



**JOHNSON  
ECONOMICS**

**CITY OF MILWAUKIE, OR**

**HOUSING AND RESIDENTIAL LAND NEEDS ASSESSMENT  
(OREGON STATEWIDE PLANNING GOAL 10)**

**20-YEAR HOUSING NEED  
2016 - 2036**

Prepared For:  
CITY OF MILWAUKIE, OREGON

August, 2016



## TABLE OF CONTENTS

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Introduction	2
I. CITY OF MILWAUKIE DEMOGRAPHIC PROFILE	2
A. POPULATION GROWTH	3
B. HOUSEHOLD GROWTH & SIZE	3
C. FAMILY HOUSEHOLDS	5
D. HOUSING UNITS	5
E. AGE TRENDS	5
F. DIVERSITY TRENDS	6
G. INCOME TRENDS	7
H. POVERTY STATISTICS	8
I. EMPLOYMENT TRENDS	9
II. CURRENT HOUSING CONDITIONS	12
A. HOUSING TENURE	12
B. HOUSING STOCK	12
C. NUMBER OF BEDROOMS	13
D. UNITS TYPES BY TENURE	13
E. AGE OF HOUSING STOCK	14
F. HOUSING COSTS VS. LOCAL INCOMES	15
G. PUBLICLY-ASSISTED HOUSING	17
III. CURRENT HOUSING NEEDS (CITY OF MILWAUKIE)	19
IV. ANTICIPATED HOUSING TRENDS	25
V. FUTURE HOUSING NEEDS - 2036 (CITY OF MILWAUKIE)	32
VI. RECONCILIATION OF FORECASTED NEED AND BUILDABLE CAPACITY	37

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## INTRODUCTION

This analysis outlines a forecast of housing need within the City of Milwaukie. Housing need and resulting land need are forecast to 2036 consistent with 20-year need assessment requirements of periodic review. This report presents a housing need analysis (presented in number and types of housing units) and a residential land need analysis, based on those projections.

The primary data sources used in generating this forecast were:

- Metro 2040 Population Forecast (from 2015 RTP, reviewed by Milwaukie staff)
- Portland State University Population Research Center.
- U.S. Census
- Claritas Inc.<sup>1</sup>
- City of Milwaukie Buildable Lands Inventory
- Other sources are identified as appropriate.

## I. CITY OF MILWAUKIE DEMOGRAPHIC PROFILE

### SUMMARY

The following table (Figure 1.1) presents a profile of City of Milwaukie demographics from the 2000 and 2010 Census. It also presents projected demographics in 2016, based on assumptions detailed in the table footnotes.

- Milwaukie is a City of over 20,500 people located in the greater Portland metropolitan area.
- Milwaukie is the 27<sup>th</sup> largest city in the state by population, and the 11<sup>th</sup> largest city in the Portland Metropolitan area (excluding Washington State). The city is near the top 10% of Oregon cities in population size.
- Milwaukie has experienced very flat growth since 2000, adding only an estimated 60 people in that time, a less than one percent growth rate. In contrast, Clackamas County and the state experienced population growth of 17.5% and 17.3% respectively. (US Census and PSU Population Research Center)
- Milwaukie is home to an estimated 8,830 households in 2016, an increase of 270 households since 2000. The percentage of families fell somewhat between 2000 and 2010 from 61.7% to 58.6% of all households. Average household size fell over this period, resulting in flat population growth even as the number of households increased. The city has a relatively smaller share of family households than Clackamas County (69%) and the state (63%), but a greater share than Multnomah County (54%).
- Milwaukie's average household size is 2.32 persons, declining since 2000. This is somewhat smaller than the Clackamas County average of 2.56 and the statewide average of 2.47.

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<sup>1</sup> Claritas Inc. is a third-party company providing data on demographics and market segmentation. It is owned by the Nielson Company which conducts direct market research including surveying of households across the nation. Nielson combines proprietary data with data from the U.S. Census, Postal Service, and other federal sources, as well as local-level sources such as Equifax, Vallassis and the National Association of Realtors. Claritas promotes a "bottom-up" and "top-down" analysis using these sources to produce annual demographic and economic profiles for individual geographies. Projections of future growth are based on the continuation of long-term and emergent demographic trends identified through the above sources.

**FIGURE 1.1: MILWAUKIE DEMOGRAPHIC PROFILE**

<b>POPULATION, HOUSEHOLDS, FAMILIES, AND YEAR-ROUND HOUSING UNITS</b>					
	<b>2000</b>	<b>2010</b>	<b>Growth</b>	<b>2016</b>	<b>Growth</b>
	<b>(Census)</b>	<b>(Census)</b>	<b>00-10</b>	<b>(Proj.)</b>	<b>10-16</b>
Population <sup>1</sup>	20,490	20,291	-1.0%	20,548	1.3%
Households <sup>2</sup>	8,561	8,667	1.2%	8,831	1.9%
Families <sup>3</sup>	5,283	5,075	-4%	5,135	1%
Housing Units <sup>4</sup>	8,988	9,138	2%	9,169	0%
Group Quarters Population <sup>5</sup>	389	214	-45%	217	1%
<i>Household Size (non-group)</i>	2.35	2.32	-1%	2.30	-1%
<i>Avg. Family Size</i>	2.93	2.91	-1%	2.90	0%
<b>PER CAPITA AND AVERAGE HOUSEHOLD INCOME</b>					
	<b>2000</b>	<b>2010</b>	<b>Growth</b>	<b>2016</b>	<b>Growth</b>
	<b>(Census)</b>	<b>(Census)</b>	<b>00-10</b>	<b>(Proj.)</b>	<b>10-16</b>
Per Capita (\$)	\$21,342	\$27,206	27%	\$27,220	0%
Median HH (\$)	\$43,635	\$52,852	21%	\$56,719	7%

SOURCE: Census, PSU Population Research Center, and Johnson Economics

Census Tables: DP-1 (2000, 2010); DP-3 (2000); S1901 (2010 ACS 3-yr Estimates); S19301 (2010 ACS 3-yr Estimates)

<sup>1</sup> Population is based on the certified 2015 estimate from PSU Population Research Center, projected forward one year using the 2010 - 2015 growth rate (0.21%)

<sup>2</sup> 2016 Households = (2016 population - Group Quarters Population)/2016 HH Size

<sup>3</sup> Ratio of 2016 Families to total HH is based on 2014 ACS 5-year Estimates

<sup>4</sup> 2015 housing units are the 2010 Census total plus new units permitted from '10 through January '16 (source: Census, City of Milwaukie)

<sup>5</sup> Ratio of 2016 Group Quarters Population to Total Population is kept constant from 2010.

## A. POPULATION GROWTH

Since 2000, Milwaukie has grown by only roughly 60 people, or 0.3% in 16 years. This is very slow population growth in comparison to most other cities in the Portland Metro area. The US Census estimates that the population fell slightly between 2000 and 2010.

This stability in population is not common among Metro area communities, though neighboring Gladstone – which is also surrounded by developed and serviced areas of unincorporated Clackamas County- has experienced similarly flat growth. Clackamas County as a whole has grown an estimated 17% since 2000, while other cities in the county such as West Linn and Oregon City grew by 15% and 31% respectively. Portland’s population grew by an estimated 16% during this period (PSU Population Research Center).

## B. HOUSEHOLD GROWTH & SIZE

As of 2016, the city has an estimated 8,831 households. Since 2000, Milwaukie has added an estimated 270 households, or growth of 3%. This is an average of just 17 households annually during this period. The growth since 2000 is very similar to the number of new housing units permitted in that time (270 new households to 280 permitted units) so housing production has kept pace with the modest level of growth.

Household growth has outpaced population growth because the average household size is falling. So while population growth has been slow, there has been a modest increase in the number of households.

Milwaukie has experienced the nationwide trend of falling average household size as birth rates have fallen, more people have chosen to live alone, and the Baby Boomers have become empty nesters. As each household accommodates fewer people, the number of households increases relative to the population. Thus the growth rate for households shown above is higher than the population growth rates discussed previously, the same number of people live in a greater number of smaller households.

Household size has fallen from 2.35 people per household in 2000, to 2.30 people in 2016 (estimated). For comparison, the average household size was 2.6 people in Clackamas County, Oregon City and West Linn, and 3.0 in Happy Valley as of the 2010 Census.

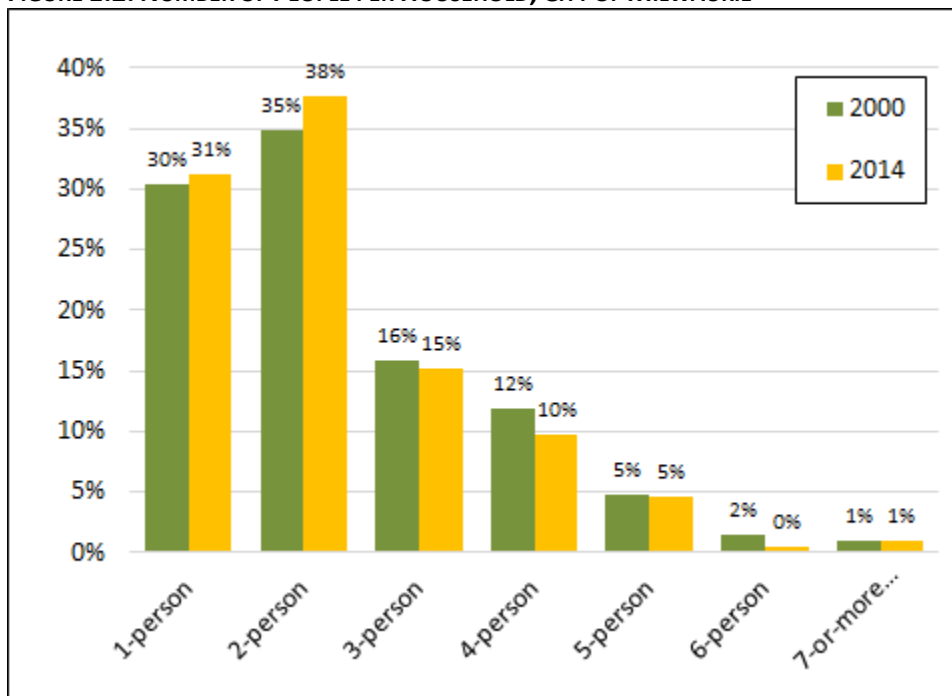
Milwaukie’s average household size of 2.32 people, with 59% family households, is small in comparison to Clackamas County (3.04; 69%), and nearby communities such as Happy Valley (3.15; 85%), and West Linn (2.62; 74%).

While this trend of diminishing household size is expected to continue, there are limits to how far the average can fall. Nationwide, the rate of decrease is expected to slow over the coming years and eventually stabilize. There is already evidence of this trend since 2000.

Figure 1.2 shows the share of households by the number of people in 2000 and 2014, according to the Census. 31% are single-person households, up from 30% in 2000. This is higher than the percentage in Clackamas County (24%) and the state (27%). The share of two person households grew the fastest over this period from 35% to 38%. The share of three person households grew the fastest over this period from 16% to 15%.

The share of households with three people or more fell slightly.

**FIGURE 1.2: NUMBER OF PEOPLE PER HOUSEHOLD, CITY OF MILWAUKIE**



SOURCE: US Census, JOHNSON ECONOMICS LLC  
 Census Tables: H013 (2000); B11016 (2014 ACS 5-yr Estimates)

### C. FAMILY HOUSEHOLDS

As of the 2010 Census, 59% of Milwaukie households were family households, down from 62% of households in 2000. The number of family households in Milwaukie is estimated to have fallen since 2000, by roughly 150 households, or 3%.

The Census defines family households as two or more persons, related by marriage, birth or adoption and living together. In 2010, family households in Milwaukie had an average size of 2.91 people.

The city has a smaller share of family households than Clackamas County (69%), but a greater share than Multnomah County (54%). Across the 4-county Metro area, 64% of households are family households, and the national figure is 66%.

### D. HOUSING UNITS

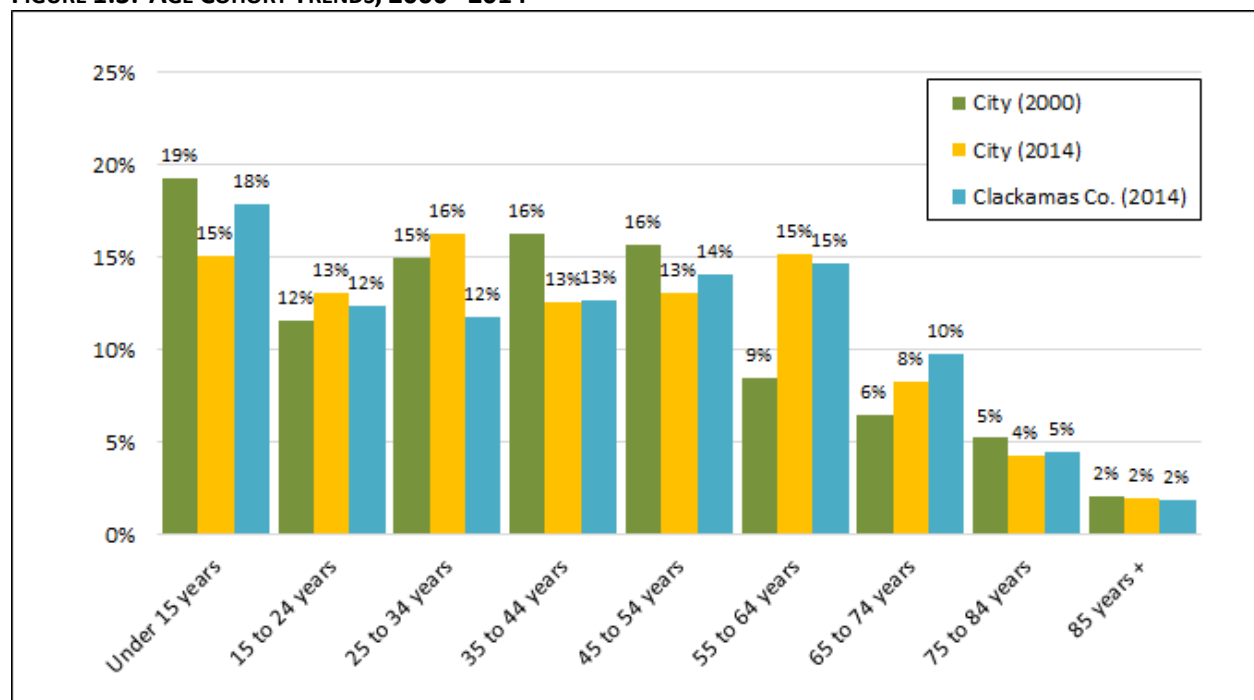
Data from the City of Milwaukie and the US Census indicate that the city has permitted an estimated 281 housing units since 2000, representing 3% growth in the housing stock. 74% of these new units were detached single family homes, while 26% were attached housing types. This number of new units is within 4% of the estimated number of new households during the same period, indicating that housing growth was well matched to new need.

As of 2016, the city has an estimated housing stock of roughly 9,269 units for its 8,831 estimated households. This translates to an estimated vacancy rate of 4.7%. This includes both vacant rental units and ownership units that may be vacant for a range of reasons, such as being on the market for sale, or owned as a second home.

### E. AGE TRENDS

The following figure shows the share of the population falling in different age cohorts between the 2000 Census and the most recent 5-year American Community Survey estimates. As the chart shows, there is a general trend for younger age cohorts to fall as share of total population, while older cohorts have grown in share. This is in keeping with the national trend caused by the aging of the Baby Boom generation.

**FIGURE 1.3: AGE COHORT TRENDS, 2000 - 2014**



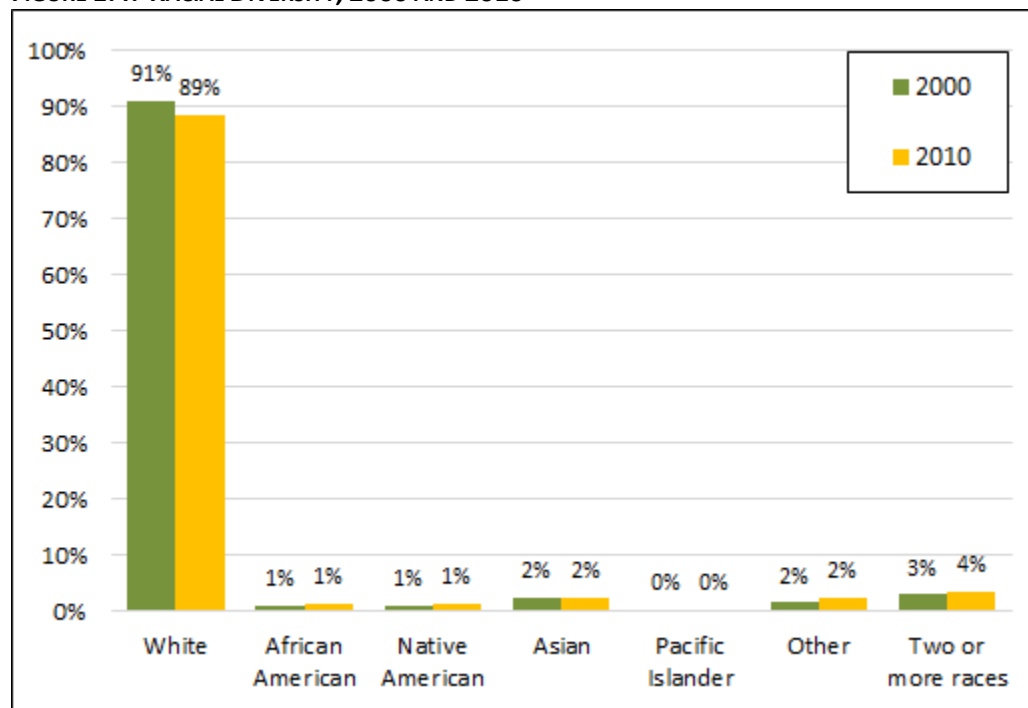
SOURCE: US Census, JOHNSON ECONOMICS LLC  
Census Tables: DP-1 (2000); S0101 (2014 ACS 5-yr Estimates)

- Figure 1.3 shows the share of the population by age according to the Census. In general, the distribution of the population is shifting upwards in age as the Baby Boom generation moves into the retirement years. The cohorts which grew in share during this period were those aged 15 to 34 years and those between 55 and 74 years. An estimated 85% of the population is under 65 years of age, and 15% of the population consists of children under the age of 15.
- Clackamas County in comparison features a greater share of children under 15 years of age and older cohorts, and a smaller share of younger people aged 15 to 34.
- In the 2010 Census, the local median age was under 40 years, compared to 37 in the Portland Metro area, and over 38 years in Oregon.
- The greatest growth was in the 55 to 64 age range, coinciding with the center of the Baby Boom cohort. This cohort grew from 9% to 15% of the population.
- 15% of the population is now 65 years or older.

## F. DIVERSITY TRENDS

Milwaukie has also remained fairly stable in terms of diversity. Milwaukie is roughly 90% white with small share of other racial groups. Since 2000, the white population has fallen modestly while other racial groups have grown modestly. Clackamas County has a similar share of white residents (88%), while the Metro area has a smaller share (80%).

**FIGURE 1.4: RACIAL DIVERSITY, 2000 AND 2010**



SOURCE: US Census  
Census Tables: DP-1 (2000, 2010)

The Hispanic or Latino community has increased more significantly in Milwaukie. From roughly 800 individuals in the 2000 Census, or 4% of the population, the Latino population grew by over 600 people by the 2010 Census, to roughly 1,425 people, or 7% of the population. This is comparable to the 8% Latino population in Clackamas County, but lower than the 12% share across the Metro area.

**Immigration:** As of the 2014 American Community Survey<sup>2</sup>, an estimated 7% of Milwaukie’s population is foreign-born, roughly equal to the share in 2000. Of these, 36% were born in Asia, 34% were born in Europe, and roughly 20% were born in Latin America. Like the general population, these segments have shown little change since 2000.

In 2010, the percentage of the population speaking a language other than English at home was 6%, down from 8% in 2000.

The immigrant population is not homogeneous and includes households ranging from political refugees to highly-skilled recruits to local companies. However on average, these households do have some commonalities which are discussed further in Section III of this report.

## G. INCOME TRENDS

The following figure presents data on income trends in Milwaukie.

**FIGURE 1.5: INCOME TRENDS, 2000 – 2016**

<b>PER CAPITA AND AVERAGE HOUSEHOLD INCOME</b>					
	<b>2000</b>	<b>2010</b>	<b>Growth</b>	<b>2016</b>	<b>Growth</b>
	<b>(Census)</b>	<b>(Census)</b>	<b>00-10</b>	<b>(Proj.)</b>	<b>10-16</b>
Per Capita (\$)	\$21,342	\$27,206	27%	\$27,220	0%
Median HH (\$)	\$43,635	\$52,852	21%	\$56,719	7%

SOURCE: Census, PSU Population Research Center, and Johnson Economics

Census Tables: DP-1 (2000, 2010); DP-3 (2000); S1901 (2010 ACS 3-yr Estimates); S19301 (2010 ACS 3-yr Estimates)

- Milwaukie’s estimated median household income was nearly \$57,000 in 2016. This is 3% lower than the Metro area median. However, Milwaukie’s median income is roughly 12% lower than the Clackamas County median of \$64,700.
- Milwaukie’s per capita income is roughly 12.5% lower than the Metro-wide per capita income (\$31,100).
- Median income has grown an estimated 28% between 2000 and 2016, in real dollars. Inflation was an estimated 36% over this period, so as is the case regionally and nationwide, the local median income has not kept pace with inflation.

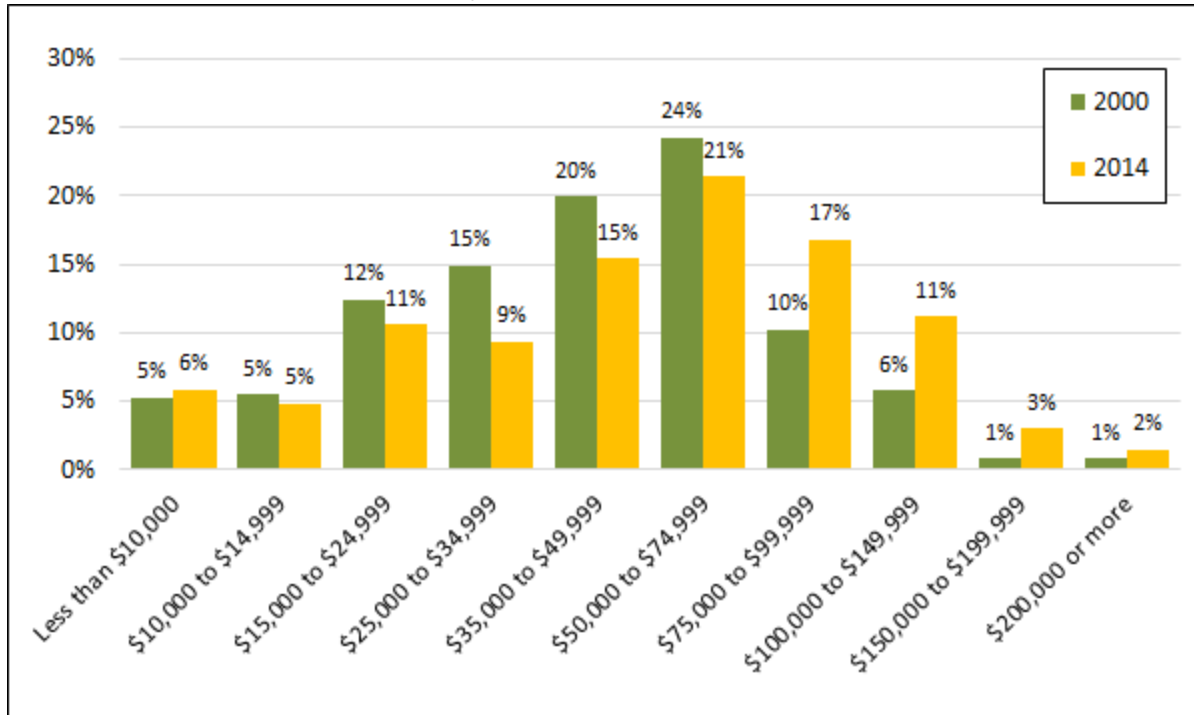
Figure 1.6 presents the distribution of households by income in 2000 and 2014. The largest income cohort is those households earning between \$50k and \$75k, at 21% of households. 46% of households earn less than this, while 33% of households earn \$75k or more per year. (2014 data is from the American Community Survey 5-year estimates, so include the years of recovery from the last recession. Thus current income levels are likely somewhat higher than what is presented here.)

- As one would expect due to wage increases over time, the income distribution has shifted towards higher-income cohorts (in non-adjusted dollars), with the largest gains in those households earning above \$75,000 per year.
- 22% of households earn \$25k or less, very similar to 2000. Although the lowest-earning cohorts, those earning \$15,000 or less per year, actually grew slightly in share.

<sup>2</sup> Census Table: B05006 (2014 ACS, 5-Year Estimates)



**FIGURE 1.6: HOUSEHOLD INCOME COHORTS, 2000 AND 2014**



SOURCE: US Census  
 Census Tables: DP-3 (2000); S1901 (2014 ACS 5-yr Est.)

## H. POVERTY STATISTICS

According to the US Census, the official poverty rate in Milwaukie has been increasing over time from 8% of individuals in 2000, to an estimated 13% over the most recent period reported (2014 5-year estimates).<sup>3</sup> This is roughly 2,600 individuals in Milwaukie. In comparison, the official poverty rate in Clackamas is estimated to be 10%, and 19% in Multnomah County. The poverty rate in Milwaukie tends to be 4% to 5% lower than that of the entire Metro region, which has similarly increased since 2000.

In the 2010-14 period:

- The Milwaukie poverty rate is highest among adults aged 18 to 64 at 13.5%. The rate is 12% of those under 18 years of age living in poverty. The rate is lowest for those 65 and older at 10%.
- For those without a high school diploma the poverty rate is 20%. For those with a high school diploma only, the rate is 17.5%.
- Among those who are employed the poverty rate is still 8%, while it is 32% for those who are unemployed.
- The poverty rate is similar among racial groups, from 12% to 15%. However, the poverty rate for those identifying as Hispanic is 22%.
- Information on affordable housing and the homeless population are presented in the following section of this report.

The official measure of poverty used by the Census dates to the 1960's and the adequacy of this measurement has long been debated. The measure is based on an estimate of three times the cost of minimum food diet in 1963 and adjusted for inflation since that time. The measure is adjusted for household size, composition and age of householder. However, the federal poverty level is not adjusted for geographical differences across the 48

<sup>3</sup> Census Tables: QT-P34 (2000); S1701 (2014 ACS 5-yr Estimates)

contiguous states. The Census itself has been working on an alternative “supplemental poverty measure” (SPM) for some time, but this measure is not finalized. Preliminary results are available but only for the broadest geographical categories. In the “West” region, which includes the 13 states from the Rocky Mountains to Hawaii and Alaska, the preliminary SPM estimated poverty to be 120% of the official estimated rate, or roughly 20% higher.

Perhaps the most advanced alternative to the official poverty measure developed is the Self-Sufficiency Standard (SSS). The SSS aims to update the measure of poverty with up to date costs estimates of a much wider range of cost categories (housing, child care, transportation, food, etc.), as well as much finer-grained categorization of household types. The SSS income levels for different household types are currently available at the county level in Oregon, including Clackamas County.

The following table shows a comparison of the federal poverty level and the estimated SSS for 2014 (the latest year the SSS was calculated.) As the table shows, the estimated income thresholds for self-sufficiency are much higher than the officially recognized poverty level. As the final columns show, the self-sufficiency thresholds are generally not much lower than the median household income by household size.

**FIGURE 1.7: FEDERAL POVERTY GUIDELINE VS. SELF-SUFFICIENCY STANDARD (CLACKAMAS CO.)**

Household Size	Federal Poverty Guideline	Self-Sufficiency Standard	Poverty Guideline/ SSS	Median Income (Milwaukie)	SSS/ Median Income
One person	\$11,670	\$24,469	48%	\$28,221	87%
Two people	\$15,730	\$41,682	38%	\$60,213	69%
Three people	\$19,790	\$53,912	37%	\$67,919	79%
Four people	\$23,850	\$72,745	33%	\$78,639	93%
Five people	\$27,910	\$86,447	32%	\$72,410	119%

SOURCE: US Dept. of Health and Human Services, University of Washington, US Census

These poverty thresholds can be applied to individual cases, but unfortunately, neither the Census nor other sources provide a detailed breakdown of local households by both size and income, that would allow a more detailed application to Milwaukie than that found in Figure 1.7. Nevertheless, the stark contrast between the lower official poverty guidelines and the SSS indicate that by this second measure, the number of households in Milwaukie facing financial stress is probably much higher than what is implied by the official poverty statistics.

The North Clackamas School District reports that as of the end of the 2015/16, 60% of students in Milwaukie schools were eligible for free or reduced-priced lunch. This is roughly 1,850 students. Eligibility for this program is based on federal income guidelines which fall in between the official poverty guideline and SSS presented above. The highest eligibility is found at Lewelling Elementary and Rowe Middle School with 68% of students being eligible at each. The remaining schools have eligibility rates between 54% and 56% (North Clackamas School District).

One measure of poverty as it relates to housing is the share of income local households are spending on their housing costs. As discussed in more detail in Section II(F) of this report, over 37% of all households spend more than 30% of their income on housing costs. Among renters, 45% of households spend more than 30% of their income, while 22% of renter households spend more than 50% of their income on housing costs.

## I. EMPLOYMENT TRENDS

This section provides an overview of employment and industry trends in Milwaukie that may impact housing. *These subjects will be covered in much greater detail in the Goal 9 Economic Opportunities Analysis that is being completed concurrently to this Housing Market Analysis project.*

**Commuting Patterns:** The following figure shows the inflow and outflow of commuters to Milwaukie according to the Census Employment Dynamics Database. As of 2014, the most recent year available, the Census estimates 12,390 jobs located in Milwaukie. Only 678 of these, or 5.5%, are held by local residents, while over 11,700 employees commute into the city from elsewhere.

**FIGURE 1.8: COMMUTING PATTERNS, MILWAUKIE**



SOURCE: US Census Longitudinal Employer-Household Dynamics

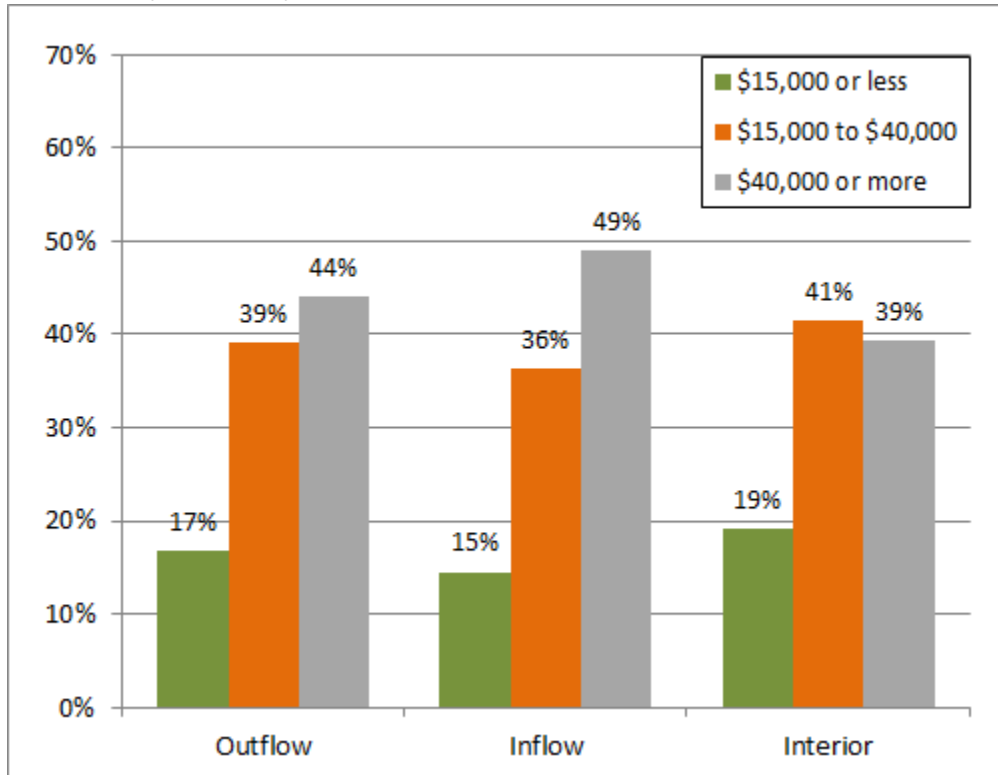
Of the estimated 9,086 employed Milwaukie residents, 93% of them commute elsewhere to employment. An estimated 45% of them commute to Portland for their primary job.

While these numbers may seem stark, this pattern is actually fairly consistent across communities, and particularly in an interconnected metropolitan area where many people live and work in different communities and spouses and other family members often do not work in the same community.

The following numbers show broad income levels for each of the commuting groups (outflowing, inflowing, and interior). The income categories shown here are due to how the Census reports this data.

Comparing the highest-earning category of workers, we see that 44% of those residents leaving the city to work (outflow) are in this category, while 39% of residents who stay in the city for work (interior) are in this category. Meanwhile, of those non-residents commuting into the community for work (inflow), 49% are in the highest income category.

**FIGURE 1.9: INCOME LEVELS BY COMMUTING COHORT (PRIMARY JOBS)  
OUTFLOWING, INFLOWING, AND INTERIOR EMPLOYEES**



SOURCE: US Census Longitudinal Employer-Household Dynamics

**Jobs/Household Ratio:** Milwaukie features a healthy jobs-to-households ratio. There are an estimated 12,400 jobs in the city of Milwaukie, and an estimated 9,100 Milwaukie residents in the labor force. This represents 1.4 jobs per household and more than one job per working adult. Considering the proximity of other major employers in the south Metro area, there seems to be ample employment for Milwaukie’s population.

## II. CURRENT HOUSING CONDITIONS

The following figure presents a profile of the current housing stock and market indicators in Milwaukie. This profile forms the foundation to which current and future housing needs will be compared.

### A. HOUSING TENURE

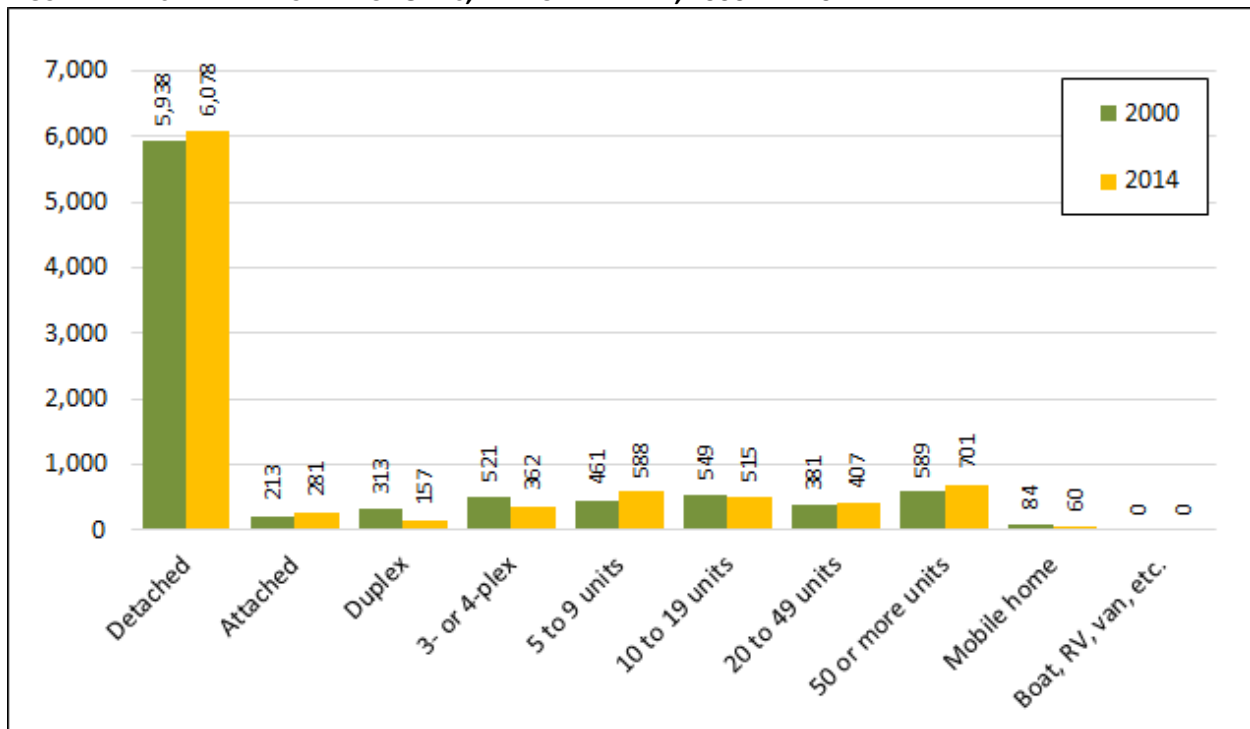
Milwaukie has a greater share of homeowner households than renter households. In the 2010 Census 58.5% of occupied units were owner occupied, and 41.5% renter occupied, essentially a 3/2 split (Census table DP-1). (The 2010 Census features a lower margin of error than more recent ACS data.) The estimated ownership rate is higher in both Clackamas County (69%) and the entire Metro region (62%).

The ownership rate in Milwaukie has fallen slightly since 2000 from 60%.

### B. HOUSING STOCK

As shown in Figure 1.1, Milwaukie had an estimated 9,270 housing units in 2016, with a vacancy rate of 4.7% (includes ownership and rental units). The housing stock has increased by roughly 281 units since 2000, or growth of 3%.

**FIGURE 2.1: ESTIMATED NUMBER OF UNITS, BY PROPERTY TYPE, 2000 AND 2014**



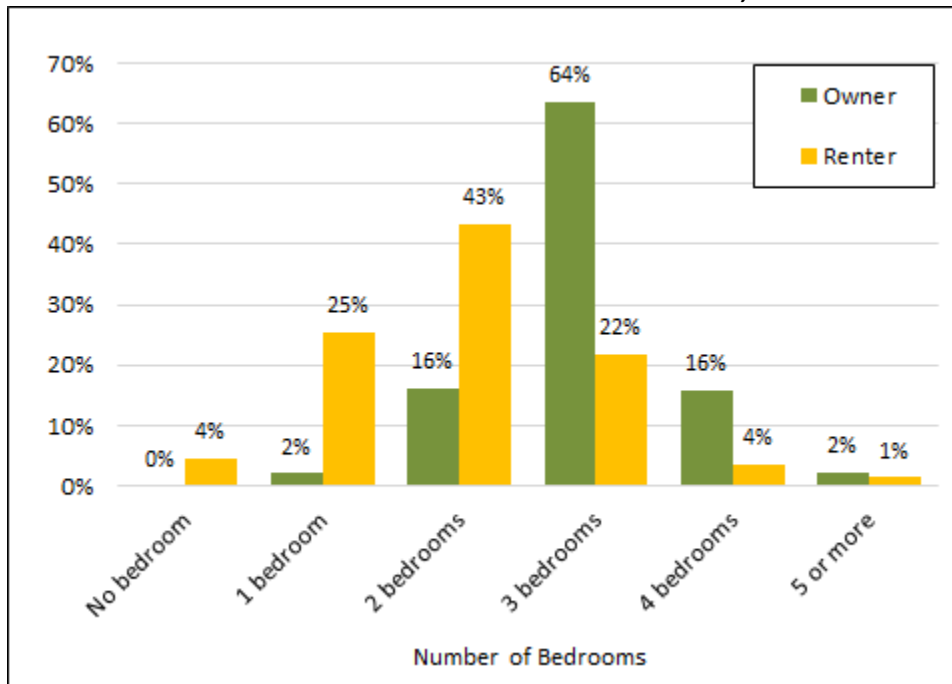
SOURCE: US Census  
Census Tables: H030 (2000); B25024 (2014 ACS 5-year Estimates)

Figure 2.1 shows the estimated number of units by type between the 2000 Census and the 2014 American Community Survey. Given the relatively slow population and household growth, there has been little change in the breakdown of unit types in the community. Detached single-family homes represent an estimated 66% of housing units. Units in larger apartment complexes of 50 or more units represent 8% of units, and other types of attached homes represent 25% of units. (Attached single family generally includes townhomes, some condos, and plexes which are separately metered.)

### C. NUMBER OF BEDROOMS

Figure 2.2 shows the share of units for owners and renters by the number of bedrooms they have. In general, owner-occupied units are much more likely to have three or more bedrooms, while renter occupied units are much more likely to have two or fewer bedrooms.

**FIGURE 2.2: NUMBER OF BEDROOMS FOR OWNER AND RENTER UNITS, 2014**



SOURCE: US Census  
Census Tables: B25042 (2014 ACS 5-year Estimates)

### D. UNITS TYPES BY TENURE

As Figure 2.3 and 2.4 show, a large share of owner-occupied units (94%) are detached homes, which is related to why owner-occupied units tend to have offer more bedrooms. Renter-occupied units are much more distributed among a range of structure types. 32% of rented units are estimated to be detached homes, while the remainder are some form of attached unit.

**FIGURE 2.3: CURRENT INVENTORY BY UNIT TYPE, FOR OWNERSHIP AND RENTAL HOUSING**

#### OWNERSHIP HOUSING

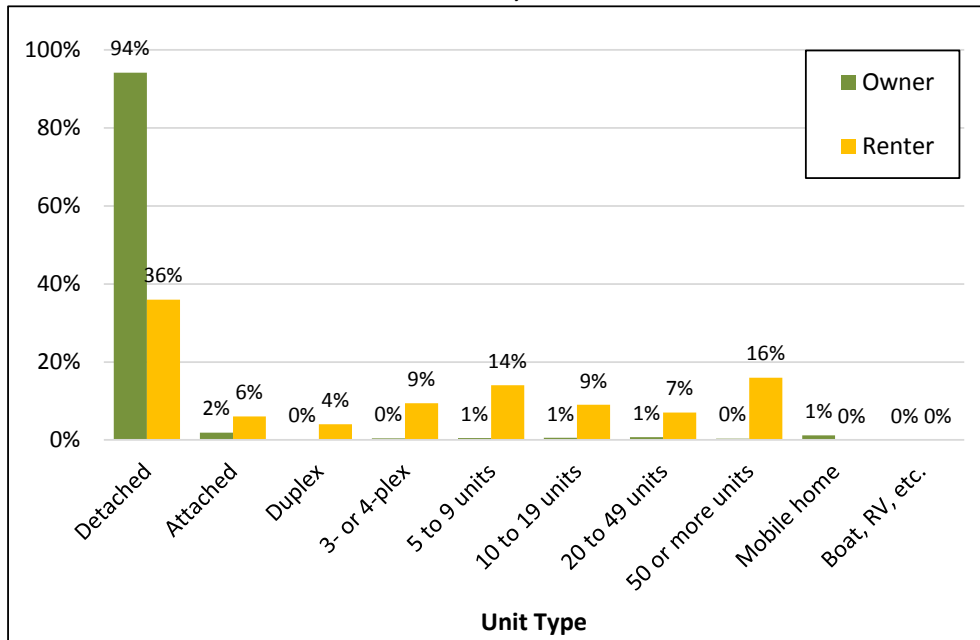
Price Range	Single Family Detached	Single Family Attached	Duplex	3- or 4-plex	5+ Units MFR	Mobile home	Boat, RV, other temp	Total Units
<b>Totals:</b>	5,138	87	17	0	116	60	0	<b>5,418</b>
<b>Percentage:</b>	94.8%	1.6%	0.3%	0.0%	2.1%	1.1%	0.0%	100.0%

#### RENTAL HOUSING

Price Range	Single Family Detached	Single Family Attached	Duplex	3- or 4-plex	5+ Units MFR	Mobile home	Boat, RV, other temp	Total Units
<b>Totals:</b>	1,391	227	141	353	1,739	0	0	<b>3,851</b>
<b>Percentage:</b>	36.1%	5.9%	3.7%	9.2%	45.2%	0.0%	0.0%	100.0%

Sources: US Census, JOHNSON ECONOMICS  
Census Tables: B25004, B25032, B25063, B25075 (2014 ACS 4-yr Estimates)

**FIGURE 2.4: CURRENT INVENTORY BY UNIT TYPE, BY SHARE**

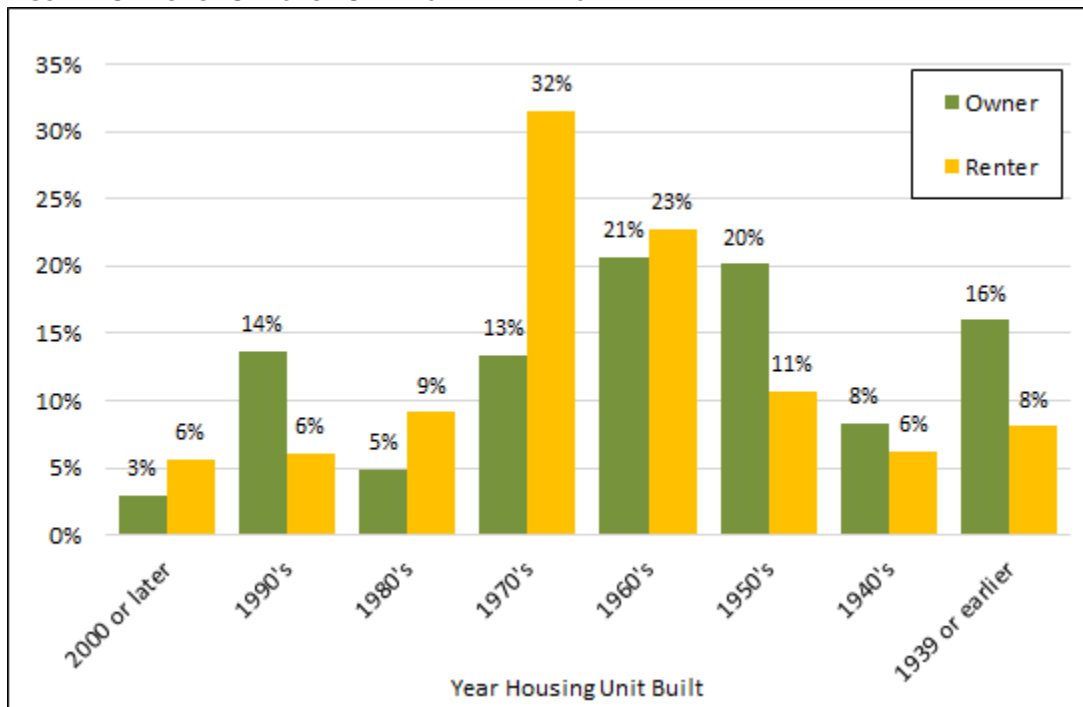


Sources: US Census, JOHNSON ECONOMICS  
 Census Tables: B25004, B25032, B25063, B25075 (2014 ACS 4-yr Estimates)

**E. AGE OF HOUSING STOCK**

Milwaukie’s housing stock reflects the pattern of settlement in the area, with the earliest standing homes dating to the mid-1800’s. Nearly 80% of the housing stock is pre-1980’s with the remainder being post 1980. The 1960’s and 1970’s saw the highest amount of development activity with roughly 1,800 units dating from each of those decades. There are an estimated 1,262 units dating from post 1990. The following figure shows that a higher share of renters tend to live in housing stock from the 1960’s and 1970’s. A greater share of owners tend to live in homes from the 1950’s and 1960’s, and in the oldest and newest homes.

**FIGURE 2.5: AGE OF UNITS FOR OWNERS AND RENTERS**



SOURCE: US Census  
 Census Tables: B25036 (2014 ACS 5-year Estimates)

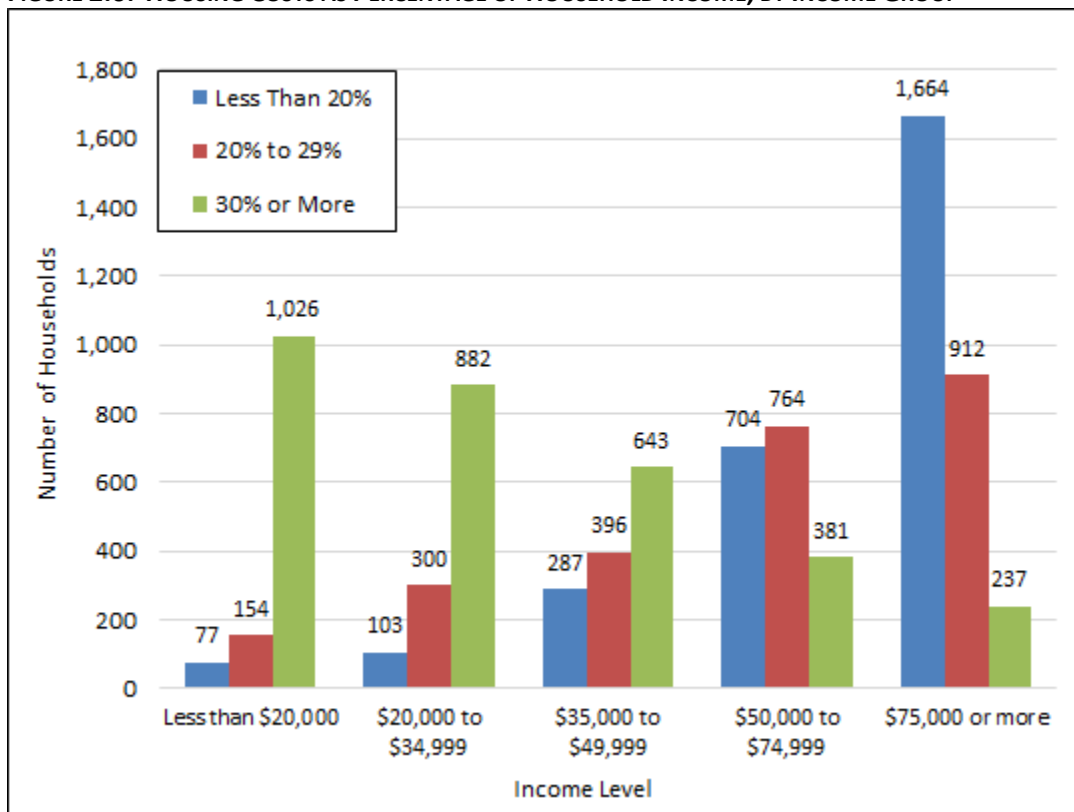
## F. HOUSING COSTS VS. LOCAL INCOMES

Figure 2.6 shows the percentage of income that local households are spending on housing based on their income group. As one might expect, lower income households spend a larger percentage of their income on housing costs than higher income households. Of those earning less than \$20,000, 82% of households spend more than 30% of income on housing costs. (Spending 30% or less on housing costs is a common measure of “affordability” used by HUD and others, and in the analysis presented in this report.)

Even half of those households earning \$35,000 to \$49,000 pay more than 30% of income towards housing costs. Only those earning more than \$50,000 have a relatively small percentage paying more than 30%.

In total, over 3,200 Milwaukie households (37%) are estimated to pay more than 30% of income towards housing costs.

**FIGURE 2.6: HOUSING COSTS AS PERCENTAGE OF HOUSEHOLD INCOME, BY INCOME GROUP**



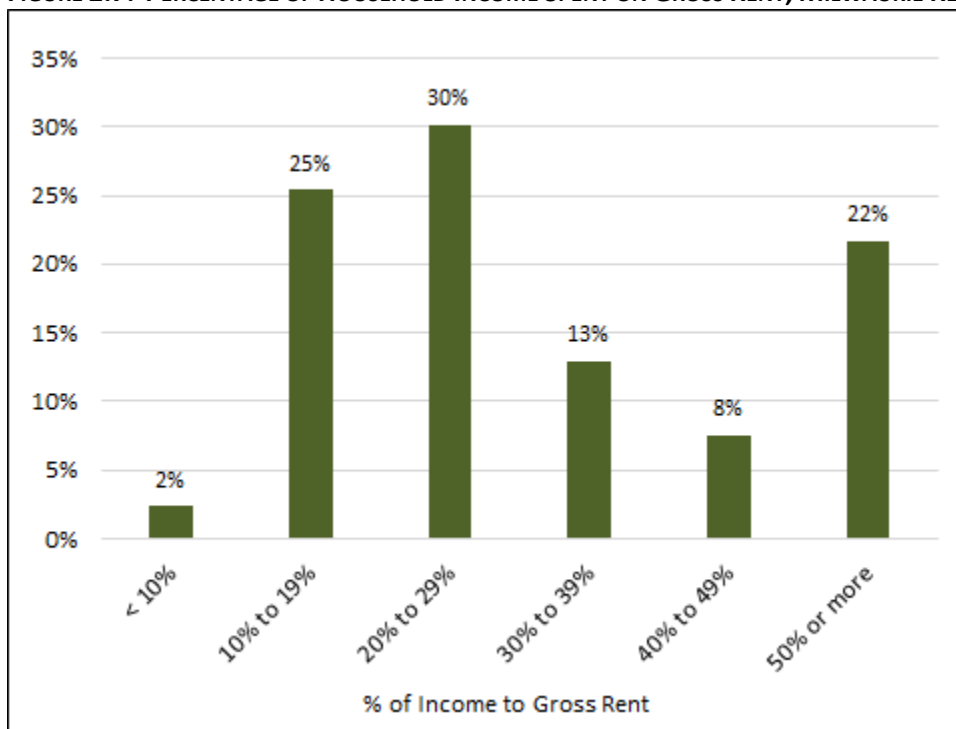
Sources: US Census, JOHNSON ECONOMICS  
Census Table: B25106 (2014 ACS 5-yr Estimates)

The following figures shows the percentage of household income spent towards gross rent for local renter households only. This more fine grained data shows that not only are nearly 45% of renters spending more than 30% of their income on rent, but an estimated 22% are spending 50% or more of their income.

Renters are disproportionately lower income relative to homeowners. The burden of housing costs are felt more broadly for these households, and as the analysis presented in later section shows there is a need for more affordable rental units in Milwaukie, as in most of the Metro area.



**FIGURE 2.7: PERCENTAGE OF HOUSEHOLD INCOME SPENT ON GROSS RENT, MILWAUKIE RENTER HOUSEHOLDS**



Sources: US Census, JOHNSON ECONOMICS  
Census Table: B25070 (2014 ACS 5-yr Estimates)

## G. TRANSPORTATION COSTS

When considering the cost of housing in various locations and communities within a region, it is important to also consider transportation costs. For instance, a community which is located farther from major job centers may have lower cost housing, but residents may experience greater transportation costs due to a longer commute, gas usage, car ownership, maintenance, etc. Similarly, differences in which alternative transit modes are available and viable may also impact transportation costs for residents. Therefore, some advocate considering transportation costs and housing costs together, to gauge a more complete estimate of the cost of living in a given location.

There are a few potential measures of additional transportation costs Milwaukie households may be facing. The Center for Neighborhood Technology has created a Housing and Transportation (H+T) Affordability Index to measure this full cost in various communities.<sup>4</sup> The index compares a wide range of variables on households, housing costs, and transportation to derive a general index figure for a geography. The H+T index for Milwaukie, and surrounding areas is presented in Figure 2.8 below.

According to the index, the combined housing and transportation cost for the median Milwaukie resident is 49%, which is tied with Portland as the lowest among the geographies considered. Clackamas County in general, and other communities in the county all have a higher estimated cost for housing and transportation than Milwaukie. However, looking more closely at the numbers, reveals that most of the difference is found in the cost of housing. The transportation costs are estimated at between 19% and 23% of median income for all geographies. Milwaukie falls near the median, with an average transportation cost of 21% of income. According to this measure the average Milwaukie residents pays relatively less of their income towards housing than the other communities.

<sup>4</sup> <http://htaindex.cnt.org/about/>

**FIGURE 2.8: HOUSING AND TRANSPORTATION AFFORDABILITY INDEX, MILWAUKIE AND COMPARABLE GEOGRAPHIES**

Geography	Cost as % of Income		
	Housing	Transport.	H+T
Milwaukie:	28%	21%	49%
Clackamas County:	35%	23%	58%
Happy Valley:	44%	23%	67%
West Linn:	42%	22%	64%
Oregon City:	30%	22%	52%
Lake Oswego:	44%	21%	65%
Portland:	30%	19%	49%

Sources: Center for Neighborhood Technology

These findings are somewhat supported by Census data on commuting patterns. 74% of Milwaukie workers commute alone by car, which is somewhat less than in the county as a whole, but a greater share than in Portland or the general Metro area. This data precedes the opening of the MAX Light Rail service to Milwaukie. For those who drive, the average commute time is very similar across the geographies, with Clackamas County having slightly longer average commute times than the other geographies.

**FIGURE 2.9: COMMUTING CHARACTERISTICS, MILWAUKIE AND COMPARABLE GEOGRAPHIES (2014)**

Means of Transportation to Work	Milwaukie	Clack. Co.	Portland	Metro Area
Car, truck, or van - drove alone:	7,318 74%	136,262 77%	178,506 58%	606,560 69%
Car, truck, or van - carpooled:	862 9%	15,853 9%	29,109 9%	86,513 10%
Public transportation (excluding taxi):	617 6%	5,257 3%	36,396 12%	62,404 7%
Walked:	169 2%	3,583 2%	17,690 6%	33,726 4%
Taxicab, motorcycle, bicycle, or other:	299 3%	2,368 1%	23,000 7%	32,574 4%
Worked at home:	576 6%	13,730 8%	23,312 8%	57,218 7%
<i>Total:</i>	<i>9,841</i>	<i>177,053</i>	<i>308,013</i>	<i>878,995</i>
Average commute time:	25.1 min.	27.7 min.	25.4 min.	25.9 min.
Average car commute time:	23.8 min.	27.4 min.	23.6 min.	25.1 min.

Sources: US Census, JOHNSON ECONOMICS  
 Census Table: B08101, B08134 (2014 ACS 5-yr Estimates)

The combination of the H+T index and Census commute data do not indicate that the average Milwaukie household would spend significantly more of their income towards housing than other Clackamas County communities or similar suburban communities outside of central Portland. These households will be somewhat more likely to drive and therefore have accompanying car ownership costs. Overall, 93% of Milwaukie households own at least one car, similar to the 91% of households across the Metro area (Census Table B25044).

## H. PUBLICLY-ASSISTED HOUSING

Milwaukie has an estimated 350 subsidized affordable housing units, ranging from single-family homes to large apartment complexes. 200 of the units are owned by the Housing Authority of Clackamas County (HACC), in Hillside Park and Hillside Manor communities. HACC also administers 78 “scattered site” units in the community, which are dispersed individual housing units. The remainder of the affordable units are operated by non-profit housing agencies in 6 properties.

As Figure 2.10 shows, Milwaukie is home to roughly 13% of the County’s affordable housing (not including Housing Choice Vouchers).

**FIGURE 2.10: SUBSIDIZED HOUSING UNITS IN CLACKAMAS COUNTY COMMUNITIES**

Geography	Subsidized Units*	
Clackamas County:	3,264	100%
Milwaukie:	428	13%
97267 ZIP (S. of Milwaukie)	412	13%
Happy Valley:	417	13%
West Linn:	0	0%
Lake Oswego:	75	2%
Oregon City:	517	16%

\* Includes HACC Public Housing, scattered sites, and other forms of subsidized housing, including Tax Credits, and project-based Section 8. Does not include residents with Housing Choice Vouchers.

Sources: Oregon Housing and Community Services, HACC

HACC estimates that roughly 475 Section 8 housing choice vouchers are currently used by residents in Milwaukie. This is roughly 1/4 of the roughly 1,675 vouchers administered by HACC.

The estimated 903 total households in Milwaukie in subsidized housing or using vouchers represents about 10% of total local households (8,831).

A Point-in-Time count of homeless individuals in Clackamas County conducted in January of 2015 found 2,196 homeless individuals on the streets, in shelters, or other temporary and/or precarious housing. *These figures are for the entire county.*<sup>5</sup> This included:

- 208 people in emergency shelter, warming shelter, or transitional housing programs;
- 1,504 people living in doubled-up or unstable housing;
- 484 people unsheltered;
- 205 chronically homeless.
  
- An estimated 53% of those counted were male, and 47% female.
- Children under the age of 18 made up 47% of those counted, at 1,026 individual children.
- The North Clackamas School District counts 127 homeless K-12 students in the 2015/16 year.

An analysis of the ability of current and projected housing supply to meet the needs of low-income people, and the potential shortfall is included in the following sections of this report.

<sup>5</sup> Figures via Clackamas County Health, Housing, and Human Services, and North Clackamas School District

### III. CURRENT HOUSING NEEDS (CITY OF MILWAUKIE)

The profile of current housing conditions in the study area is based on Census 2010, which the Portland State University Population Research Center (PRC) uses to develop yearly estimates that have been further forecasted to 2016. (The growth rate between the 2010 Census and the 2015 certified estimates from the PRC was extended forward one year to 2016.) Estimates of current population and households were cross referenced with estimates from Claritas, and the U.S. Census.

**FIGURE 3.1: CURRENT HOUSING PROFILE (2016)**

CURRENT HOUSING CONDITIONS (2016)		SOURCE
Total 2015 Population:	20,548	US Census, PSU Pop. Research Center
- Estimated group housing population:	217 (1.1% of Total)	US Census
<b>Estimated Non-Group 2016 Population:</b>	<b>20,331</b> (Total - Group)	
Avg. HH Size:	2.30	US Census
<b>Estimated Non-Group 2016 Households:</b>	<b>8,831</b> (Pop/HH Size)	
<b>Total Housing Units:</b>	<b>9,269</b> (Occupied + Vacant)	Census 2010 + permits
Occupied Housing Units:	8,831 (= # of HH)	
Vacant Housing Units:	438 (Total HH - Occupied)	
Current Vacancy Rate:	4.7% (Vacant units/ Total units)	

Sources: Johnson Economics, City of MILWAUKIE, PSU Population Research Center, U.S. Census

\*This table reflects population, household and housing unit projections shown in Figure 1.1

We estimate a current population of roughly 20,550, living in 8,830 households (excluding group living situations). Average household size is 2.3 persons.

There are an estimated 9,269 housing units in the city, with 440 units vacant. The estimated 2016 vacancy rate of housing units is 4.7%. This includes units vacant for any reason, not just those which are currently for sale or rent.

#### ESTIMATE OF CURRENT HOUSING DEMAND

Following the establishment of the current housing profile, the current housing demand was determined based upon the age and income characteristics of current households.

The analysis considered the propensity of households in specific age and income levels to either rent or own their home (tenure), in order to derive the current demand for ownership and rental housing units and the appropriate housing cost level of each. This is done by combining data on tenure by age and tenure by income from the Census American Community Survey (tables: B25007 and B25118, 2014 ACS 5-yr Estimates).

The analysis takes into account the average amount that owners and renters tend to spend on housing costs. For instance, lower income households tend to spend more of their total income on housing, while upper income households spend less on a percentage basis. In this case, it was assumed that households in lower income bands would *prefer* housing costs at no more than 30% of gross income (a common measure of affordability). Higher income households pay a decreasing share down to 20% for the highest income households.

While the Census estimates that nearly half of low-income households pay more than 30% of their income for housing, this is an estimate of current preferred demand. It assumes that low-income households prefer (or demand) units affordable to them at no more than 30% of income, rather than more expensive units.

Figure 3.2 presents a snapshot of current housing demand (i.e. preferences) equal to the number of households in the study area (8,831).

The breakdown of tenure (owners vs. renters) reflects data from the 2014 ACS. The 59% ownership rate in Milwaukie is lower than the statewide rate of 62%. The homeownership rate in Milwaukie has declined slightly from 60% in 2000. During this period the statewide rate fell from 64% to 62%. Nationally, the homeownership rate has nearly reached the historical average of 65%, after the rate climbed from the late 1990's to 2004 (69%).

**FIGURE 3.2: ESTIMATE OF CURRENT HOUSING DEMAND (2016)**

Ownership				
Price Range	# of Households	Income Range	% of Total	Cumulative
\$0k - \$90k	233	Less than \$15,000	4.5%	4.5%
\$90k - \$130k	452	\$15,000 - \$24,999	8.7%	13.1%
\$130k - \$190k	339	\$25,000 - \$34,999	6.5%	19.6%
\$190k - \$240k	838	\$35,000 - \$49,999	16.1%	35.7%
\$240k - \$300k	1,029	\$50,000 - \$74,999	19.7%	55.4%
\$300k - \$380k	1,016	\$75,000 - \$99,999	19.5%	74.9%
\$380k - \$490k	606	\$100,000 - \$124,999	11.6%	86.5%
\$490k - \$580k	260	\$125,000 - \$149,999	5.0%	91.5%
\$580k - \$770k	323	\$150,000 - \$199,999	6.2%	97.6%
\$770k +	123	\$200,000+	2.4%	100.0%
<b>Totals:</b>	<b>5,217</b>		<b>% of All:</b>	<b>59.1%</b>

Rental				
Rent Level	# of Households	Income Range	% of Total	Cumulative
\$0 - \$400	672	Less than \$15,000	18.6%	18.6%
\$400 - \$600	447	\$15,000 - \$24,999	12.4%	31.0%
\$600 - \$900	432	\$25,000 - \$34,999	11.9%	42.9%
\$900 - \$1100	531	\$35,000 - \$49,999	14.7%	57.6%
\$1100 - \$1400	846	\$50,000 - \$74,999	23.4%	81.0%
\$1400 - \$1800	436	\$75,000 - \$99,999	12.1%	93.1%
\$1800 - \$2300	130	\$100,000 - \$124,999	3.6%	96.6%
\$2300 - \$2700	59	\$125,000 - \$149,999	1.6%	98.3%
\$2700 - \$3600	25	\$150,000 - \$199,999	0.7%	99.0%
\$3600 +	37	\$200,000+	1.0%	100.0%
<b>Totals:</b>	<b>3,614</b>		<b>% of All:</b>	<b>40.9%</b>

<b>All Households</b>	<b>8,831</b>
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Sources: PSU Population Research Center, Claritas Inc., Census, JOHNSON ECONOMICS  
 Census Tables: B25007, B25106, B25118 (2014 ACS 5-yr Estimates)  
 Claritas: Estimates of income by age of householder

The estimated home price and rent ranges are irregular because they are mapped to the affordability levels of the Census income level categories. For instance, an affordable home for those in the lowest income category (less than \$15,000) would have to cost \$90,000 or less. Affordable rent for someone in this category would be \$400 or less.

The affordable price level for ownership housing assumes 30-year amortization, at an interest rate of 6% (significantly more than the current rate, but in line with historic norms), with 15% down payment. These assumptions are designed to represent prudent lending and borrowing levels for ownership households. The 30-year mortgage commonly serves as the standard. In the last decade, down payment requirements fell significantly, but standards have tightened somewhat since the 2008/9 credit crisis. While 20% is often cited as the standard for most buyers, it is common for homebuyers, particularly first-time buyers, to pay significantly less than this using available programs.

Interest rates are subject to disruption from national and global economic forces, and therefore impossible to forecast beyond the short term. The 6% used here is roughly the average 30-year rate over the last 20 years. The general trend has been falling interest rates since the early 1980's, but coming out of the recent recession, many economists believe that rates cannot fall farther and must begin to climb as the Federal Reserve raises its rate over the coming years.

### **CURRENT HOUSING INVENTORY**

The profile of current housing demand (Figure 3.2) represents the preference and affordability levels of households. In reality, the current housing supply (Figure 3.3 below) differs from this profile, meaning that some households may find themselves in housing units which are not optimal, either not meeting the household's own/rent preference, or being unaffordable (requiring more than 30% of gross income).

A profile of current housing supply in Milwaukie was determined using Census data from the most recently available 2014 ACS, which provides a profile of housing values, rent levels, and housing types (single family, attached, mobile home, etc.). The 5-year estimates from the ACS were used because 3-year and 1-year estimates are not yet available for the Milwaukie geography. These value estimates were escalated by the estimated growth in the median pricing from this five year period to 2016. The median price has risen an estimated 43% in this time.

- An estimated 58.5% of housing units are ownership units, while an estimated 41.5% of housing units are rental units. This very closely matches the estimated demand profile shown in Figure 3.2. (The inventory includes vacant units, so the breakdown of ownership vs. rental does not exactly match the tenure split of actual households.)
- 95% of ownership units are detached homes, while 45% of rental units are in structures of 5 units or more.
- Of total housing units, an estimated 70% are detached homes, while 29% are some sort of attached type. Less than 1% are mobile home units.
- Subsidized affordable housing units found in Milwaukie are represented by the inventory found at the lowest end of the rental spectrum. Ownership housing found at the lower end of the spectrum generally reflect mobile homes, or homes in poor condition on small or irregular lots. These properties may be candidates for redevelopment when next they sell, but are currently estimated to have low value.

**FIGURE 3.3: PROFILE OF CURRENT HOUSING SUPPLY (2016)**

OWNERSHIP HOUSING										
Price Range	Single Family Detached	Single Family Attached	Duplex	3- or 4-plex	5+ Units MFR	Mobile home	Boat, RV, other temp	Total Units	% of Units	Cummulative %
\$0k - \$90k	100	35	4	0	0	55	0	194	3.6%	3.6%
\$90k - \$130k	36	5	6	0	0	5	0	52	1.0%	4.5%
\$130k - \$190k	182	0	7	0	6	0	0	194	3.6%	8.1%
\$190k - \$240k	327	0	0	0	14	0	0	341	6.3%	14.4%
\$240k - \$300k	1,131	27	0	0	42	0	0	1,200	22.1%	36.6%
\$300k - \$380k	1,881	19	0	0	39	0	0	1,939	35.8%	72.4%
\$380k - \$490k	903	0	0	0	16	0	0	918	17.0%	89.3%
\$490k - \$580k	373	0	0	0	0	0	0	373	6.9%	96.2%
\$580k - \$770k	111	0	0	0	0	0	0	111	2.0%	98.3%
\$770k +	95	0	0	0	0	0	0	95	1.7%	100.0%
<b>Totals:</b>	<b>5,138</b>	<b>87</b>	<b>17</b>	<b>0</b>	<b>116</b>	<b>60</b>	<b>0</b>	<b>5,418</b>	<b>% of All Units:</b>	<b>58.5%</b>
<b>Percentage:</b>	94.8%	1.6%	0.3%	0.0%	2.1%	1.1%	0.0%	100.0%		

RENTAL HOUSING										
Price Range	Single Family Detached	Single Family Attached	Duplex	3- or 4-plex	5+ Units MFR	Mobile home	Boat, RV, other temp	Total Units	% of Units	Cummulative %
\$0 - \$400	0	0	0	0	174	0	0	174	4.5%	4.5%
\$400 - \$600	0	0	0	0	136	0	0	136	3.5%	8.1%
\$600 - \$900	0	0	16	32	273	0	0	321	8.3%	16.4%
\$900 - \$1100	123	72	29	94	406	0	0	724	18.8%	35.2%
\$1100 - \$1400	426	155	96	219	523	0	0	1,419	36.8%	72.0%
\$1400 - \$1800	257	0	0	8	149	0	0	415	10.8%	82.8%
\$1800 - \$2300	310	0	0	0	77	0	0	387	10.1%	92.9%
\$2300 - \$2700	251	0	0	0	0	0	0	251	6.5%	99.4%
\$2700 - \$3600	24	0	0	0	0	0	0	24	0.6%	100.0%
\$3600 +	0	0	0	0	0	0	0	0	0.0%	100.0%
<b>Totals:</b>	<b>1,391</b>	<b>227</b>	<b>141</b>	<b>353</b>	<b>1,739</b>	<b>0</b>	<b>0</b>	<b>3,851</b>	<b>% of All Units:</b>	<b>41.5%</b>
<b>Percentage:</b>	36.1%	5.9%	3.7%	9.2%	45.2%	0.0%	0.0%	100.0%		

TOTAL HOUSING UNITS										
	Single Family Detached	Single Family Attached	Duplex	3- or 4-plex	5+ Units MFR	Mobile home	Boat, RV, other temp	Total Units	% of Units	
<b>Totals:</b>	<b>6,529</b>	<b>314</b>	<b>158</b>	<b>353</b>	<b>1,854</b>	<b>60</b>	<b>0</b>	<b>9,269</b>	<b>100%</b>	
<b>Percentage:</b>	70.4%	3.4%	1.7%	3.8%	20.0%	0.7%	0.0%	100.0%		

Sources: US Census, PSU Population Research Center, JOHNSON ECONOMICS  
 Census Tables: B25004, B25032, B25063, B25075 (2014 ACS 5-yr Estimates)

**COMPARISON OF CURRENT HOUSING DEMAND WITH CURRENT SUPPLY**

A comparison of estimated current housing *demand* with the existing *supply* identifies the existing discrepancies between needs and the housing which is currently available.

In general, this identifies a current need for additional ownership units at a range of price points, counterbalanced by a surplus of units in the \$240,000 to \$580,000 range. This is simply an indicator that most housing in the Milwaukie market is found in this range. Based on analysis of household incomes and ability to pay, there should be support for some ownership housing at higher and lower price points.

The analysis identifies a general need for rental units at the lowest price level. There are levels of estimated surplus for apartments (\$900 to \$1400 per month). Again, this represents the current average rent prices in Milwaukie, where most units can be expected to congregate. Rentals at more expensive levels generally represent single family homes for rent.

**FIGURE 3.4: COMPARISON OF CURRENT NEED TO CURRENT SUPPLY (2016)**

Ownership				Rental			
Price Range	Estimated Current Need	Estimated Current Supply	Unmet (Need) or Surplus	Rent	Estimated Current Need	Estimated Current Supply	Unmet (Need) or Surplus
\$0k - \$90k	233	194	(39)	\$0 - \$400	672	174	(497)
\$90k - \$130k	452	52	(399)	\$400 - \$600	447	136	(311)
\$130k - \$190k	339	194	(145)	\$600 - \$900	432	321	(111)
\$190k - \$240k	838	341	(497)	\$900 - \$1100	531	724	193
\$240k - \$300k	1,029	1,200	172	\$1100 - \$1400	846	1,419	573
\$300k - \$380k	1,016	1,939	923	\$1400 - \$1800	436	415	(21)
\$380k - \$490k	606	918	313	\$1800 - \$2300	130	387	258
\$490k - \$580k	260	373	114	\$2300 - \$2700	59	251	192
\$580k - \$770k	323	111	(212)	\$2700 - \$3600	25	24	(1)
\$770k +	123	95	(28)	\$3600 +	37	0	(37)
<b>Totals:</b>	<b>5,217</b>	<b>5,418</b>	<b>201</b>	<b>Totals:</b>	<b>3,614</b>	<b>3,851</b>	<b>237</b>

<b>Occupied Units:</b>	<b>8,831</b>
<b>All Housing Units:</b>	<b>9,269</b>
<b>Total Unit Surplus:</b>	<b>438</b>

Sources: PSU Population Research Center, Claritas Inc., Census, JOHNSON ECONOMICS

This table is a synthesis of data presented in Figures 3.2 and 3.3.

There are an estimated 438 units more than the current number of households, which reflects the city’s current vacancy rate of 4.7%.

Figure 3.4 is illustrating where current market-level pricing is in Milwaukee. Housing prices and rent levels will tend to congregate around those price levels. These levels will be too costly for some (i.e. require more than 30% in gross income) or “too affordable” for others (i.e. they have income levels that indicate they could afford more expensive housing if it were available). In general, these findings demonstrate that there are fewer housing opportunities at lower price points than might be considered “affordable” to many local households, particularly for renter households.

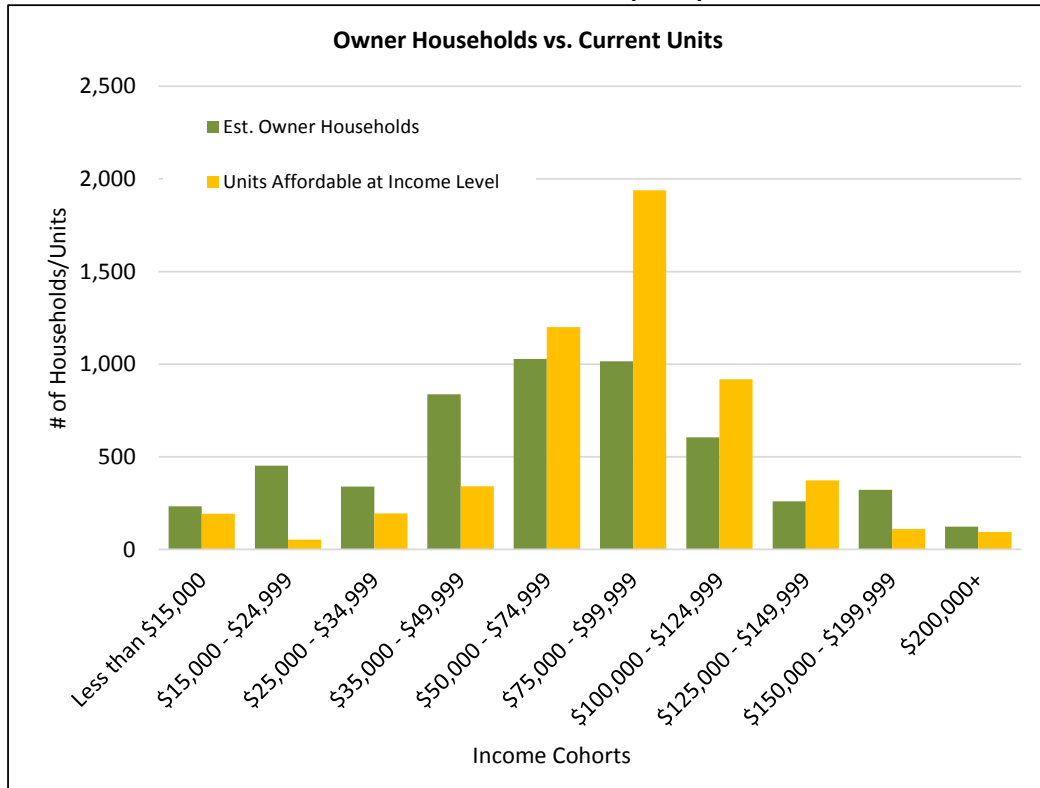
The following figures (Figure 3.5 and 3.6) present this information in chart form, comparing the estimated number of households in given income ranges, and the supply of units currently affordable within those income ranges. The data is presented for owner and renter households.

\* \* \*

The findings of current need form the foundation for projected future housing need, presented in a following section.

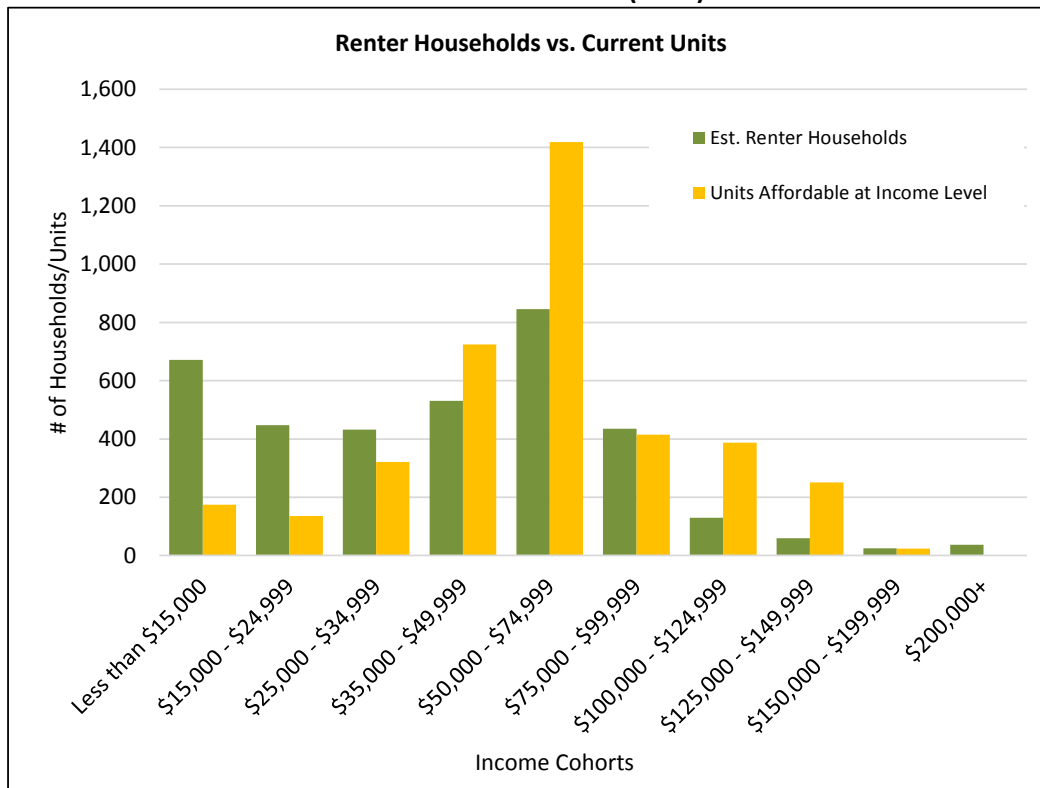


**FIGURE 3.5: COMPARISON OF OWNER HOUSEHOLD INCOME GROUPS TO ESTIMATED SUPPLY AFFORDABLE AT THOSE INCOME LEVELS (2016)**



Sources: PSU Population Research Center, Claritas Inc., Census, JOHNSON ECONOMICS

**FIGURE 3.6: COMPARISON OF RENTER HOUSEHOLD INCOME GROUPS TO ESTIMATED SUPPLY AFFORDABLE AT THOSE INCOME LEVELS (2016)**



Sources: PSU Population Research Center, Claritas Inc., Census, JOHNSON ECONOMICS

## IV. ANTICIPATED HOUSING TRENDS

This section discusses current and anticipated demographic and market trends which are expected to impact the nature of housing demand and development in the future. These are macro-level trends which generally apply on a regional or nationwide scale, but the potential impact for Milwaukie is discussed in each case. The impacts of these trends are factored into the projection of housing need and residential land need detailed in following sections of this report.

The major demographic trends discussed here are:

- Future housing types
- Migration to urban environments
- Diminishing household sizes
- Baby Boom generation transitions
- Millennial generation preferences
- Immigration
- Workforce housing

### A. Future Housing Types

The nature of future housing opportunities has been a key topic of discussion in the Metro area since the adoption of the current planning framework. With a single UGB encompassing over 30 jurisdictions, the policy of Metro is to encourage increased density of uses within the boundary through efficient use and reuse of available land, and strategic transportation investment to ease the movement of people and goods around the region. As part of this effort, the Metropolitan Housing Rule, among other policies are generally meant to encourage more development of dense housing, such as small-lot single family homes, infill development, and a greater share of attached forms than typically seen in the past.

As demand increases, prices rise, and remaining land within the UGB is developed, denser forms of development and creative reuse of parcels through infill and redevelopment become more economically viable. This is increasingly the case for developed parts of the Metro area such as Milwaukie, which offer few opportunities for large-scale development of single-family subdivisions. Any growth that occurs will largely be accommodated within the current city boundary.

Metro and other communities in the region are currently exploring solutions to moderately increasing density in traditional single family neighborhoods with housing types that are more compatible with single family homes such as cottage clusters, accessory dwelling units, corner-lot duplexes and internal division of larger homes.

**Implications for Milwaukie:** As stated, the Goal 10 process and Metropolitan Housing Rule put requirements on the future distribution of housing types. The continuing constraints of the UGB, along with the region's planning framework and policies, create an atmosphere in which individual jurisdictions are likely to see an increasing share of attached housing types (from townhomes to large complexes) in order to accommodate projected demand. These assumptions are reflected in the housing projections included in the following section of this report.

Since 2000, detached units have constituted an estimated 74% of permitted units in Milwaukie (182 total), meaning that the community continues to see mostly single-family home construction. The amount and type of housing built in the future will be impacted by the available buildable lands and zoning in the city, as discussed in the conclusions of this report.

### B. Migration to Urban Environments

Recent decades have seen the revitalization of city centers and a return of population growth in the urban core. For many metro areas, including the Portland Metro, this is a reversal of the out-migration trends of the 1970's and 1980's when the perception of urban crime and dysfunction led many to move to the suburbs to find a better family environment plus more space, cheaper housing and better schools. Since the late 1990's, the return of

urban prosperity, continuously falling crime rates, and a reaction against long commutes, many cities have seen increasing demand to live in the downtown area, or the surrounding neighborhoods.

In the Portland Metro area there is evidence that growth and rising housing costs in central Portland is causing spillover effects across the region. Adjacent cities such as Milwaukie now provide an attractive lower-cost alternative for younger households.

Some experts interpret the resurgence of core cities as impetus for suburbs to encourage some aspects of urban lifestyle in the suburbs, most notably by revitalizing traditional downtowns, zoning for mixed uses, and/or creating new town center models which offer the benefits of a more urban environment on a smaller scale.<sup>6</sup> This trend is already apparent in many suburban cities, including Milwaukie, where City redevelopment efforts and the opening of the MAX Orange Line are accelerating this effect.

**Implications for Milwaukie:** The city of Milwaukie will continue to benefit from the general trend of migration to urban areas. The metro area as a whole can expect continued growth, with different suburbs filling different niches in terms of housing affordability, lifestyle amenities, and employment opportunities.

Milwaukie is an attractive established community, with good transportation connections to other parts of the Metro area. The city can continue to prioritize bringing some of the benefits of a more urban environment to the community, through the long-term development of mixed use areas such as the downtown, and station areas.

### **C. Diminishing Household Sizes**

There is a clear long-term trend in the United States of falling household (and family) sizes. In 1900, the average household size in the US was 4.6 persons. By 1950, it was 3.4 persons, and in 2010 it was 2.58 persons (US Census). This is a rate of decline of -0.5% per year since 1900.

However, in recent decades the trend has slowed considerably. Since 1980, the rate of decline has been -0.2%. Between 2000 and 2010, the average household size was essentially unchanged. In Milwaukie, the average household size fell from 2.35 in 2000 to 2.32 in 2010, a rate of decline of -0.1% per year.

Milwaukie's average household size of 2.32 people, with 59% family households, is small in comparison to Clackamas County (3.04; 69%), and nearby communities such as Happy Valley (3.15; 85%), and West Linn (2.62; 74%).

Nationally, a continued slow decline of household size is expected over coming decades. Younger baby boomers will transition to empty nest status as kids leave the households. Older boomers will transition to single-person households as spouses pass away, if not in the coming decade than the following decade. (As discussed in more detail below, the size of the baby boom generation causes them to have an outsized effect on demographic trends.)

At the same time, the trend for younger generations to delay having children and having fewer children than previous generations will continue. However, the rate of decline will continue to slow and the average household size is likely to reach a stable level eventually, as it cannot realistically approach a size of 1.0 person per household.

**Implications for Milwaukie:** In keeping with the national trend, the city of Milwaukie has experienced a falling household size for many decades. This is expected to continue into the future. The following section of this report uses estimates for 2040 population and households from the Metro 2015 RTP project. These estimates were reviewed by Milwaukie staff. Those estimates imply a 2035 household size of 2.28, which would mean a continued rate of decline of -0.1% per year. (See following section for specifics.)

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<sup>6</sup> McIlwain, John. "Housing in America: The Next Decade." ULI, 2010.

#### **D. Baby Boom Generation Transitions**

Due to its sheer size, the baby boom generation has dominated US demographic trends since its appearance between 1946 and 1965 (the generally accepted definition of the baby boom generation.) There are an estimated 78 million boomers, making them approximately 26% of the US population. In 2016, this generation is roughly 51 to 71 years old.

Demographers often split the baby boom generation into an older and younger cohort when discussing their needs and preferences.<sup>7</sup> The prospects of these two cohorts are likely to be very different given the different economic circumstances in which they came of age, and severity of the last recession.

The older cohort, aged 60 to 70, is closer to retirement or retired, with less time to repair household finances if it is needed. Many in this generation lost retirement resources and significant home equity in the economic downturn of 2007-09.

Nevertheless, many in this older cohort were already near to retirement when the recession hit, and had built sufficient nest eggs and pension benefits to retire as planned. This cohort was able to take advantage of generally rising income growth and national prosperity over their careers. . Many have access to pension and health benefits in retirement that are no longer offered to most workers.

The younger cohort (aged 50-60) is larger, representing about 2/3 of the generation. Much of this cohort is still in the prime of its earning years, many with children still at home or in college. Though they may have suffered a setback to saving and job prospects during the recession, there is still the opportunity to retrench for retirement.

Economically, this younger boomer cohort has more in common with younger generations, in that it has experienced wage stagnation over the last decade. They did not necessarily share in the constant income growth and generous retirement benefits sometimes associated with older boomers.

In terms of housing, the baby boom generation is more likely to own their homes, having decades to enter the ownership market and build equity. They are more likely to have greater equity in their homes, providing some cushion from the recent downturn. The improving housing market has now alleviated most of those with underwater mortgages and other forms of housing distress, allowing them to move for jobs and retirement and see greater equity from their homes.

Since baby boomers are likely to remain healthier and more active for longer than the previous generation, they are likely to delay downsizing and seeking out senior-focused facilities for some time. However, some of this cohort are already facing these decisions as they reach their 70's. Creating more senior housing options for this outsized generation will become an increasing focus among developers and policymakers alike over the next 20 years.

**Implications for Milwaukie:** The baby boom generation's share of Milwaukie's population (28%) is slightly higher than that of the state (27%), and the nation (26.5%). Milwaukie should expect to see the impacts of this generation's lifestyle transitions to a similar degree.

Over the coming 20 years, the baby boom generation will remain healthier and more independent for longer than their parents, meaning that the transition to retirement communities may be postponed or never undertaken for some of these households. The youngest in this generation won't reach the traditional retirement age for another 15 years.

Their housing legacy may be in leaving behind a large stock of suburban homes to younger generations over the next 20 years.

A subset of the baby boom generation will be interested in opportunities to live in well-planned and safe mixed-use communities in the future, including senior communities that allow seniors to age through multiple phases of

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<sup>7</sup> Most of this discussion draws from the following reports:

McIlwain, John. "Housing in America: The Next Decade." ULI, 2010.

"State of the Nation's Housing 2011." Joint Center for Housing Studies of Harvard University, 2011.

post-retirement life into assisted care. The demand from older households for multi-family housing opportunities in town centers should be significant enough to be addressed by the market, but should not be overstated. Most retirees specify a preference to age in place as long as possible. Also, older seniors may prefer or require single-level housing.

### **E. Millennial Generation Preferences**

As the baby boom generation moves through mid-life and into retirement, the millennial generation is emerging as the dominant demographic group of the future. This generation, sometimes called the Echo Boomers or Generation Y, is actually larger than the baby boom generation at 83 million people. Definitions vary, but members of this generation were born roughly between 1980 and 2000 and are now in their mid-teens to mid-30's. As with the baby boomers, the difference between the older and younger members of this large cohort is significant.

Aside from being large, this generation is in the prime years of defining popular culture as its greatest consumers. In broad strokes, the millennial generation is more technologically savvy, networked, environmentally and socially responsible than previous generations. They value diversity and activity, and therefore gravitate to urban environments more-so than older generations.

This generation grew up in a time of generally rising economic prosperity in the 1980's and 1990's, but many find themselves at a disadvantage in the current economy. Quality entry-level jobs have been scarce since the recession, while average student debt has risen sharply. Incomes for people younger than 35 have fallen over the last decade, meaning that this generation is starting from behind. Many experts expect that over their lifetimes, millennials will make less money and have a more modest quality of life than their parents.

The reported desire of this generation to live in an urban setting seems to be very real:

A 2008 survey by RCLCO found that 77 percent of generation Y reports wanting to live in an urban core, not in the suburbs where they grew up. They want to be close to each other, to services, to places to meet, and to work, and they would rather walk than drive. They say they are willing to live in a smaller space in order to be able to afford this lifestyle.<sup>8</sup>

A 2015 National Association of Realtors (NAR) survey of preferences found that those under 40 (which includes some of Generation X) place a higher priority on convenient alternatives to driving, revitalizing cities and suburbs, a mix of ages and ethnicities, and the availability of affordable housing.

Given their age and current finances, this currently means that millennial households are much more likely to rent units than own. Just as many older millennials reach life stages such as marriage and having children, housing prices have again begun climbing steeply in the Portland Metro area.

Due to the recession, other members of this generation are currently living with their parents, or with multiple roommates, as evidenced by the decrease in the rate of household formation. After 2008, the rate fell by more than half. With an improving economy, this trend is now reversing, with household formation once again growing. The Millennial generation is likely to make up for lost time in forming new households and generating new demand for housing.

Looking forward at the future housing needs of this large generation raises some questions. While some currently demand rental housing in the urban core, they will be less well-positioned to afford central city housing as they change life-stages and seek ownership opportunities and room for families. In the urban core, where many prefer to live, single-family homes will be scarce and expensive, owned mostly by Boomer and Generation X households (those born roughly between 1965 and 1980).

Childless millennials may continue to accept smaller multi-family units in order to remain in their preferred neighborhoods, either continuing to rent, or buying condos. But millennials with children will find many urban

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<sup>8</sup> McIlwain, John. "Housing in America: The Next Decade." ULI, 2010.

options either too constrained or too expensive. Like previous generations, they will seek a house with a yard at a price they can afford.

This may create opportunities for close-in suburbs. The millennial generation may eventually provide a stock of demand for the suburban single family homes vacated by the older generation. Similarly, they will value well-planned town centers in suburban locations. Suburbs that are able to revitalize their traditional mixed-use town centers or create new ones may be more attractive to young refugees from the urban core.

Younger millennials are expected to continue the trend of putting off child rearing until they are older, and therefore this trend may be slow to develop. If they move to the suburbs, this generation may be more accepting of living in denser types of housing, such as attached single-family, even with children.

**Implications for Milwaukie:** It is generally believed that when millennials claim to prefer the urban core, they truly mean the center of a larger city such as Portland. However, the eventual impacts of declining affordability and life-stage decisions are likely to cause some significant share of this generation to either never move into the urban core, or move back out at some point. This trend has become apparent in recent years as a tight supply of housing for sale in the region has led to price escalation spreading outwards from central Portland. Many first time homebuyers are looking further into other markets to find affordable housing opportunities.

As of the 2010 Census, the generation born between 1980 and 2000 represented 27% of Milwaukie's population, the same share as that found in Portland. Milwaukie, like many suburban cities, can plan ahead for this generation by continuing to create mixed-use town centers which will provide some livability amenities. Transit options and opportunities to walk and bike will also be attractive. The newly opened MAX service will be a strong attractor for this cohort. For all of their differences, good schools and a safe environment will appeal to millennial households just as much as preceding generations.

The younger and lower income members of this generation will need a sufficient stock of multi-family rentals. Townhomes will likely represent larger share of for-sale starter homes.

## **F. Immigration**

Immigration is expected to be one of the key drivers of population growth, and therefore housing need over the coming decades. Immigrants and their U.S.-born children and grandchildren constitute one of the fastest growing population segments.

While native households are expected to trend towards smaller households, fewer children, and more childless households, the number of families and children among immigrant communities is expected to grow. Demographers credit the growth in immigrant households with slowing the decline in household size.<sup>9</sup>

The result of this rapid growth among immigrants and their children is that minorities are expected to account for most of the population growth between now and 2050. Latinos and Asians are the key drivers of this trend.

Immigrant households and their children have some key characteristics which impact their housing needs. These households tend to be poorer and larger than average. This means that many immigrants are reliant on rental housing, and often in lower-priced areas. They may stay in rental housing for more of their lifetime than other populations.

In rental and ownership housing, immigrants will need more space to house a larger average family size. For this reason, suburbs will be increasingly attractive to immigrant households. The old pattern of immigrants moving directly to a central city, and moving outwards in later generations has been reversed, and now many immigrant households move directly to suburban communities.

Going forward, if home prices remain high in the central city, the stock of older large suburban homes will be attractive to immigrant households. Suburban apartments also tend to be larger and offer more two and three

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<sup>9</sup> "State of the Nation's Housing 2011." Joint Center for Housing Studies of Harvard University, 2011.

bedroom units than central apartment properties. Suburbs can expect the trends towards greater diversity to continue.

**Implications for Milwaukie:** As of the 2014 American Community survey, an estimated 7% of Milwaukie's population is foreign-born, roughly equal to 2000. This is a smaller share than the 10% found statewide.

As of the 2014 American Community Survey, an estimated 7% of Milwaukie's population is foreign-born, roughly equal to the share in 2000. Of these, 36% were born in Asia, 34% were born in Europe, and roughly 20% were born in Latin America. Like the general population, these segments have shown little change since 2000.

In 2010, the percentage of the population speaking a language other than English at home was 6%, down from 8% in 2000.

The immigrant population is not homogeneous and includes households ranging from political refugees, to relatives joining resident family members, to highly-skilled recruits to local companies.

The main impact of these groups in Milwaukie and other suburbs will be continuing demand for low-to-moderate cost housing options, and the type of larger housing units already found in most suburbs. As long as the policies and land inventory allow for the production of multi-family units, it will be possible to meet the rental need for immigrants and other populations. Demand for for-sale housing will largely be met by older existing housing units, rather than new housing.

## **G. Workforce Housing**

Many communities seek to better align housing opportunities with employment opportunities. There are many benefits to housing the local workforce closer to the community in which the jobs are located, as well as bringing new employment closer to local households. This arrangement helps keep economic activity within the community. It also reduces local commuting, which helps reduce traffic congestion. Residents have more transportation choices and shorter commute periods. Many communities aspire to provide greater workforce housing opportunities in order to provide greater location equity among different classes of worker.

In terms of housing, workforce housing generally means offering a full spectrum of housing in proximity to employment at different levels of affordability. Depending on the community, there may be a lack of housing for lower-income workers who might have to commute from other communities. Or there may be a lack of higher-end or executive housing, meaning that higher-paid employees leave the community after work, bringing their financial and other resources with them. While there is no standard definition, workforce housing often is used to describe housing for workers who are low to middle income but may not qualify for subsidized housing programs

**Implications for Milwaukie:** Figure 1.7 shows the inflow and outflow of commuters to Milwaukie according to the Census Employment Dynamics Database. As of 2014, the most recent year available, the Census estimates 12,390 jobs located in Milwaukie. Only 678 of these, or 5.5%, are held by local residents, while over 11,700 employees commute into the city from elsewhere.

Of the estimated 9,086 employed Milwaukie residents, 93% of them commute elsewhere to employment. An estimated 45% of them commute to Portland for their primary job.

While the number of residents working in Milwaukie seems quite low, this pattern is actually fairly consistent across communities, and particularly in an interconnected metropolitan area where many people live and work in different communities and spouses and other family members often do not work in the same community.

**Jobs/Household Ratio:** Milwaukie features a healthy jobs-to-households ratio. There are an estimated 12,400 jobs in the city of Milwaukie, and an estimated 9,100 Milwaukie residents in the labor force. This represents 1.4 jobs per household and more than one job per working adult. Considering the proximity of other major employers in the south Metro area, there seems to be ample employment for Milwaukie's population.

### **Conclusions on Anticipated Housing Trends**

These are the major demographic trends impacting future housing demand in Milwaukie, the region and nation. These trends were considered in building assumptions for the household growth projections presented in the following section.

The general trends that Milwaukie can expect to see over the next 20 years include:

- As demand increases, prices rise, and remaining land within the UGB is developed, denser forms of development and creative reuse of parcels through infill and redevelopment become more economically viable. This is increasingly the case for developed parts of the Metro area such as Milwaukie, which offer few opportunities for large-scale development of single-family subdivisions. Any growth that occurs will largely be accommodated by new housing within the current city boundary.
- Baby boomer households will have a preference towards aging in place as long as possible, particularly for homeowners, and will on average be healthier longer than previous generations. When they do transition to other housing, their stock of older existing single family homes will be attractive starter and move-up homes to younger family households.
- Milwaukie is likely to be attractive to 20-something residents seeking relatively affordable living near transportation options and employment centers. The city can continue to attract this cohort by encouraging mixed use areas and urban-style amenities such as multi-modal environments, shopping and entertainment, and open space. Some in this generation is already starting young families and will be well into middle age during the 20-year planning period. More of these households may move from areas like central Portland to communities like Milwaukie for affordable housing, more space, and schools.
- Milwaukie has a modest foreign-born population at 7%, less than the statewide percentage. As with the rest of the state and nation, immigrants will continue to make up an increasing share of households in coming decades. While not homogeneous, these household on average tend to be larger, have lower incomes and are more likely to rent their homes than the average household.
- Milwaukie, like many Metro-area communities, currently has an estimated shortage of housing available to the lowest-income households, particularly rental units.
- The following section presents the projected future housing needs and provides more detail on methodology, assumptions and findings.



## V. FUTURE HOUSING NEEDS - 2036 (CITY OF MILWAUKIE)

The projected future (20-year) housing profile (Figure 5.1) in the study area is based on the current housing profile, multiplied by an assumed projected future household growth rate. The projected future growth is based on population and household estimates for 2040 generated by Metro and reviewed by the City of Milwaukee during the 2015 Regional Transportation Plan (RTP) update process, which were then adjusted for the year 2036.

**FIGURE 5.1: FUTURE HOUSING PROFILE (2036)**

PROJECTED FUTURE HOUSING CONDITIONS (2016 - 2036)		SOURCE
2016 Population (Minus Group Pop.)	20,331	2010 Census, PSU
Projected Annual Growth Rate	0.50% Based on Metro 2014 RTP	Metro
2036 Population (Minus Group Pop.)	22,465	
Estimated group housing population:	239	Share of total pop (1.1%) held constant from 2010 Census US Census
<b>Total Estimated 2036 Population:</b>	<b>22,704</b>	Metro 2040 forecast for 2016 RTP, reviewed by City Metro
<b>Estimated Non-Group 2036 Households:</b>	<b>9,899</b>	Metro 2040 forecast for 2016 RTP, reviewed by City Metro
New Households 2016 to 2036	1,068	
Avg. Household Size:	2.27	2036 Non-Group Pop./ Non-Group Households
<b>Total Housing Units:</b>	<b>10,419</b>	Based on estimated 5% vacancy rate
Occupied Housing Units:	9,899	(= Number of Non-Group Households)
Vacant Housing Units:	520	(Total Units - Occupied Units)
Projected Vacancy Rate:	5.0%	(Vacant Units/ Total Units)

Sources: Metro Regional Transportation Plan (2015), PSU Population Research Center, Census, JOHNSON ECONOMICS LLC

\*Projections are applied to estimates of 2014 population, household and housing units shown in Figure 1.1

The model projects growth in the number of non-group households over 20 years of roughly 1,070 households, with accompanying population growth of 2,150 new residents. (The number of households differs from the number of housing units, because the total number of housing units includes a percentage of vacancy. Projected housing unit needs are discussed below.)

### PROJECTION OF FUTURE HOUSING UNIT DEMAND (2036)

The profile of future housing demand was derived using the same methodology used to produce the estimate of current housing need. This estimate includes current and future households, *but does not include a vacancy assumption. The vacancy assumption is added in the subsequent step.* Therefore the need identified below is the total need for actual households in occupied units (9,899).

The analysis considered the propensity of households at specific age and income levels to either rent or own their home, in order to derive the future need for ownership and rental housing units, and the affordable cost level of each. The projected need is for *all* 2036 households and therefore includes the needs of current households.

The price levels presented here use the same assumptions regarding the amount of gross income applied to housing costs, from 30% for low income households down to 20% for the highest income households.

The affordable price level for ownership housing assumes 30-year amortization, at an interest rate of 6%, with 15% down payment. Because of the impossibility of predicting variables such as interest rates 20 years into the future, these assumptions were kept constant from the estimation of current housing demand. Income levels and price levels are presented in 2016 dollars.

Figure 5.2 presents the projected occupied future housing demand (current and new households, without vacancy) in 2036.

**FIGURE 5.2: PROJECTED OCCUPIED FUTURE HOUSING DEMAND (2036)**

Ownership			
Price Range	# Units	% of Units	Cumulative
\$0k - \$90k	231	3.8%	3.8%
\$90k - \$130k	469	7.7%	11.5%
\$130k - \$190k	366	6.0%	17.5%
\$190k - \$240k	831	13.7%	31.2%
\$240k - \$300k	1,150	18.9%	50.1%
\$300k - \$380k	1,140	18.7%	68.8%
\$380k - \$490k	822	13.5%	82.3%
\$490k - \$580k	420	6.9%	89.3%
\$580k - \$770k	414	6.8%	96.1%
\$770k +	240	3.9%	100.0%
<b>Totals:</b>	<b>6,083</b>	<b>% of All:</b>	<b>61.5%</b>

Rental			
Rent	# Units	% of Units	Cumulative
\$0 - \$400	658	17.2%	17.2%
\$400 - \$600	450	11.8%	29.0%
\$600 - \$900	450	11.8%	40.8%
\$900 - \$1100	508	13.3%	54.1%
\$1100 - \$1400	910	23.9%	78.0%
\$1400 - \$1800	470	12.3%	90.3%
\$1800 - \$2300	177	4.6%	94.9%
\$2300 - \$2700	96	2.5%	97.5%
\$2700 - \$3600	34	0.9%	98.3%
\$3600 +	63	1.7%	100.0%
<b>Totals:</b>	<b>3,816</b>	<b>% of All:</b>	<b>38.5%</b>

<b>All Units</b>
<b>9,899</b>

Sources: Claritas, Census, JOHNSON ECONOMICS

It is projected that the homeownership rate in Milwaukie will increase somewhat over the next 20 years to 61%, approaching the current statewide average (62%). This is because the income and age cohorts that are projected to grow the most are expected to exhibit a stronger propensity to own than rent on average. These cohorts include the younger baby boomers who are more likely to own than rent, as well as the Millennial generation which will be in prime homebuying/child-rearing age and have increasing incomes as their careers progress. The shift to older and relatively higher income households is moderate, but is projected to increase the homeownership rate somewhat. At the same time, the number of lower income households seeking affordable rentals is also anticipated to grow.

### COMPARISON OF FUTURE HOUSING DEMAND TO CURRENT HOUSING INVENTORY

The profile of occupied future housing demand presented above (Figure 5.2) was compared to the current housing inventory presented in the previous section to determine the total future need for *new* housing units by type and price range (Figure 5.3).

This estimate includes a vacancy assumption. As reflected by the most recent Census data, and as is common in most communities, the vacancy rate for rental units is typically higher than that for ownership units (7% vs. 3% in 2010). While the vacancy rate in the Metropolitan region is much lower as of 2016 (estimated as low as 2.4%), a higher vacancy rate is assumed for the purpose of this analysis. This analysis maintains the discrepancy between rental and ownership units going forward, so that the vacancy rate for rentals is assumed to be higher than the overall average, while the vacancy rate for ownership units is assumed to be less.

**FIGURE 5.3: PROJECTED FUTURE NEED FOR NEW HOUSING UNITS (2036)**  
**CITY OF MILWAUKIE**

OWNERSHIP HOUSING											
Price Range	Single Family Detached	Single Family Attached	Multi-Family			Mobile home	Boat, RV, other temp	Total Units	% of Units	Cummulative %	
			2-unit	3- or 4-plex	5+ Units MFR						
\$0k - \$90k	0	0	0	0	13	10	0	23	2.7%	2.7%	
\$90k - \$130k	94	13	18	18	73	0	0	215	26.2%	29.0%	
\$130k - \$190k	47	43	0	0	3	0	0	92	11.3%	40.2%	
\$190k - \$240k	153	103	0	0	0	0	0	257	31.3%	71.6%	
\$240k - \$300k	0	0	0	0	0	0	0	0	0.0%	71.6%	
\$300k - \$380k	0	0	0	0	0	0	0	0	0.0%	71.6%	
\$380k - \$490k	0	0	0	0	0	0	0	0	0.0%	71.6%	
\$490k - \$580k	30	0	0	0	0	0	0	30	3.7%	75.3%	
\$580k - \$770k	156	0	0	0	0	0	0	156	19.1%	94.4%	
\$770k +	46	0	0	0	0	0	0	46	5.6%	100.0%	
<b>Totals:</b>	527	160	18	18	88	10	0	<b>820</b>	<b>% All Units:</b>	<b>71.3%</b>	
<b>Percentage:</b>	64.3%	19.5%	2.2%	2.1%	10.7%	1.2%	0.0%	100.0%			

RENTAL HOUSING											
Price Range	Single Family Detached	Single Family Attached	Multi-Family			Mobile home	Boat, RV, other temp	Total Units	% of Units	Cummulative %	
			2-unit	3- or 4-plex	5+ Units MFR						
\$0 - \$400	0	0	0	0	141	0	0	141	42.8%	42.8%	
\$400 - \$600	0	0	0	4	99	0	0	103	31.2%	74.0%	
\$600 - \$900	0	0	11	31	10	0	0	52	15.8%	89.8%	
\$900 - \$1100	0	0	0	0	0	0	0	0	0.0%	89.8%	
\$1100 - \$1400	0	0	0	0	0	0	0	0	0.0%	89.8%	
\$1400 - \$1800	0	2	15	0	8	0	0	26	7.8%	97.5%	
\$1800 - \$2300	0	0	0	0	0	0	0	0	0.0%	97.5%	
\$2300 - \$2700	0	0	0	0	0	0	0	0	0.0%	97.5%	
\$2700 - \$3600	0	3	0	0	0	0	0	3	1.0%	98.5%	
\$3600 +	0	5	0	0	0	0	0	5	1.5%	100.0%	
<b>Totals:</b>	0	10	27	36	258	0	0	<b>330</b>	<b>% All Units:</b>	<b>28.7%</b>	
<b>Percentage:</b>	0.0%	3.0%	8.0%	10.8%	78.1%	0.0%	0.0%	100.0%			

TOTAL HOUSING UNITS									
	Single Family Detached	Single Family Attached*	Multi-Family			Mobile home	Boat, RV, other temp	Total Units	% of Units
			2-unit	3- or 4-plex	5+ Units MFR				
<b>Totals:</b>	527	170	44	53	346	10	0	<b>1,150</b>	<b>100%</b>
<b>Percentage:</b>	45.8%	14.8%	3.8%	4.6%	30.1%	0.9%	0.0%	100.0%	

Sources: PSU Population Research Center, Claritas Inc., Census, Johnson Economics

\* Uses Census definition, including townhomes/rowhouses and duplexes attached side-by-side, seperately metered.

Sources: Metro 2035 forecast, Claritas, Census, JOHNSON ECONOMICS LLC

- The results show a need for 1,150 new housing units by 2036.
- Of the new units needed, roughly 71% are projected to be ownership units, while 29% are projected to be rental units. This is because the homeownership rate in Milwaukie is expected to rise modestly over the 20-year period. Therefore the *net new* units represented in this table are more greatly weighted towards ownership units.
- The table shows no new need for housing the middle of the pricing spectrum. This is because these are the price levels where a majority of the city's housing is currently found. Therefore, what Figure 5.3 represents is that units are not needed in these middle price points but rather at higher and lower price points.
- The greatest need for both ownership and rental units is found at lower price points than what is currently available. This reflects the findings shown in Figure 2.6 that an estimated 37% of Milwaukie households currently pay more than 30% of their income towards housing costs. It is a pattern seen across many Metro area communities.

### **Needed Unit Types**

The mix of needed unit types shown in Figure 5.3 reflects both past trends and anticipated future trends. Since 2000, detached single family units have constituted an estimated 74% of permitted units in Milwaukie (182 total). However, as discussed in Section IV, the types of housing that Milwaukie and other Metro communities should expect to see going forward will include more attached housing types and increased density overall. This is due to the developed nature of the Milwaukie within its current city boundary and limited ability to expand into undeveloped areas. This trend also reflects the region-wide policy to house most future growth within the current UGB.

In keeping with this anticipated trend, and the developable land available to Milwaukie (discussed in the next section), single family units are expected to make up less of the overall new housing development over the next 20 years, while still remaining a majority of the new *ownership* housing.

- 46% of the new units are projected to be single family detached homes, while 54% is projected to be some form of attached housing, and under 1% are projected to be mobile homes.
- Single family attached units (townhomes on individual lots) are projected to meet over 15% of future need. These are defined as units on separate taxlots, attached by a wall but separately metered, the most common example being townhome units.
- Duplex through four-plex units are projected to represent an additional 9% of the total need. Duplex units would include a detached single family home with an accessory dwelling unit on the same lot, or with a separate unit in the home (for instance, a rental basement unit.)
- 30% of all needed units are projected to be multi-family in structures of 5+ attached units.
- 0.9% of new needed units are projected to be mobile home units, which meet the needs of some low-income households for both ownership and rental.
- Of ownership units, 64% are projected to be single-family homes, and an additional 20% are projected to be attached single-family homes.
- New rental units are projected to be overwhelmingly found in new attached buildings, with 78% projected in rental properties of 5 or more units, and 11% in buildings of three to four units.

### **Needed Affordability Levels**

- The needed affordability levels presented here are based on current 2016 dollars. Over time, incomes and housing costs will both inflate, so the general relationship projected here is expected to remain unchanged.

- The future needed affordability types (2036) reflect the same relationship shown in the comparison of current (2016) need and supply (shown in Figure 3.4). Generally, based on income levels there is a shortage of units in the lowest pricing levels, particularly for renter households.
- Figure 5.3 presents the *net new* housing unit need over the next 20 years. Figure 5.3 shows that in order for projected *new* renter households in 2036 to pay 30% or less of their income towards housing, a total of 296 additional rental units affordable at \$900 or less would be required.
- HOWEVER, there is also a strong current need for more affordable units. In order for all households, current and new to pay 30% or less of their income towards housing in 2036, a total of 1,189 rental units affordable at \$900 or less would be required. This indicates that some of the current supply, while it shows up as existing available housing, would need to become less expensive to meet the needs of current households.
- There is a lack of new need in the middle home price and rental spectrum (\$900 to \$1,400 and \$1,800 to \$2,700). As was discussed in the comparison of current need and supply, this reflects where the majority of market-rate rent levels are at the current time. As with the 2016 comparison, a future need is projected for both low-rent, but also higher rent units including single-family homes for rent. This analysis shows that some renter households have the ability pay for a larger, newer and/or higher quality unit than may be currently available.
- Projected needed ownership units show the same basic relationship, with a need for fewer units valued at \$240,000 to \$490,000. (This reflects the estimated *value* of the total housing stock, and not necessarily the average pricing for housing currently for sale.) Meanwhile, there is an estimated need for less expensive ownership housing opportunities (587 *net new* units, and 1,188 total units).

## VI. RECONCILIATION OF FORECASTED NEED AND BUILDABLE CAPACITY

This section presents the results of the Buildable Lands Inventory (BLI) as recently revised and confirmed by the City of Milwaukee, based on the preliminary Buildable Lands Inventory prepared by Metro.

The following table present the estimated new unit capacity of the buildable lands identified in the City of Milwaukee. There is a total remaining capacity for nearly 2,919 units of different types within the study area.

**FIGURE 6.1: ESTIMATED BUILDABLE LANDS CAPACITY BY RESIDENTIAL UNIT (2016)**

<u>CITY OF MILWAUKIE CAPACITY</u>	Unit Type			<u>TOTAL</u>
	Single Family Detached	Medium-Density Attached*	Multi-Family	
<b><u>SFR Zones</u></b>				
R-5	244			244
R-7	680			680
R-7PD	0			0
R10	139			139
R-10PD	21			21
OS	6			6
<b><u>MDR Zones</u></b>				
R-2		608		608
R-2.5		0		0
R-3		473		473
R-3		0		0
<b><u>MFR &amp; MUR Zones</u></b>				
R-1			0	0
R-1-B			52	52
DMU			441	441
GMU			181	181
NMU			74	74
<b>Totals:</b>	<b>1,090</b>	<b>1,081</b>	<b>748</b>	<b>2,919</b>

\* Medium Density Residential (MDR) units include single-family attached (townhomes) to four-plexes.

Multi-family Units (MFR) are defined as units in attached structures of 5 units or more.

Source: City of Milwaukee, Angelo Planning Group, Metro

**Maps of the BLI for Single Family and Multi-Family Residential are appended at the end of this report.**

The following table presents a summary of the buildable lands divided between the “vacant” buildable acreage found, and the “redevelopment” acreage found. Parcels identified for redevelopment are those which are currently developed at some level, but have potential to accommodate additional development. A common example in Milwaukee is a single family home on a large lot. For the purposes of the Buildable Land Inventory, this home is counted as part of current inventory and expected to remain, while the lot itself is counted as offering some additional future capacity through partition or other infill method.

**FIGURE 6.2: ESTIMATED BUILDABLE LANDS CAPACITY BY LAND TYPE (2016)**

Geography	Vacant Land		Redevelopment Land		Total Land	
	Housing Units (Vacant)	Resid. Acres (Vacant)	Housing Units (Redev.)	Resid. Acres (Redev.)	Housing Units (Total)	Resid. Acres (Total)
City of Milwaukie	512	42.9	2,407	305.8	2,919	348.7
UGMA (Clackamas Co.)	832	93.4	1,613	181.0	2,445	274.4
<b>Grand Total</b>	<b>1,344</b>	<b>136.3</b>	<b>4,020</b>	<b>486.8</b>	<b>5,364</b>	<b>623.1</b>

Source: City of Milwaukie, Angelo Planning Group, Metro

As shown in the preceding tables and text, the supply of buildable land includes properties zoned to accommodate a variety of housing types. Single-family residential zones with larger minimum lot sizes (e.g., R5, R7 and R10 zones) will accommodate single-family detached housing. Medium density residential zones (R2 and R3) will accommodate single-family attached homes (e.g., townhomes or rowhouses, duplexes and tri-plexes) and multi-family and mixed use zones can accommodate high density housing (apartments). Other characteristics of the land supply include:

- A significant portion of the supply (approximately 80%) is in the form of properties with the potential for infill or redevelopment. This percentage is even higher for land zoned primarily for single family detached development. Stated differently, only 20% of the land capacity is found on completely vacant parcels, with relatively few larger parcels available for “greenfield” development of single-family detached homes.
- The predominance of redevelopment capacity over vacant capacity has potential policy and cost implications for future residential development. For example, it can be more challenging to develop on infill sites for a variety of reasons. Sites may only be suitable for small partitions or flag lots which impact the efficiency of and access to new development and homes. Infill development often generates opposition from surrounding property owners, particularly if the scale or density of the new development differs from the look and feel of the surrounding neighborhood. At the same time, some infrastructure is less costly to provide, given that local streets, water and sewer lines are often already in place to serve the new development.
- The bulk of the capacity for new multi-family residential development is found in the City’s mixed use zones (DMU and GMU), with a substantial portion of the capacity (about 40%) found on two large vacant sites adjacent to Railroad Avenue – the Murphy and McFarlanes sites. The fact that these are large, vacant sites makes them good candidates for future development. However, the fact that such a small number of property owners control a significant portion of this capacity could represent a challenge. Other sites with capacity for multi-family development are primarily made up of surface parking areas or other underdeveloped portions of properties within the City’s downtown. These sites have locational advantages for development of higher density housing, particularly in relation to trends and housing preferences described earlier in this report (e.g., proximity to commercial services and other amenities, as well as access to light rail transit). At the same time, they may face impediments to this type of development.
- There is generally adequate capacity to meet projected future housing needs within the existing city limits and this housing needs analysis is focused on that area. At the same time, additional capacity exists in the Urban Growth Management Area (UGMA), with several large, vacant parcels directly adjacent to the city limits having the capacity for a significant number of detached single family units. To the extent that obstacles to development associated with infill properties within the city limits serve as impediments to realizing development capacity within the planning horizon, annexation of these parcels could provide additional capacity for future housing.

The following tables summarize the forecasted future unit need for the City of Milwaukie. These are the summarized results from Section V of this report.

**FIGURE 6.3: SUMMARY OF FORECASTED FUTURE UNIT NEED (2036)**

TOTAL HOUSING UNITS									
	Single Family Detached	Single Family Attached*	Multi-Family			Mobile home	Boat, RV, other temp	Total Units	% of Units
			2-unit	3- or 4-plex	5+ Units MFR				
<b>Totals:</b>	527	170	44	53	346	10	0	<b>1,150</b>	<b>100%</b>
<b>Percentage:</b>	45.8%	14.8%	3.8%	4.6%	30.1%	0.9%	0.0%	100.0%	

Sources: Metro RTP, PSU Population Research Center, Claritas Inc., Census, Johnson Economics

**Comparison of Housing Need and Capacity**

There is a total forecasted need for 1,150 units over the next 20 years. This is well below the estimated capacity of 2,919 units. As Figure 6.4 below demonstrates, there is sufficient capacity to accommodate all projected new unit types. After this need is accommodated, there is an estimated remaining capacity of over 1,700 additional units.

**FIGURE 6.4: COMPARISON OF FORECASTED FUTURE UNIT NEED (2036) WITH AVAILABLE CAPACITY**

<u>CITY OF MILWAUKIE CAPACITY</u>	Unit Type			<u>TOTAL</u>
	Single Family Detached	Medium-Density Attached*	Multi-Family	
<b>Totals:</b>	<b>1,090</b>	<b>1,081</b>	<b>748</b>	<b>2,919</b>

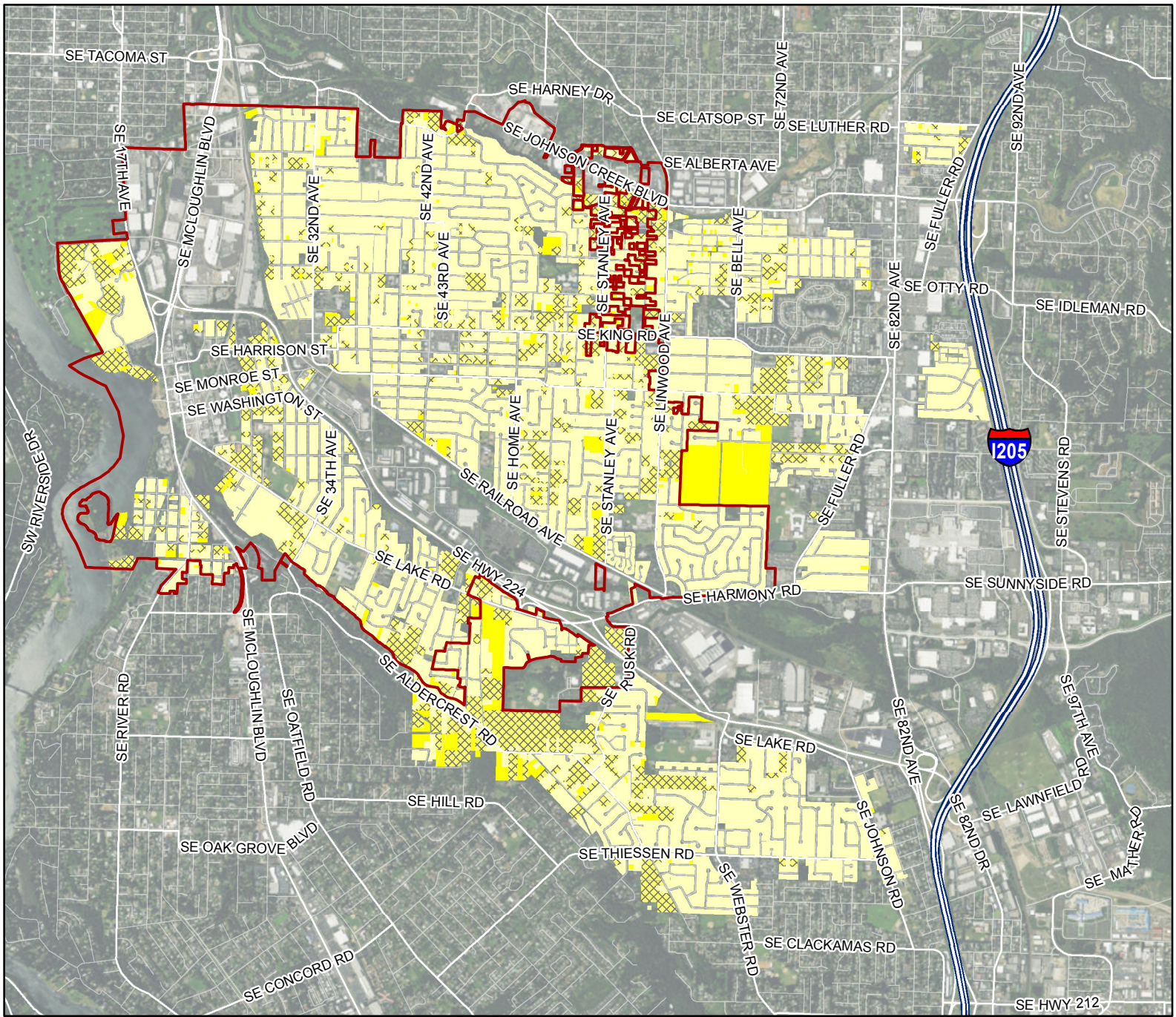
<u>PROJECTED NEW FUTURE NEED</u>	Single Family Detached	Medium-Density Attached*	Multi-Family	<u>TOTAL</u>
New Need by 2036:	537	267	346	1,150

<u>PROJECTED SURPLUS CAPACITY (CITY CAPACITY - NEEDED UNITS)</u>	Single Family Detached	Medium-Density Attached*	Multi-Family	<u>TOTAL</u>
Estimated Unit Capacity:	553	814	402	1,769

Sources: City of Milwaukie BLI, Johnson Economics

**FINDING:** There is currently sufficient buildable capacity within Milwaukie to accommodate projected need. Much of this capacity is in the form of parcels with the potential for infill or redevelopment for future single family detached and attached units, along with a small number of large parcels with the capacity for multi-family development. The character of this supply can help guide housing policy and strategy recommendations to be included in subsequent reports for this planning effort and ultimately integrated in the City’s updated Comprehensive Plan.





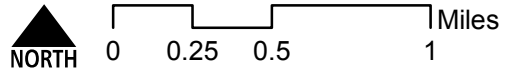
# Single Family

## Legend

- Milwaukie City Boundary
- Likely to Redevelop
- Unlikely to Redevelop
- Vacant

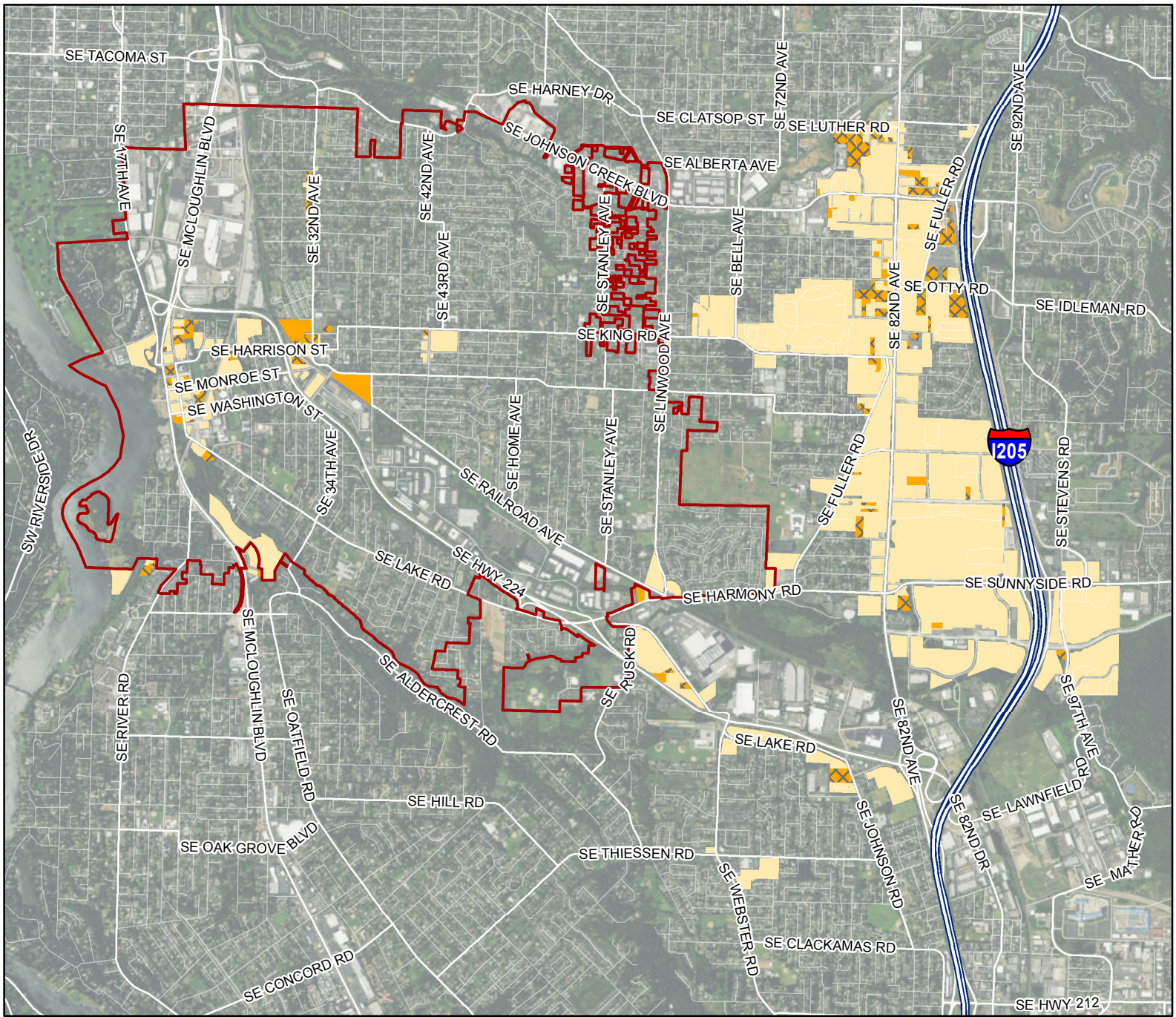


**Data source:** City of Milwaukie, METRO Regional Land Inventory System  
**Prepared by:** Angelo Planning Group  
**Date:** 6/8/2016







Service Layer Credits: Source: Esri, DigitalGlobe, GeoEye, Earthstar Geographics, CNES/Airbus DS, USDA, USGS, AEX, Getmapping, Aerogrid, IGN, IGP, swisstopo, and the GIS User Community





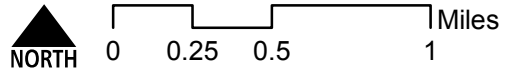
# Multi Family

## Legend

-  Milwaukie City Boundary
- Multifamily**
-  Likely to Redevelop
-  Unlikely to Redevelop
-  Vacant



**Data source:** City of Milwaukie, METRO Regional Land Inventory System  
**Prepared by:** Angelo Planning Group  
**Date:** 6/8/2016



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