. Depending on the specific tenants that might be interested in developing flex space in Central Milwaukie, Industrial Development Bonds may be a useful tool to reduce the cost of development by providing lower cost financing. City staff should become familiar with the requirements of this program to identify potential projects in appropriate areas of Central Milwaukie (or in other industrial areas of the City) that could benefit from the program.

Timeline: 0-2 Years.

Required resources: Funding for this action is not included in the MFM project. Industrial Development Bonds are issued by the State of Oregon and would have no budgetary impact for the City. This action will need to be added to the Economic Development program.

Implementation process:

- Establish a strategy for using PPP tools (Action 3B).

- Evaluate potential tenants of proposed flex space projects in Central Milwaukie to determine eligibility for the program.
- Educated eligible tenants on the program, and introduce them to staff at the State of Oregon Industrial Development Bonds program. Stay actively involved in establishing partnerships between private developers and the State.

3.3.4 Economic development

Strategy 10 – Provide adequate infrastructure and public amenities to support new development

Description: See Strategy 10 in the downtown chapter of this report.

Why it's needed? See Strategy 10 in the downtown chapter of this report.

Intended outcomes: See Strategy 10 in the downtown chapter of this report.

Actions:

10E. Explore Multimodal Mixed-Use Area (MMA) designation for Central Milwaukie

Description: An MMA designation allows greater flexibility for new development by lifting a requirement of the state Transportation Planning Rules (TPR) to apply automobile congestion standards to the review of certain land use changes. An MMA designation in Central Milwaukie would mean that changes to City land use plans would not need to be evaluated using congestion performance standards. In short, added congestion in Central Milwaukie from new development would not be an impediment to that development.

Timeline: 0-2 Years.

Required resources: Funding for this action is not included in the MFM project. Implementing this action will require staffing and funding to provide analysis and adopt a Comprehensive Plan amendment.

Implementation process:

- Meet with ODOT to discuss the appropriateness of an MMA designation in Central Milwaukie. This coordination should occur concurrently to discussions regarding potential for an MMA designation in downtown (see Action 10A in the Downtown chapter of this report).
- Evaluate the potential impacts of an MMA designation in Central Milwaukie, including how it would affect the need for capital improvement in the area, the impact on congestion, and the financial impact to the City and new developers.

- If the City determines an MMA designation in Central Milwaukie is beneficial, then the City would adopt a Comprehensive Plan amendment designating the area as an MMA.

10F. Address transportation infrastructure deficiencies for Central Milwaukie

Description: The Murphy and McFarland sites in Central Milwaukie are large and have no internal street network. Many intersections in Central Milwaukie are shared with Hwy 224 and have congestion issues that are expected to worsen in the future. The City should ensure that new development on the Murphy and McFarland sites provides for adequate transportation connections through these sites, and intersection improvements at congested intersections throughout the area. There is no strong and safe north/south pedestrian or vehicular connection between residential areas to the north and east and Milwaukie Marketplace.

Timeline: 2+ Years.

Required resources: Funding for this action is not included in the MFM project. The cost to completely address transportation infrastructure deficiencies throughout Central Milwaukie is unknown at this time. These improvements could be made in phases, spreading out the funding burden over time. Many of these infrastructure improvements may be the responsibility of private developers to fund and construct, eliminating any budgetary impact to the City.

Implementation process:

- Adopt the Central Milwaukie Land Use and Transportation Plan (Action 1E), identifying (at a high level) transportation improvements that are likely to be needed in Central Milwaukie.
- For projects internal to the Murphy and McFarland sites, work with prospective developers to refine the specific infrastructure projects, cost estimates, funding responsibilities, and timeline for implementation.
- For projects not specific to the Murphy and McFarland sites, prioritize the projects relative to other City needs, and amend the TSP as necessary.

4 Summary of recommended implementation strategies and actions

The implementation strategies and actions described in this document are summarized in the matrix on the following pages.

**Action & Implementation Work Program for Downtown and Central Milwaukie
Summary Matrix**

Strategies	Actions	Project Type	Timeline
CITYWIDE			
Policy - Comprehensive Plan			
1. Update Comprehensive Plan	1A. Update Chapter 4 of the Comprehensive Plan.	MFM	0-1 years
	1B. Update Transportation System Plan, to reflect MFM plan and code revisions	MFM	0-2 years
Regulations - Code			
2. Enhance the culture of helpfulness	2.A. Streamline City permitting and review processes	MFM	0-2 years
Financial			
3. Invest in catalyst projects with Public-Private Partnership (PPP) tools	3A. Establish a strategy for using PPP tools	Community Development	0-2 Years
	3B. Use non-City funding sources for development.	Community Development	0-2 Years
	3C. Use site-specific TIF zones for appropriate projects	Urban Renewal Plan	1-4 Years
	3D. Use property tax abatement programs for appropriate projects	Community Development	1-4 Years
Economic development			
2. Enhance the culture of helpfulness	2B. Support the City's strong and proactive customer service approach	Economic Development	0-2 Years
4. Support existing businesses	4A. Establish a storefront improvement program	Economic Development	0-2 Years
	4B. Establish a small business development fund	Economic Development	0-2 Years
5. Proactively encourage development	5A. Cultivate relationships with developers, brokers, and property owners	Economic Development	0-2 Years
	5B. Establish business recruitment program	Economic Development	0-4 Years/ Ongoing
	5C. Explore partnership opportunities with major City employers	Economic Development	Ongoing
	5D. Communicate positive changes to the development community	Economic Development	2-4 Years

Strategies	Actions	Project Type	Timeline
DOWNTOWN			
Policy - Comprehensive Plan			
1. Update Comprehensive Plan	1C. "Refresh" Downtown and Riverfront Land Use Framework Plan	MFM	0-1 Years
	1D. Revise and adopt South Downtown Concept Plan	MFM	0-2 Years
Regulations - Code			
6. Provide more clarity and flexibility on allowed development	6A. Reduce the number of downtown zones	MFM	0-1 Years
	6B. Establish a "two-track" process for new development downtown	MFM	0-1 Years
	6C. Consider updating on-site parking requirements	MFM	0-1 Years
	6D. Update building height standards	MFM	0-1 Years
	6E. Update allowed uses, including ground-floor uses	MFM	0-1 Years
	6F. Update setback requirements	MFM	0-1 Years
7. Ensure development is attractive and pedestrian-friendly	7A. Expand pedestrian-oriented standards and urban design standards	MFM	0-1 Years
Financial			
8. Lower the cost of development for catalyst projects	8A. Establish alternative funding strategy for PARs	Capital	0-2 years
	8B. Waive or finance SDCs for qualifying projects	Community Development	0-2 years
	8C. Make publicly-owned sites available to developers at favorable terms for qualifying projects	Economic Development	0-6 Years
Economic development			
5. Proactively encourage development	5E. Encourage final development of the "Triangle" site with consideration of appropriate interim uses.	MFM	0-6 years
	5F. Issue RFQs for development on the Cash Spot and Texaco sites	MFM	1-4 Years
9. Encourage adaptive reuse	9A. Create a program to encourage adaptive reuse of existing buildings	Community Development	0-2 Years
	9B. Identify potential sites for adaptive reuse	Community Development	0-2 Years
	9C. Engage property owners about adaptive reuse potential	Community Development	1-2 years
10. Provide adequate infrastructure and public amenities to support new development	10A. Explore Multimodal Mixed-Use Area (MMA) designation downtown	MFM	0-2 Years
	10B. Enhance existing downtown Parks (Dogwood and Scott)	Capital	0-4 Years
	10C. Provide gateway improvements along McLoughlin Blvd	Capital	2-4 Years
	10D. Construct the South Downtown Plaza	Capital	2-4 Years

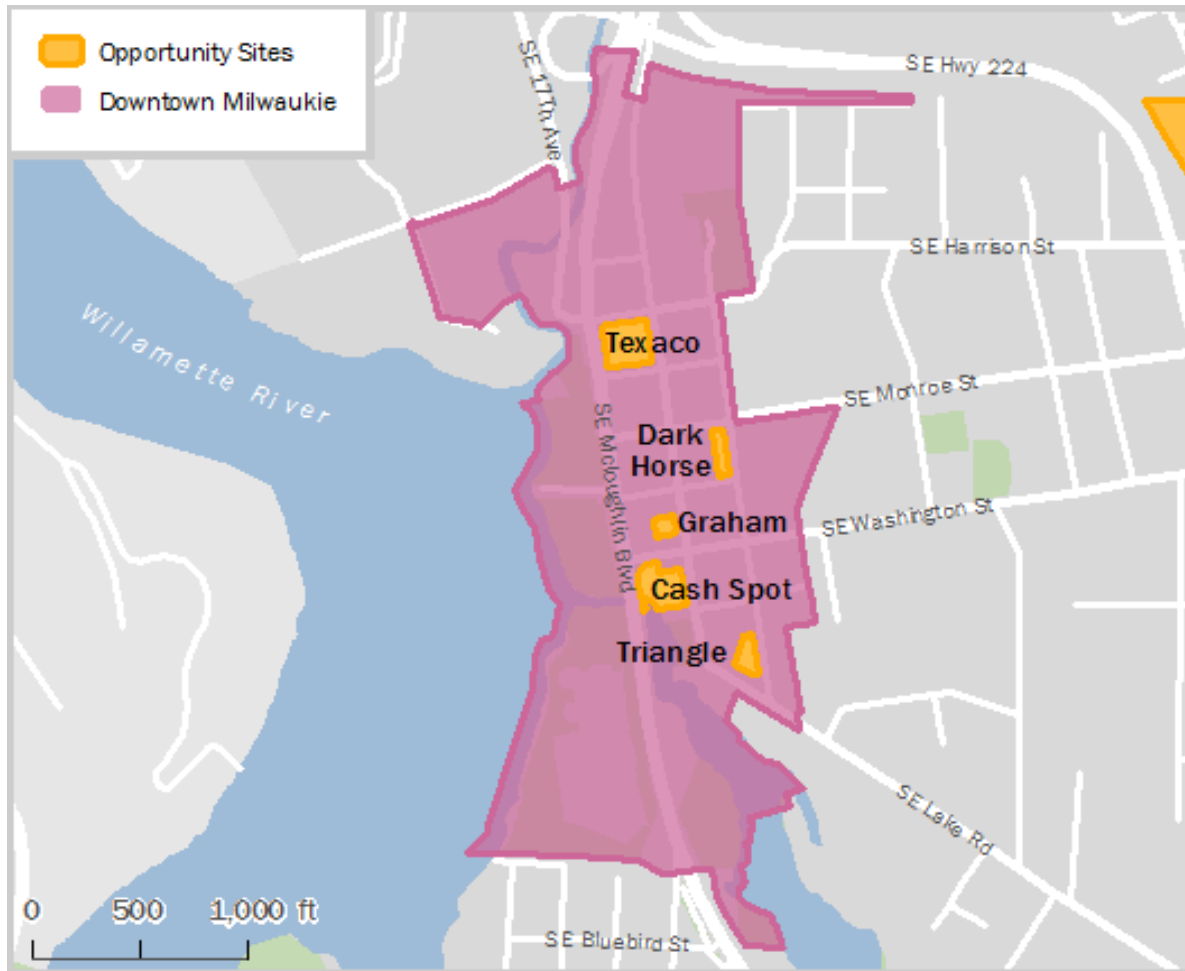
Strategies	Actions	Project Type	Timeline
CENTRAL MILWAUKIE			
Policy - Comprehensive Plan			
1. Update Comprehensive Plan	1E. Adopt Central Milwaukie Land Use & Transportation Plan	MFM	0-1 Years
Regulations - Code			
6. Provide more clarity and flexibility on allowed development	6G. Adopt a "Central Milwaukie Commercial" zone	MFM	0-1 Years
	6H. Allow by-right development on the Murphy and McFarland sites	MFM	0-1 years
	6I. Update allowed uses, including provisions for flex space on the Murphy site	MFM	0-1 Years
7. Ensure development is attractive and pedestrian friendly	7B. Adopt design standards for commercial development	MFM	0-1 Years
	7C. Revise development standards for commercial development	MFM	0-1 Years
Financial			
3. Invest in catalyst projects with Public-Private Partnership (PPP) tools	3E. Evaluate the use of Industrial Development Bonds for flex space on the Murphy Site.	Economic Development	0-2 Years
Economic development			
10. Provide adequate infrastructure and public amenities to support new	10E. Explore Multimodal Mixed-Use Area (MMA) designation for Central Milwaukie	MFM	0-2 Years
	10F. Address transportation infrastructure deficiencies for Central Milwaukie	Capital	2+ Years

Appendix A: Opportunity site key findings

For each site, we describe the range of desired uses for the site (as evaluated through the development concepts), and the key findings from our analysis, including obstacles to achieving successful site redevelopment

Downtown Milwaukie

Exhibit 1. Map of downtown Milwaukie and opportunity sites



Source: 2013 RLIS data

Texaco Site



Range of desired uses

- Residential
- Office/Commercial (limited on ground floor on Main St)
- Retail
- Publicly-accessible open space or plaza (as component of a mixed-use project)

Strengths for development

- Visual and (to a lesser extent) physical access to the riverfront.
- High visibility from McLoughlin Blvd.
- Willing and motivated property owners (the City and Metro), interested in pursuing development opportunities.
- Flexible off-street parking standards

Obstacles for development

- Policy – Comprehensive Plan:
 - None.
- Regulations and code:
 - Maximum setback requirements preclude the provision of ground-floor open space on the Main Street face of the block, which was a popular potential design element.
 - Ground-floor retail requirements restrict potential tenants.

- Height limitations restrict the overall density that the site can achieve to no more than four stories if the project includes residential development, or three stories without a residential component.
- Financial:
 - Public Area Requirements (PARs) will add significantly to construction costs. These are City requirements for new development to pay for adjacent streetscape improvements, such as sidewalks, street trees, benches, undergrounding utilities, and other related improvements.
 - Current market conditions and rents in Milwaukie are insufficient to support market rate development in downtown Milwaukie.
 - The public desires development on the site to be an attractive “gateway” building, which would increase construction costs.
- Economic development:
 - Potential access restrictions due to proximity to McLoughlin Boulevard and the status of the Harrison St/McLoughlin Blvd intersection.

Dark Horse Site



Range of desired uses

- Residential (except on Main Street ground floor)
- Office/Commercial (office limited on Main Street ground floor)
- Retail
- Live/Work on 21st Ave

Strengths for development

- Willing and motivated property owner (Dark Horse Comics), has roots in Milwaukie, and interested in pursuing development opportunities. Potential for owner-occupied anchor tenant for upper floors. Market rents are not a key consideration for owner-occupied office space.
- Flexible site options, with property owner willing to consider redevelopment of numerous parcels on the site, including potential partnerships with other private property owners on the same block.
- Flexible off-street parking standards

Obstacles for development

- Policy – Comprehensive Plan
 - None.
- Regulations and code:
 - Ground-floor retail requirements on Main Street restrict potential tenants.
 - Height limitations restrict the overall density that the site can achieve to no more than four stories if the project includes residential development, or three stories without a residential component.

- Financial:
 - Public Area Requirements (PARs) will add significantly to construction costs.
 - Cost of new construction would require existing owner/tenant to significantly increase rental rates, compared to what they pay now.
- Economic development:
 - Streetscape on SE 21st Ave. is unattractive and in need of improvement.
 - If only the parcels fronting SE 21st Ave are included in the development, then the narrow parcel configuration limits development potential, particularly for onsite parking.
 - Site configuration and the property owner's desire to replace existing surface parking lot pose challenges to providing onsite parking.

Graham Site



Range of desired uses

- Residential above ground-floor retail
- Office/Commercial above ground-floor retail
- Adaptive reuse retail/commercial

Strengths for development

- Existing building on site provides potential for adaptive reuse at significantly lower cost than new construction.
- Close proximity (roughly 600 feet) to future Adams Street Connector, South Downtown Plaza, and light rail station.
- Potential river views if new development or redevelopment adds multiple stories to the site.
- Onsite surface parking spaces can either be used for parking or be transformed into outdoor retail or restaurant space.
- Flexible off-street parking standards

Obstacles for development

- Policy – Comprehensive Plan:
 - None.
- Regulations and code:
 - Ground-floor retail requirements on Main Street restrict potential tenants.

- Height limitations restrict the overall density that the site can achieve to no more than four stories if the project includes residential development, or three stories without a residential component.
- Onsite surface parking spaces separate the storefront from the street and reduce visibility of uses within, and have a negative impact on the overall pedestrian environment of Main St.
- Financial:
 - Public Area Requirements (PARs) will add significantly to construction costs.
 - Current market conditions in Milwaukie are insufficient to support market rate development in downtown Milwaukie.
 - The structural integrity of the existing building is unknown, and cost estimates to reuse the existing building may be less accurate than a new construction project.
- Economic development:
 - Property owner does not own the air rights to the parcel on the west of the site. A new project there could block the view of the river from the site.
 - Adaptively reusing the existing building limits the physical options for redevelopment. Adding additional stories to the existing building is likely to be more difficult than with new construction.

Cash Spot Site



Range of desired uses

- Residential
- Office/Commercial
- Retail

Strengths for development

- Close proximity (all within 400 feet) to future Adams Street Connector, South Downtown Plaza, light rail station, Kellogg Lake, and Dogwood Park.
- Visual and relatively easy physical access to the riverfront.
- High visibility from McLoughlin Blvd.
- Willing and motivated property owner (the City), interested in pursuing development opportunities.
- Topography allows for a two-level site and could reduce the cost for providing structured parking.

Obstacles for development

- Policy – Comprehensive Plan:
 - None.
- Regulations and code:
 - Ground-floor retail restrictions limit ground-floor retail establishments to no more than 5,000 SF.

- Willamette River Greenway overlay on western half of the site limits maximum building height to 35 feet, and makes this area of the site subject to conditional use review.
- Minimum and maximum parking restrictions apply to the site, which can restrict the site from reaching its full development potential and is not supportive of transit-oriented development.
- Financial:
 - Public Area Requirements (PARs) will add significantly to construction costs.
 - Current market conditions in Milwaukie are insufficient to support market rate development in downtown Milwaukie.
 - The public desires development on the site to be an attractive “gateway” building, which would increase construction costs.
- Economic development:
 - Access issues: No direct auto access permitted to/from McLoughlin, and likely right-in/right-out only on Washington Street.
 - Most of site in flood plain, which precludes residential development on the ground level along McLoughlin Blvd.
 - Portion of site contains mapped natural resources area.

Triangle Site



Range of desired uses

- Residential above ground-floor retail
- Office/Commercial above ground-floor retail
- Retail

Strengths for development

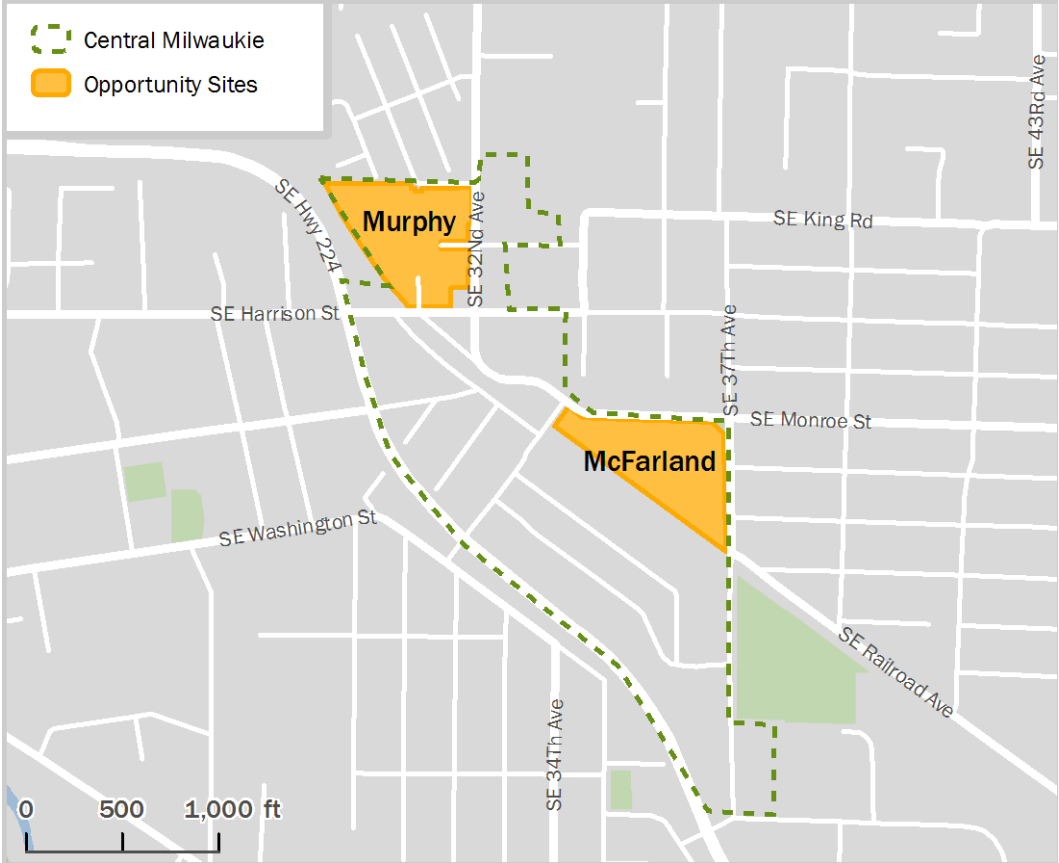
- Immediately adjacent to the new light rail station.
- Close proximity (all within 400 feet) to future Adams Street Connector, South Downtown Plaza, Kellogg Lake, and Dogwood Park.
- Willing and motivated property owner (TriMet), interested in pursuing development opportunities.
- The Portland-Milwaukie Light Rail project is rebuilding all surrounding frontages to current standards.

Obstacles for development

- Policy – Comprehensive Plan:
 - None.
- Regulations and code:
 - The site is ~9,000 sf and ground-floor retail restrictions limit ground-floor retail establishments to no more than 5,000 SF.

- Minimum and maximum parking restrictions apply to the site, which can restrict the site from reaching its full development potential and is not supportive of transit-oriented development.
- Financial:
 - Current market conditions in Milwaukie are insufficient to support market rate development in downtown Milwaukie.
- Economic development:
 - Small, oddly-shaped parcel.
 - Uncertainty about future light-rail ridership levels complicates retail development.

Central Milwaukie



Murphy Site



Range of desired uses

- Residential
 - Multifamily
 - Senior housing
- Office/commercial
- Retail
- Flex space¹

Strengths for development

- Close to Providence Hospital
- Large site with level topography
- Close to Hwy 224
- No further environmental remediation required on site

Obstacles for development

- Policy – Comprehensive Plan:

¹ The term “flex space” applies to buildings that are attractive to a wide-range of potential tenants, including both light industrial and office uses. These buildings are typically more attractive and better quality than traditional industrial buildings, but more affordable and with a lower level of finishes than traditional office space.

- Very detailed development program for the site does not reflect current conditions (assumes a light rail station adjacent to the site) or community desires.
- Regulations and code:
 - No uses or development allowed by-right on site.
 - No clarity regarding design guidelines for non-residential uses.
- Financial:
 - Current market conditions in Milwaukie are insufficient to support market rate development.
 - No internal transportation network, which must be provided with development.
- Economic development:
 - Close proximity to heavy rail line (noise and vibration)
 - Limited site accessibility due to rail line and heavy traffic on SE Harrison Street.
 - Forecast for significant future congestion at key intersections near the site.
 - Physical barriers, including heavy rail line and Hwy 224, limit connections to downtown

McFarland Site



Range of desired uses

- Residential (except where prohibited from prior environmental contamination)
 - Multifamily
 - Senior housing
 - Cottage clusters
 - Row houses
 - Live/work
- Office/commercial
- Retail
- Park or open space

Strengths for development

- Large site with relatively level topography.
- Close proximity to Milwaukie marketplace and Oak Street Square.
- Adjacent to residential neighborhoods.
- Close to Hwy 224.

Obstacles for development

- Policy – Comprehensive Plan:

- Very detailed development program for the site does not reflect current conditions or community desires.
- Regulations and code:
 - No uses or development allowed by-right on site.
 - No clarity regarding design guidelines for non-residential uses.
- Financial:
 - Current market conditions in Milwaukie are insufficient to support market rate development.
 - No internal transportation network, which would need to be provided by development.
- Economic development:
 - Environmental contamination precludes residential development on a large portion of the site.
 - Close proximity to heavy rail line.
 - Forecast for significant future congestion at key intersections near the site.
 - Heavy rail line is a physical barrier to the adjacent Milwaukie Marketplace shopping center

Appendix B: Opportunity Site Development Concepts

Texaco – Concept 1



Developer Scorecard

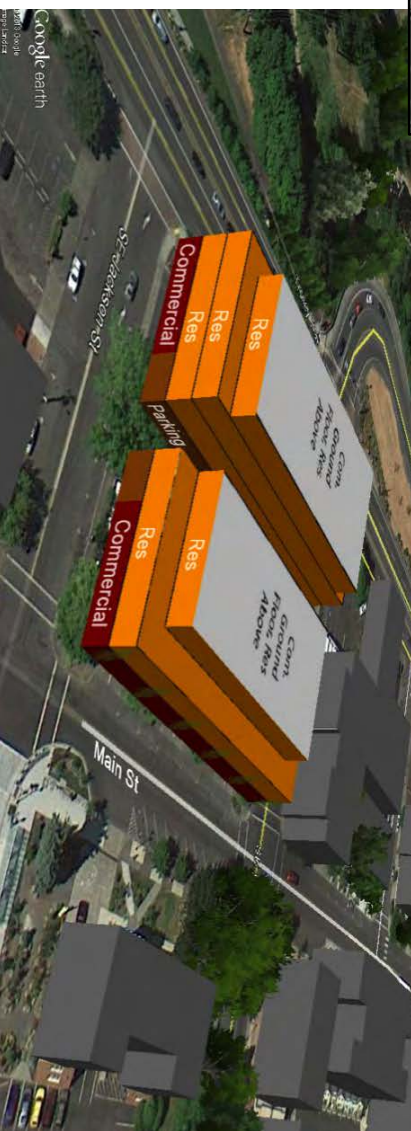
	Projected	Target
Total Cost	\$23,717,345	
Stabilized NOI	\$686,178	
Cash on Cost Return	-2.5%	6.0%
Leveraged IRR: 10-Year	N/A	15.0%

Texaco – Concept 2



Developer Scorecard

	Projected	Target
Total Cost	\$22,087,142	
Stabilized NOI	\$656,606	6.0%
Cash on Cost Return	-2.4%	15.0%
Leveraged IRR: 10-Year	N/A	



Texaco – Concept 3



Developer Scorecard

	Projected	Target
Total Cost	\$27,856,836	
Stabilized NOI	\$878,449	6.0%
Cash on Cost Return	-2.2%	15.0%
Leveraged IRR: 10-Year	N/A	



Dark Horse – Concept 1



Developer Scorecard

	Projected	Target
Total Cost	\$5,893,440	
Stabilized NOI	\$269,456	
Cash on Cost Return	-0.7%	6.0%
Leveraged IRR: 10-Year	-7.5%	15.0%



Dark Horse – Concept 2

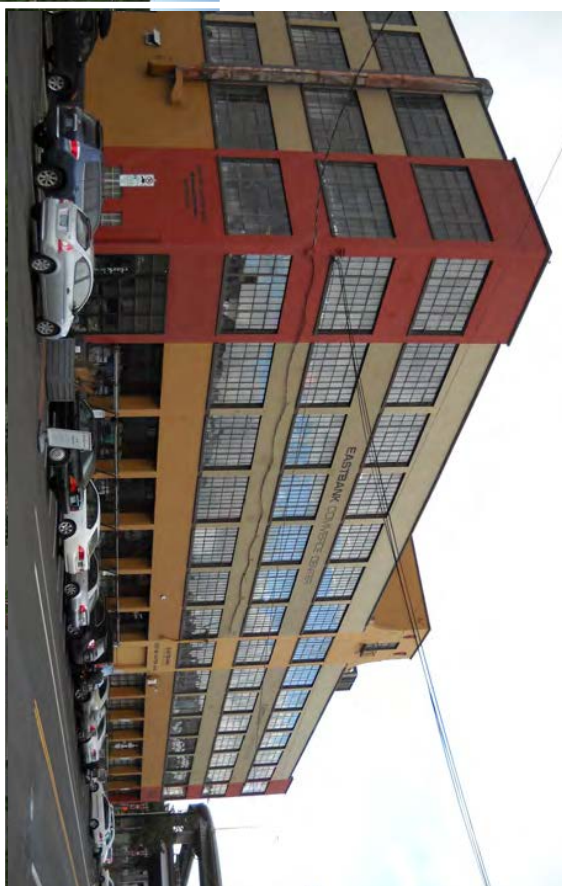


Developer Scorecard

	Projected	Target
Total Cost	\$10,526,781	
Stabilized NOI	\$441,383	6.0%
Cash on Cost Return	-1.2%	15.0%
Leveraged IRR: 10-Year	-13.3%	

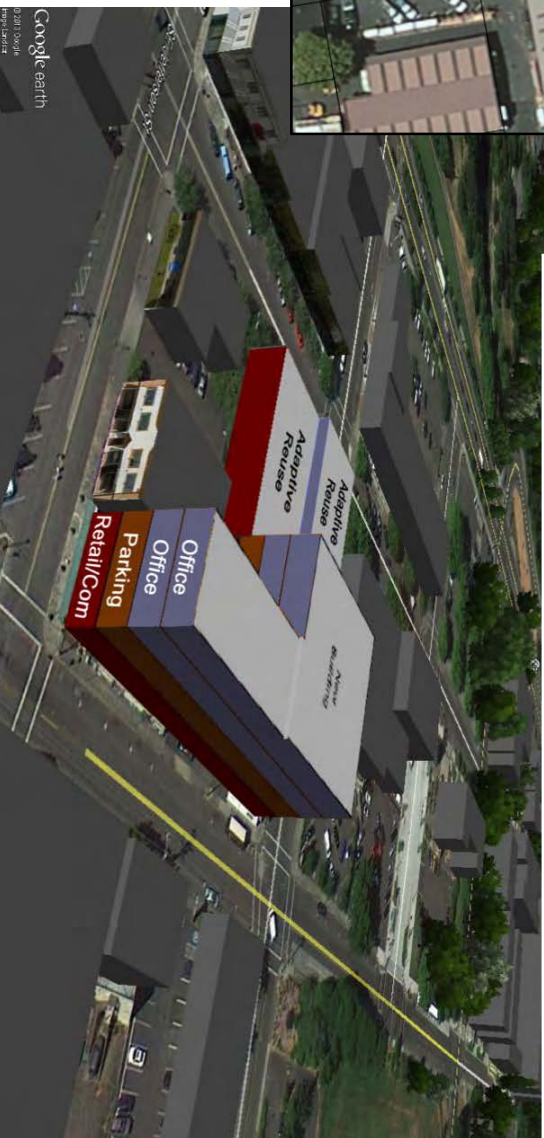


Dark Horse – Concept 3



Developer Scorecard

	Projected	Target
Total Cost	\$12,685,782	
Stabilized NOI	\$345,356	6.0%
Cash on Cost Return	-1.9%	15.0%
Leveraged IRR: 10-Year	N/A	





Developer Scorecard

	Projected	Target
Total Cost	\$921,327	
Stabilized NOI	\$44,291	
Cash on Cost Return	0.3%	6.0%
Leveraged IRR: 10-Year	-2.2%	15.0%



Graham – Concept 2

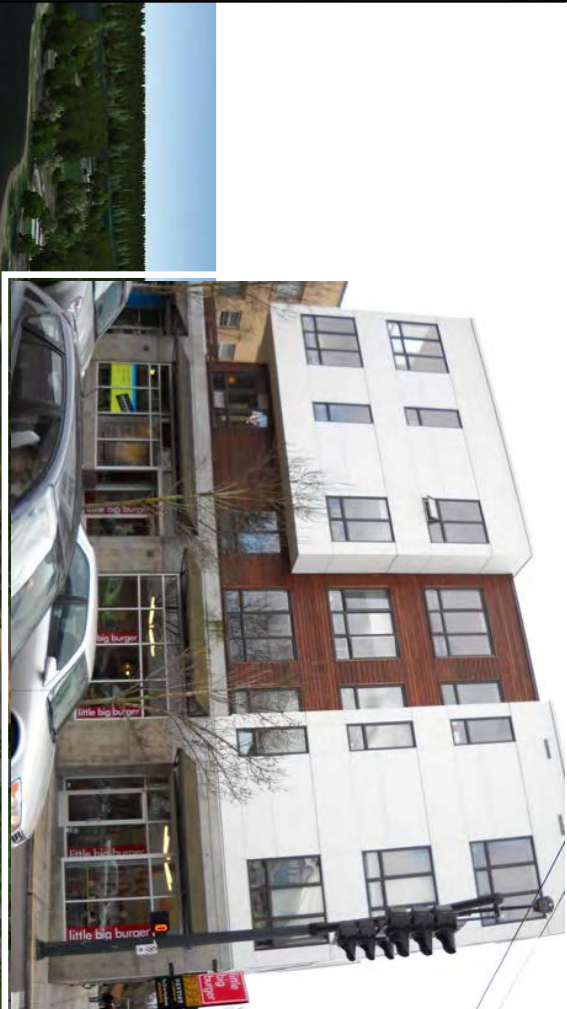


Developer Scorecard

	Projected	Target
Total Cost	\$4,330,884	
Stabilized NOI	\$157,920	
Cash on Cost Return	-1.7%	6.0%
Leveraged IRR: 10-Year	N/A	15.0%

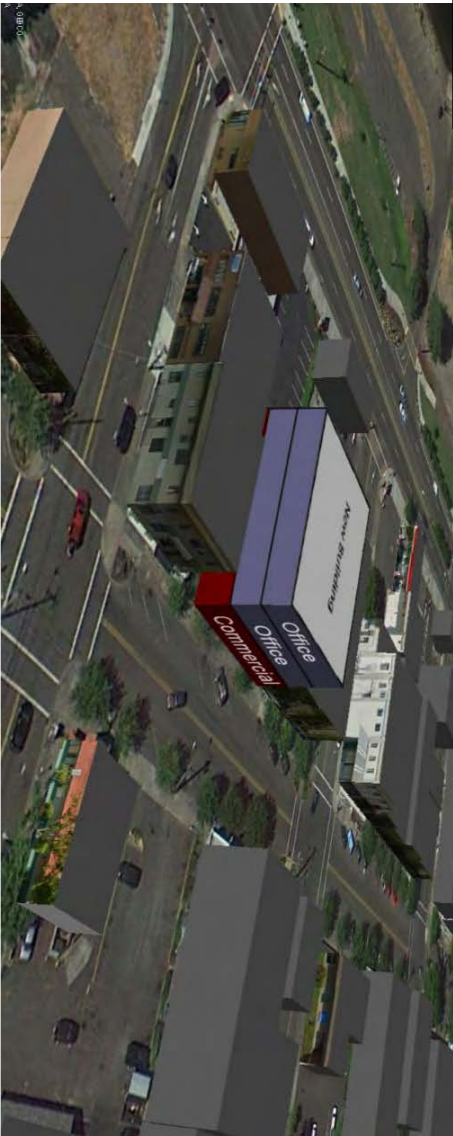


Graham – Concept 3

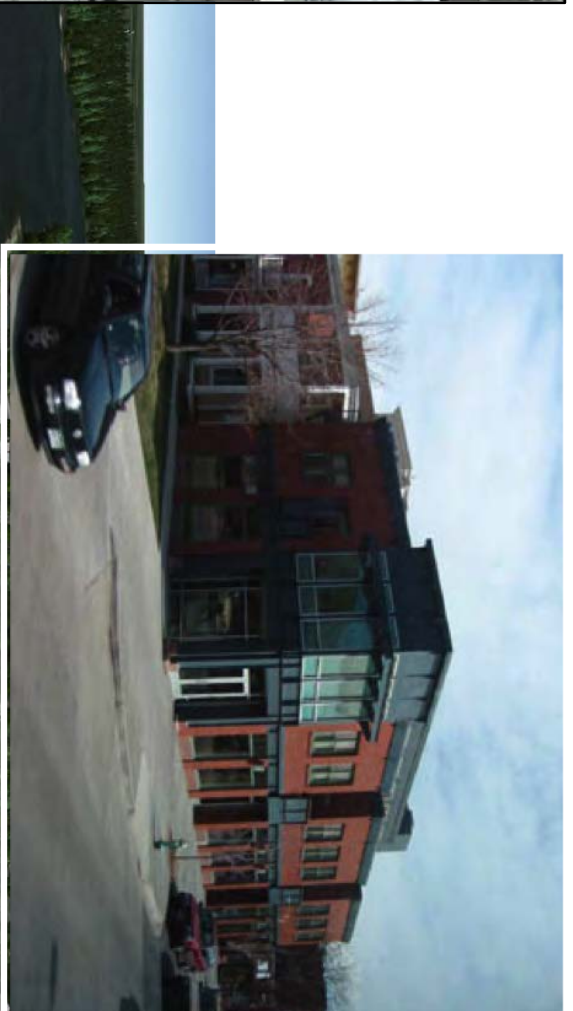


Developer Scorecard

	Projected	Target
Total Cost	\$5,170,169	
Stabilized NOI	\$115,321	
Cash on Cost Return	-2.4%	6.0%
Leveraged IRR: 10-Year	N/A	15.0%



Cash Spot – Concept 1

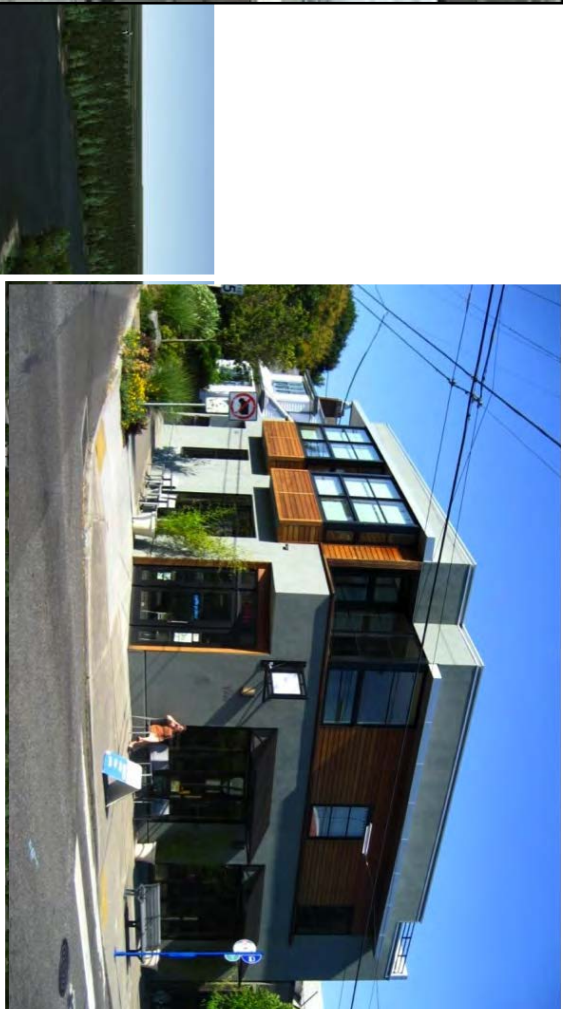


Developer Scorecard

	Projected	Target
Total Cost	\$12,322,645	
Stabilized NOI	\$190,525	
Cash on Cost Return	-3.1%	6.0%
Leveraged IRR: 10-Year	N/A	15.0%



Cash Spot – Concept 2



	Projected	Target
Total Cost	\$7,879,812	
Stabilized NOI	\$285,865	6.0%
Cash on Cost Return	-0.9%	15.0%
Leveraged IRR: 10-Year	-15.5%	

Developer Scorecard



Cash Spot – Concept 3

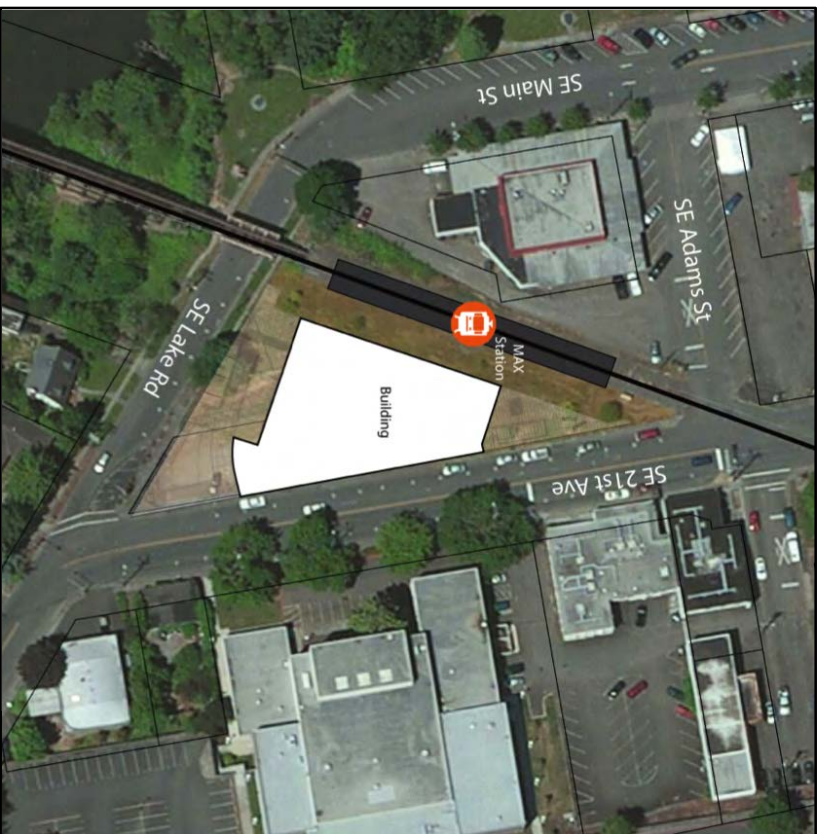


Developer Scorecard

	Projected	Target
Total Cost	\$11,367,847	
Stabilized NOI	\$398,240	
Cash on Cost Return	-1.9%	6.0%
Leveraged IRR: 10-Year	N/A	15.0%



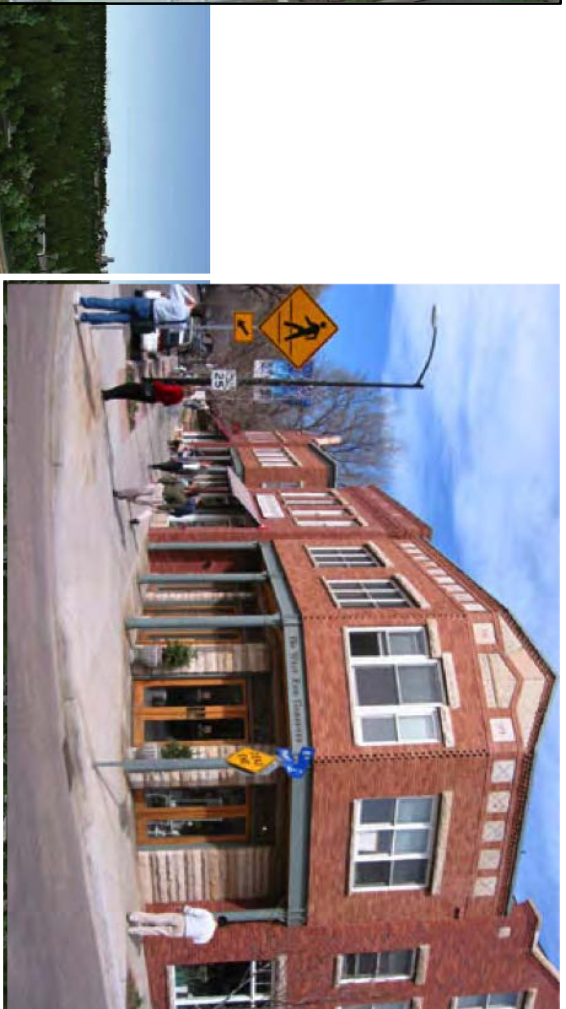
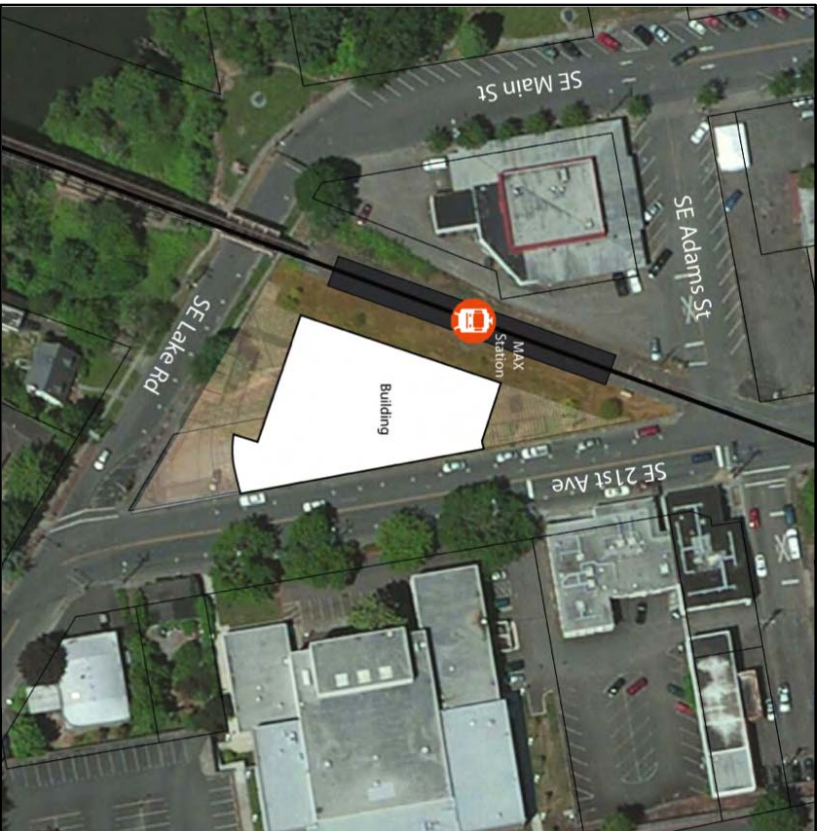
Triangle – Concept 1



Developer Scorecard

	Projected	Target
Total Cost	\$1,797,992	
Stabilized NOI	\$94,236	
Cash on Cost Return	0.8%	6.0%
Leveraged IRR: 10-Year	0.7%	15.0%

Triangle – Concept 2

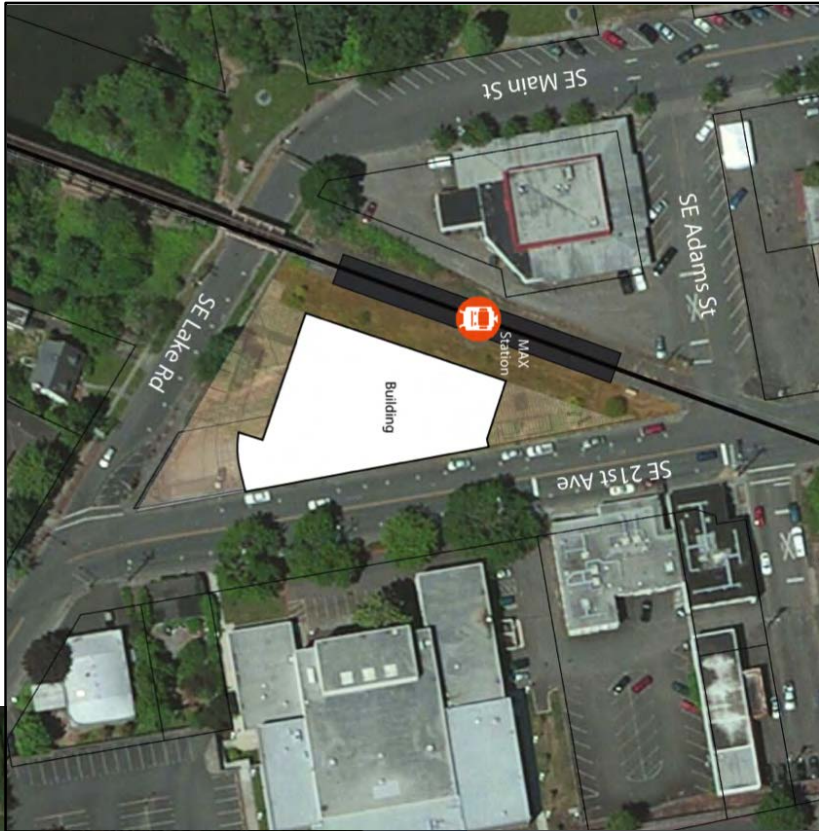


Developer Scorecard

	Projected	Target
Total Cost	\$3,700,220	
Stabilized NOI	\$132,569	6.0%
Cash on Cost Return	-1.0%	15.0%
Leveraged IRR: 10-Year	-16.4%	



Triangle – Concept 3

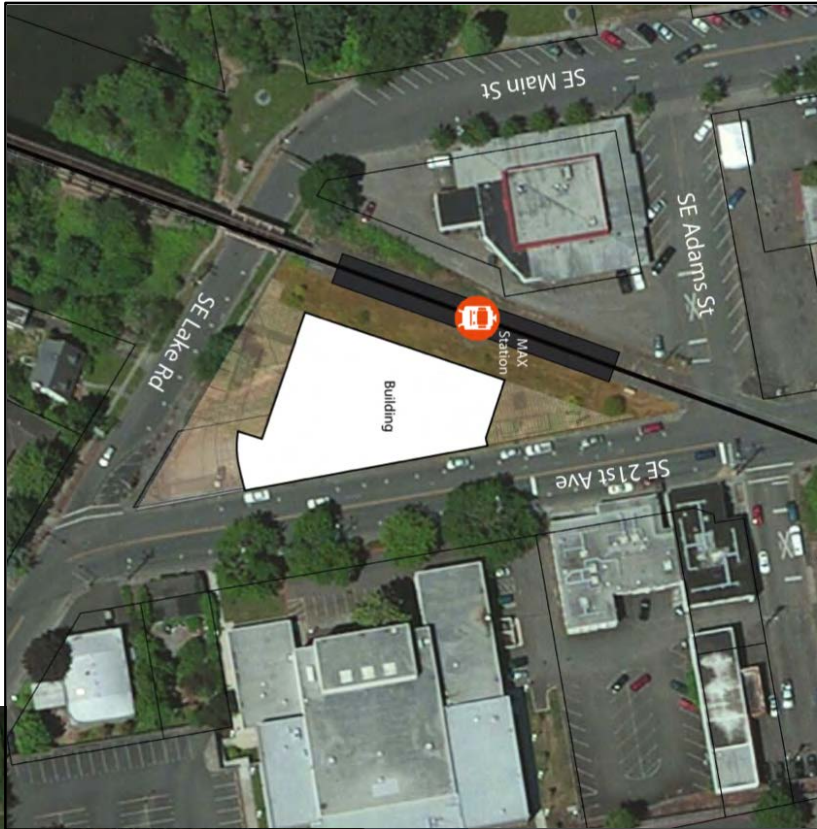


Developer Scorecard

	Projected	Target
Total Cost	\$4,822,988	
Stabilized NOI	\$212,382	
Cash on Cost Return	-0.9%	6.0%
Leveraged IRR: 10-Year	-9.8%	15.0%

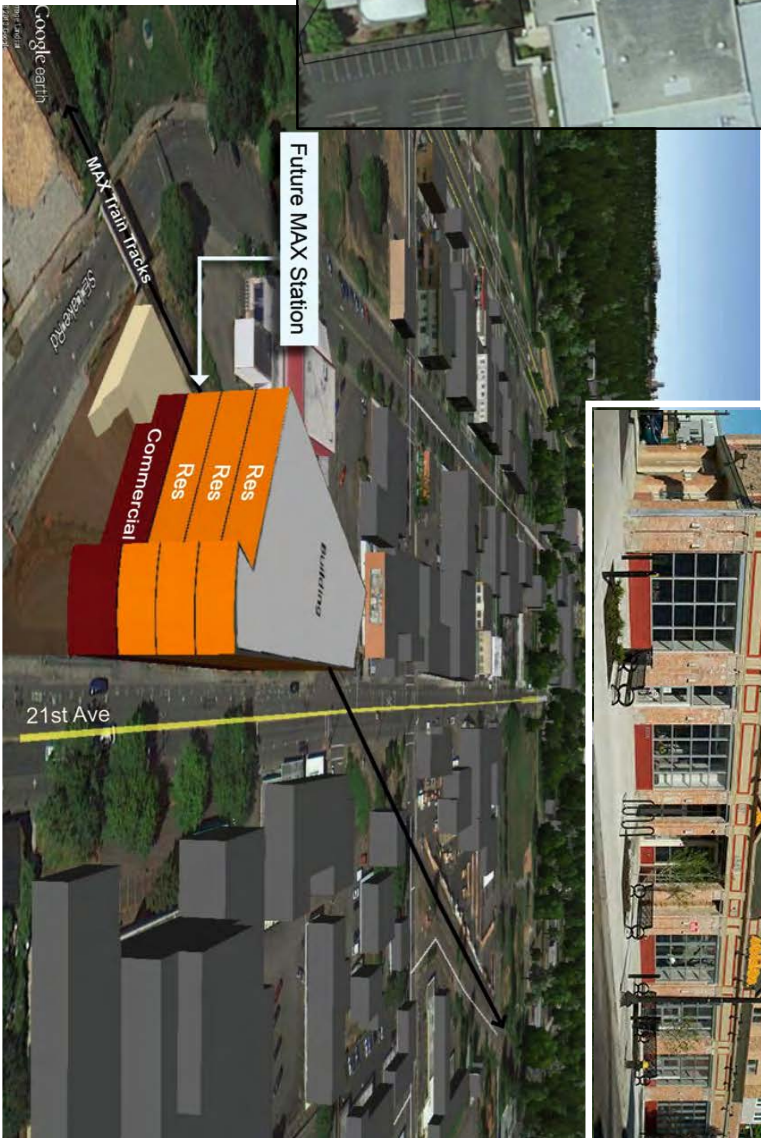


Triangle – Concept 4



Developer Scorecard

	Projected	Target
Total Cost	\$6,318,238	
Stabilized NOI	\$278,446	
Cash on Cost Return	-0.9%	6.0%
Leveraged IRR: 10-Year	-9.8%	15.0%



Murphy – Concept 1



Developer Scorecard

	Projected	Target
Total Cost	\$39,479,277	
Stabilized NOI	\$1,243,308	
Cash on Cost Return	-1.5%	6.0%
Leveraged IRR: 10-Year	N/A	15.0%



Murphy – Concept 2



	Projected	Target
Total Cost	\$36,514,612	
Stabilized NOI	\$1,614,555	6.0%
Cash on Cost Return	-0.1%	15.0%
Leveraged IRR: 10-Year	-5.4%	

Developer Scorecard



Murphy – Concept 3



Developer Scorecard

	Projected	Target
Total Cost	\$18,094,126	
Stabilized NOI	\$608,937	6.0%
Cash on Cost Return	-1.2%	15.0%
Leveraged IRR: 10-Year	-21.7%	

McFarland – Concept 1



Developer Scorecard

	Projected	Target
Total Cost	\$29,926,641	
Stabilized NOI	\$680,213	
Cash on Cost Return	-0.2%	6.0%
Leveraged IRR: 10-Year	2.0%	15.0%

McFarland – Concept 2



Developer Scorecard

	Projected	Target
Total Cost	\$29,514,846	
Stabilized NOI	\$397,065	
Cash on Cost Return	-2.8%	6.0%
Leveraged IRR: 10-Year	-12.3%	15.0%

McFarland – Concept 3



Developer Scorecard

	Projected	Target
Total Cost	\$36,690,617	
Stabilized NOI	\$1,584,615	
Cash on Cost Return	-1.1%	6.0%
Leveraged IRR: 10-Year	-11.2%	15.0%

