

Milwaukie Housing Strategies Report



Prepared for the City of Milwaukie by Angelo Planning Group

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1. Introduction and Overview

Having affordable, quality housing in safe neighborhoods with access to community services is essential for all Oregonians. Like other cities in Oregon, the City of Milwaukie is responsible for helping to ensure that its residents have access to a variety of housing types that meet the housing needs of households and residents of all incomes, ages and specific needs. As part of the process of periodically updating its Comprehensive Plan, the City is evaluating the housing needs of its citizens and identifying strategies that the City and others can implement to achieve them. Some of the major housing issues and priorities identified by the City include:

- Develop housing strategies that respond to the opportunities presented by a variety of community assets and opportunities, including a strong employment base, recent opening of the light rail transit Orange Line, planning for the City's downtown and neighborhood commercial areas, and increasing attractiveness of Milwaukie as a home for residents from across the region
- Integrate the housing planning process with the community's current community visioning effort
- Respond to current and evolving housing market and demographic conditions and trends
- Maintain a high level of residential livability
- Balance the need to rely on infill and redevelopment to meet future housing needs with impacts on neighborhood character and livability
- Support housing affordability, special-needs housing, ownership opportunities, and housing rehabilitation, particularly for residents with limited means and/or special housing needs
- Promote innovative, well-designed, and sustainable housing developments

This report summarizes a variety of local housing issues and the strategies that are recommended to address them. It builds on a comprehensive study of the local housing market and future trends (the Housing Needs Assessment, or HNA) and an in-depth review of current local, regional, state and federal housing requirements, goals and initiatives. It was prepared in coordination with a technical advisory group of City of Milwaukie staff, Planning Commissioners and City Councilors, development experts and citizens, as well as representatives of Clackamas County, and the Oregon Department of Land Conservation and Development. A representative of Home Forward (the Multnomah County Housing Authority) also attended two meetings as a guest participant.

Section 2 of this Report summarizes key housing conditions and future trends to provide context for the strategies that follow. Section 3 briefly reviews recommendations for updates to the City's Comprehensive Plan, which are described in more detail in a companion "Compliance Analysis Report." Sections 4 through 7 outline additional strategies related to the following types of initiatives:

- Recommended amendments to the City's Development Code
- Future planning for new residential development and redevelopment
- Information sharing with housing developers and other community partners
- Intergovernmental coordination and advocacy
- Administrative and funding tools

Key strategies include:

- As part of a larger overhaul of the City’s Comprehensive Plan, create a new Housing chapter that will briefly describe existing housing conditions and past and historic trends, and will include new or revised housing goals, policies and action items that reflect the results of this planning effort.
- Update the City’s Development Code to allow for development of co-housing; enhance provisions for “cottage clusters,” transitional housing, residential homes, and “live/work” housing units; refine parking requirements for accessory dwelling units, senior and congregate housing developments in existing or future high-capacity transit areas; ensure the City provides clear and objective standards for all needed housing types; and provide for density or height bonuses to promote affordable housing in selected areas; and to ensure that new housing is compatible with the planned character of the surrounding neighborhood or area.
- As part of various planning, development and permitting processes, provide information from other sources to housing developers, home builders, and landlords regarding fair housing goals and requirements, as well as design practices that help ensure accessibility for people with physical or mobility limitations, including older residents.
- Continue to coordinate with and support Clackamas County, as well as local non-profit groups and other housing developers or providers, particularly those that provide affordable or special needs housing. Work with the County to plan for future disposition and/or redevelopment of its existing public housing facilities. Assist with siting and permitting efforts and generally support residential development projects that further the City’s housing goals and objectives and meet the City’s planning and zoning requirements.
- At an administrative and decision-making level, address housing goals and implement housing strategies in a consistent and coordinated manner, with a common understanding of the goals, priorities and approaches identified in this report.
- Consider providing a certain level of funding to support affordable and special needs housing projects, as resources allow in the future. More specific recommended actions are described in the following section.

Section 8 of the Report summarizes specific recommended strategies in an Action Plan that includes proposed activities, timelines and roles for implementing each one.

2. Housing Conditions and Trends

Demographics

Milwaukie has a current population of approximately 20,500 people.¹ As of the 2010 Census, it was the 11th largest city by population in the Portland metro area (excluding Vancouver, Washington).

Between 2000 and 2010, Milwaukie's growth was essentially flat, adding only an estimated 60 people in that time. This is less than one percent growth. In contrast, Clackamas County and the state experienced population growth of 17.5% and 17.3% respectively. The percentage of families fell somewhat between 2000 and 2010 from 61.7% to 58.6% of all households. 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 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.

Milwaukie's estimated median household income was nearly \$57,000 in 2016, which is 3% lower than the Metro area median. However, the local median income is roughly 12% lower than the Clackamas County median of \$64,700. Median income has grown an estimated 28% between 2000 and 2016 in real dollars, while inflation was an estimated 36% over this period; as is the case nationwide, the local median income has not kept pace with inflation. 22% of households earn \$25k or less, very similar to 2000. The lowest-earning cohorts, those earning \$15,000 or less per year, grew slightly in share.

According to the US Census, the 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).² The poverty rate in Milwaukie was 4% to 5% lower than that of the entire Metro region between 2000 and 2014. The poverty rate is highest among adults aged 18 to 64 at 13.5%, while 12% of those under 18 years of age are living in poverty. The rate is lowest for those 65 and older at 10%. The definition of the poverty rate used in these analyses is considered to under-represent the actual degree of poverty in Milwaukie and other communities because it does not adequately account for the rising cost of housing and other expenses on individual and family economic self-sufficiency. Unfortunately, there is no readily available alternative data at the local level to substitute at this time. However, the City's Housing Needs Analysis includes other metrics that can be used to generally identify the relative extent of this issue. One example is the University of Washington's Self-Sufficiency Standard, which found that in 2014, a family of four (two parents, one school age child, and one child in pre-school) needed to earn \$65,000/year to be economically self-sufficient, a figure nearly three times the federal poverty level for a four person household.

¹ 2016 population is based on the certified 2015 estimate from the Portland State University Population Research Center, projected forward to 2016 using the 2010-2015 annual growth rate.

² Census Tables: QT-P34 (2000); S1701 (2014 ACS 5-yr Estimates)

As discussed in the HNA, changing demographic trends that are likely to affect future housing needs in Milwaukie include the following:

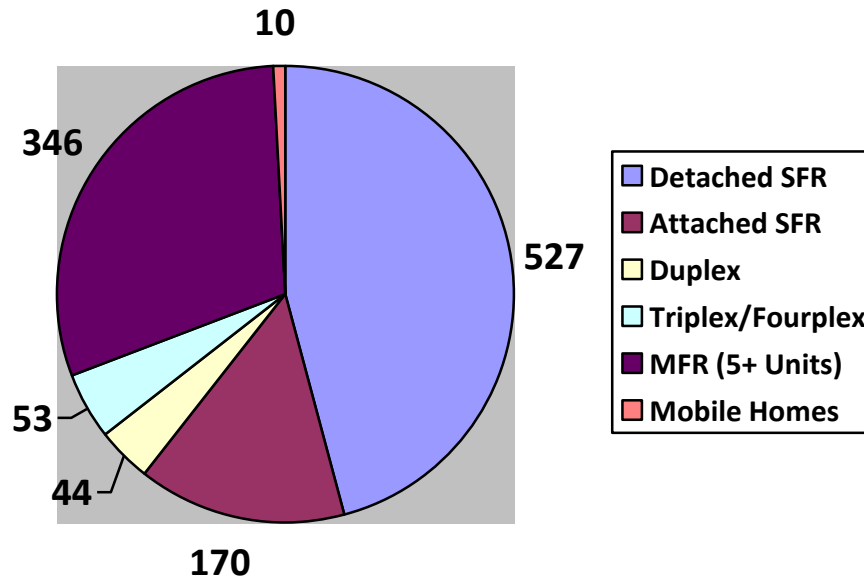
- As a close-in suburb in the Portland metro area, the City of Milwaukie will draw residents as part of the general trend of migration to urban areas. The Portland metropolitan area as a whole can expect continued growth, with different local communities filling different niches in terms of housing affordability, lifestyle amenities, and employment opportunities. Milwaukie is expected to attract residents through continued redevelopment of the Downtown area, recent addition of light rail service, and proximity to a strong employment base.
- Baby boomer households in Milwaukie and other communities 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 millennial generation residents (those born between approximately 1982 and 2000) 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 are 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.

Projected Housing Needs

The HNA's analysis of current housing supply and current and future housing needs indicates the following:

- There is a projected need for 1,150 new housing units by 2036 based on the most current projections prepared by Metro.
- In general, there is a need for some less expensive ownership units and rental units. This is not uncommon as the lowest income households struggle to find housing of any type that keeps costs at 30% of gross income, which is a generally accepted threshold for housing to be considered affordable. Many of the units currently meeting the needs of lower-income residents are publicly subsidized units.
- Among prospective ownership households, there is a need for fewer units valued at \$190,000 to \$300,000 in comparison to other price ranges. This reflects the estimated value of the total housing stock, and not necessarily the average pricing for housing currently for sale. This analysis estimates the need for more for-sale housing at the lower and upper ends of the market.
- There is a surplus, or lack of projected new need, in the middle rental spectrum (\$900 to \$1,400 and \$1,800 to \$2,700). This reflects where the majority of market-rate rent levels are at the current time.

20 Year Housing Need by Type (1,150 Total Units)



Source: 2016 Housing Needs Analysis, City of Milwaukie

In considering future housing needs and the projected supply of land available to meet them in Milwaukie, this study found the following:

- The projected preferences for future unit types are based upon current conditions, housing trends discussed above, and historic development patterns. It is projected that in coming decades a greater share of housing will be attached types, including attached single-family.
- 54% of the new units are projected to be single-family detached homes, while the remainder of units (46%) 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 14% of future need.
- Duplex through four-plex units are projected to represent an additional 7% of the total need.
- 24% of all needed units are projected to be multi-family in structures of 5+ attached units.
- 0.8% 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.
- There is an adequate supply of land under current zoning designations to meet future housing needs and comply with state and regional housing requirements and goals. However, a significant percentage of this supply, particularly for single-family detached housing, is in the form of properties with the



potential for infill and redevelopment, rather than purely vacant land. This will represent potential challenges for the City in meeting these needs during the next 20 years.

3. Recommended Comprehensive Plan Amendments

Milwaukie is required to update its Comprehensive Plan to reflect an analysis of existing and future housing needs. In doing so, it must comply with a variety of state and regional requirements, some of which will necessitate amendments to the City's Comprehensive Plan. The City is embarking on a visioning project in 2016 that will lay the foundation for a major overhaul of the City's Comprehensive Plan. The results of this housing needs analysis will provide the technical basis for much of the content of the update of the Comp Plan and creation of a new housing chapter in the Plan.

Recommendation CP1: Update the Comprehensive Plan to briefly describe existing housing conditions and past and historic trends, as well as to include new or revised housing goals, policies and action items that reflect the results of the current planning process.

Details and Actions

This Report has been prepared in part to support the process of updating Milwaukie's Comprehensive Plan. Statewide Housing Goal 10 states that:

“Buildable lands for residential use shall be inventoried and plans shall encourage the availability of adequate numbers of needed housing units at price ranges and rent levels which are commensurate with the financial capabilities of Oregon households and allow for flexibility of housing location, type and density.”

To achieve this goal, cities and counties in Oregon are required to plan for future housing needs by undertaking the following efforts.

- Assess current and future housing conditions and needs, including the need for housing of different types and in different price ranges
- Ensure that the city has an adequate supply of land zoned for residential use to meet future land needs
- Adopt Comprehensive Plan policies and Development Code provisions that support future housing needs, meet state and regional requirements and guidelines and address specific local housing goals and objectives

Currently, information and policies about housing are found in the Land Use chapter of Milwaukie's Comprehensive Plan which has not seen a major overhaul since the late 1980's. To ensure compliance with state requirements, consistency with the City's forthcoming vision, and the ability to guide the City's future actions to meeting housing needs, this element of the Comp Plan will need to be updated to reflect the results of the housing needs analysis recently conducted as part of this planning effort. Amendments are expected to entail creation of a new Housing chapter with the following elements.

- a. Revised narrative and findings. The new Comprehensive Plan should include a concise summary of existing housing and population conditions and previous and projected future trends. It is recommended that this section of the Comprehensive Plan remain relatively brief and focus on the

types of information included in the Housing Needs Analysis. A preliminary draft of potential Comprehensive Plan narrative will be prepared as a subsequent product of this project.

- b. New or revised goals, policies and action measures. A variety of new or revised objectives and policies are recommended to strengthen the City’s Comprehensive Planning policies related to housing. These recommendations are described in more detail in a Housing Compliance Report and a draft set of updated Comprehensive Plan Housing policies (to be prepared under separate cover). In general, these policies include the following:

- Incorporate additional housing types (e.g., accessory dwelling units, cottage cluster housing, etc.) into policies promoting opportunities for different housing types
- Add policies supporting development of housing for people with low incomes or special needs (seniors, people with disabilities, etc.)
- Add policies related to supporting housing programs and initiatives carried out by partnering agencies and community groups
- Add or supplement policies that support preservation of mobile home parks as an affordable type of housing. There is one mobile home park (60 units) within City boundaries and several hundred additional units in mobile home parks within the city’s Urban Growth Management Area (UGMA)
- Add policies directed at supporting workforce housing, typically defined as housing available to local workers, with an emphasis on moderate income working households.
- Revise policies related to housing density and location to ensure consistency with the housing needs analysis results
- Revise policies related to neighborhood compatibility to reference specific approaches to addressing compatibility (e.g., building heights, setbacks, stepbacks, screening and buffering)
- Add policies explicitly stating the City’s goal for affirmatively furthering fair housing objectives, providing housing in areas with access to opportunities and services, and committing to considering accessibility issues in building code processes

4. Recommended Code Amendments

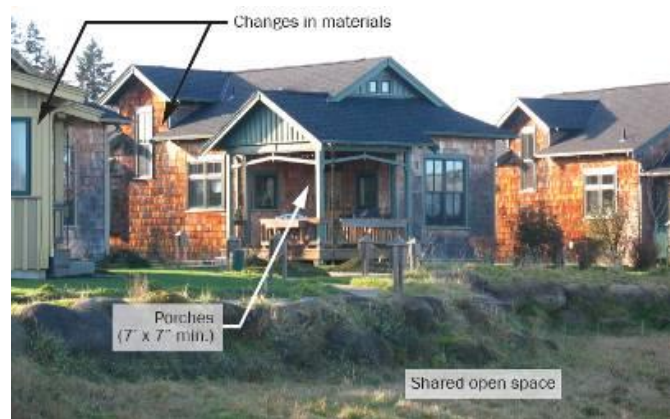
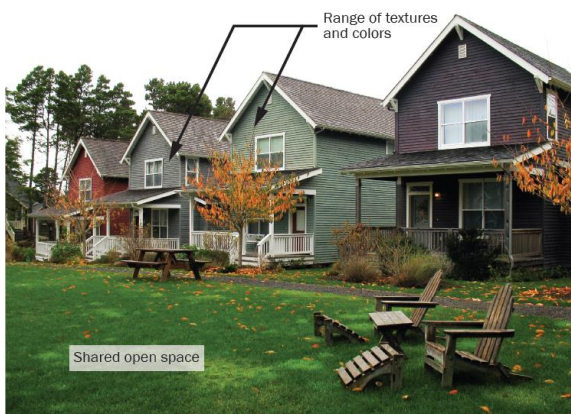
One of the primary ways in which a city can help ensure that residents have access to a variety of housing types at different price ranges is through the preparation and administration of their development code. Development codes or zoning ordinances set the stage for what types of housing can be built in which parts of the community and under what conditions. They also typically govern the design of new housing and how housing relates to other land uses and services. While the City has a limited ability to affect the ultimate cost of housing, standards related to lot sizes, architectural design features, parking and other aspects of housing can affect housing prices.

This report addresses a number of different issues associated with the Zoning Ordinance of the Milwaukie Municipal Code (MMC) and recommends a variety of strategies for addressing future housing needs. Strategies are intended to ensure access to a variety of housing types, including emerging or non-traditional housing types; to maintain and improve residential livability; to promote innovative, well-designed, and sustainable housing; and to encourage construction of needed or desired housing types in specific locations.

Cottage Cluster Housing

The cottage cluster housing type can be an economical way to provide additional housing choices, including renter or owner occupied housing that meets the needs of people with moderate incomes and/or first-time homebuyers. It also can be constructed on infill sites and designed and built to ensure compatibility with surrounding housing and residential neighborhoods. This type of housing can be built under existing MMC requirements as an allowed use in the city’s higher density zones. However, it can only be built if individual units are on their own lots created through a land division process. Allowing for cottage cluster housing on a single lot and possibly allowing for it to be constructed in the R5 zone will expand opportunities for this type of housing and expand the range of housing opportunities in Milwaukie.

Recommendation CA1: Update the MMC to provide more flexibility for the development of cottage clusters, while accounting for potential impacts on existing neighboring development.



Examples of Cottage Clusters

Details and Actions: Cottage housing developments or “cottage clusters” consist of small houses, each usually with less than 1,000 square feet of floor area, oriented around a common open space area and with shared parking, and often with other common amenities. Depending on the cottage cluster development, cottages might be owned fee simple (each on its own lot) or as part of a condominium plat where the land is owned in common but the buildings are individually owned. Typically the open space and parking areas are owned and maintained in common. This housing type may be more likely to be developed in Milwaukie if the MMC were amended to do the following:

- Allow for multiple ownership and platting options. The code should allow ownership to be fee simple lots with a homeowner’s association holding common areas, or condominium ownership of the whole development.
- Allow for cottage clusters in the R5 zone, with the same average minimum lot sizes as for duplexes and with limitations on the number of units allowed within a cottage cluster development.
- Increase the side yard setback for cottage cluster development to more than five feet from the side lot lines, as is currently required by MMC Subsection 19.505.4.D.2.
- Develop additional cottage design standards for units that are not fronting a street, with the aim of matching the existing character of the neighborhood

Live/Work Units

Live/work units (especially live/work apartments or townhouses) are an emerging housing type. They can provide flexibility by combining residential and commercial uses, and can allow residential uses on the ground floor until the market is ready to support retail in these spaces. Live/work development are currently allowed in the City’s GMU, NMU and DMU mixed use zones, with specific standards in the code for their development. There has been limited development of these units other than a few that were built as part of the North Main Village project in 2004. The City has not received comments that the code requirements deter their development. Instead, their limited development is more likely due to lack of demand or challenges in financing this still somewhat new housing type.

Live/work units also could be considered in Milwaukie’s commercial districts (C-C, C-G, and C-L), which currently only allow commercial uses, with the exception of the C-L zone. Allowing for live/work units in these zones could expand the flexibility of residential and commercial uses in these zones, effectively increasing the residential capacity and meeting other housing and land use goals in the City’s mixed-use zones.

Recommendation CA2: Update the Development Code to add code provisions specific to live/work apartments or townhouses in the C-C, C-G, and C-L zones.

Details and Actions: Live/work units are dwellings in which a business may be operated on the ground floor. They are similar to a home occupation except that because they are in commercial or mixed use zones, they typically have greater allowances for commercial area, visibility, signage, and access from the primary street. Live/work units could be allowed in several of the City’s commercial zones where they are not currently permitted.



Examples of Live-Work Townhome and Apartment Units

Transitional Housing and Residential Homes

The City’s Housing Needs Analysis documents that transitional/ temporary facilities are needed for specific populations with special housing needs, based on findings from the 2012-2016 Clackamas County Consolidated Plan. The Consolidated Plan’s Housing Gaps Analysis found that as of 2012, the county had a shortage of 185 beds within transitional facilities. As defined in the Zoning Code, a transitional/temporary facility is: “a facility which may provide temporary or transitional services to families or individuals, including lodging where the average stay is 60 days or less. Such facilities shall be classified as community service uses and may include shelters, community counseling centers, rehabilitation centers, and detention and detoxification facilities.”

Development of a transitional/temporary facility in Milwaukie is subject to Community Service Use (CSU) requirements established in Section 19.904. Approval criteria are found in Subsection 19.904.4 and standards for institutions are included in Subsection 19.904.9, including standards regarding setbacks, building height, hours and levels of operation. The approval criteria and institution standards appear appropriate. However, more clarity on whether transitional/temporary facility rooms and beds are considered lodging or dwellings will make it easier to administer associated density, parking and other requirements for this type of housing.

Residential (group) homes are defined in the MMC as: “a dwelling unit operated as a single housekeeping unit for the purpose of providing a permanent residence—which includes food, shelter, personal services, and care—for the elderly, disabled, handicapped, or others requiring such a residence, as defined by the Federal Fair Housing Amendments Acts of 1988.” Pursuant to ORS 197.665, residential homes must be permitted in any residential or commercial zone where single-family dwellings are permitted, in part to ensure compliance with the Fair Housing Act. This essentially holds true for Milwaukie. However, single-family detached housing is permitted conditionally in the NMU Zone whereas residential homes are not permitted.

Recommendation CA3: Clarify the definition of and standards for transitional housing.

Details and Actions: The following amendments to the MMC are recommended to address issues with these uses:

- More clearly define whether transitional/temporary facility rooms and beds are considered lodging or dwellings, particularly for purposes such as calculating density and determining parking requirements.
- Consider establishing vehicle parking requirements (Section 19.605) specifically for transitional housing facilities. For example, if no specific standards are specified and multifamily standards are used (1 parking space per unit, for units 800 square feet or less), it may be difficult in terms of site planning and cost to provide the required amount of parking. Standards like those for extended-care facilities (1 parking per 4 beds) are recommended as more appropriate for transitional/temporary facilities.
- Permit residential (group) homes conditionally in the NMU Zone .

Accessory Dwelling Units

By providing small scale housing in single-family neighborhoods, accessory dwelling units provide a unique housing opportunity, particularly for aging residents and smaller households, whose housing needs are highlighted in the analysis for this study. While accessory dwelling units (ADUs) are an appropriate housing type for residential areas throughout the city, they can be particularly important in areas with good access to transit and services for aging residents or those who choose not to own a car. The City current permits ADUs in most residential zones through a Type I or Type II approval process (depending on the size of the ADU), with a Type III variance required for ADU's over 800 sf in size. While most of the City's development standards and approval criteria for ADUs appear reasonable, at least two factors may limit the development of ADUs: requiring additional off-street parking spaces and assessing system development charges (SDCs) for their development. Some jurisdictions reduce SDCs or do not apply them to ADUs, using General Fund money to encourage their development for the purposes of increasing the housing supply. While it may be beneficial to encourage ADUs, additional standards that help ensure neighborhood compatibility also may be helpful to avoid opposition from residents in established neighborhoods.

Recommendation CA4: Amend the MMC to encourage development of ADUs while continuing to address neighborhood compatibility issues. In addition, consider waiving or reducing system development charges (SDCs) for ADUs in coordination with other municipal service providers in Milwaukie.

accessory dwelling units

Lot Size	5000 sf
Number of Units	2 (including main residence and ADU)
Dwelling Units/Acre	16





Fairview Village, Fairview, Oregon



Example of Accessory Dwelling Unit Site Layout

Source: Southwest Independence Concept Plan Designing for Density Presentation (September 21, 2011)

Details and Actions: Requirements associated with Accessory Residential (Dwelling) Units (ADUs) could be updated as follows:

- Eliminate off-street parking standards for ADUs or allow for parking spaces to be located in the front setback area.
- Consider whether to increase side and rear yard setbacks beyond those required by the base zone and by standards in Table 19.910.1.E.4.b.
- Consider significantly reducing or waiving SDCs for ADUs in coordination with other local service providers which also charge SDCs for ADUs (e.g., North Clackamas Parks District and Clackamas County Water Environment Services). SDC methodologies could be revised to calculate impact and fees by building square footage or number of bedrooms, with smaller ADU units having a significantly lower cost than large new single family homes. Including the County’s SDC’s, an ADU currently pays approximately 65% of the SDC’s paid by a new single family home.

If the City considers reducing parking requirements for ADUs as suggested here, it may want to focus those changes in areas with frequent transit services and access to commercial or other services that reduce the need for residents to own a car. This topic in particular will require careful consideration and conversation with

decision-makers and other community members given concerns frequently raised about parking issues in residential and mixed use neighborhoods, as noted by technical advisory group members.

Finally, the City may want to consider further reducing SDCs associated with ADUs given that they must be developed in combination with an existing primary dwelling that may already have paid an SDC, they typically use fewer resources in comparison to primary dwellings, and they do not represent the development of any new land or neighborhoods. Currently, the City of Milwaukie charges a full detached SFR SDC for ADU's with the exception of the Transportation SDC, for which it charges 0.65 of the detached SFR SDC. The North Clackamas Park and Recreation District charges ADU's half their SDC for detached SFR. Clackamas County charges 0.8 of the SDC for sewer. The City of Milwaukie and these other agencies could consider further reducing SDCs for ADUs. The City of Portland has recently seen a increase in the development of ADUs and developers and affordable housing advocates attribute this in part to the City's recent decision not to apply SDCs to ADUs there. For example, before the City changed its SDC policy for ADUs, approximately 30 ADUs were built in Portland annually, but in 2013 alone, the City received almost 200 ADU permit applications.

Co-Housing

This form of housing typically includes a mix of privately owned homes along with shared facilities for meals, socializing and other activities. Co-housing developments can include a mix of housing types, including single-family homes, townhomes, duplexes or other residences. They also typically include dining rooms and other facilities for shared meals and other activities. The City of Milwaukie does not explicitly allow this form of housing in its Municipal Code and if it wants to allow it in the future, amendments to the MMC would be needed.

Recommendation CA5: Amend the MMC to allow for co-housing developments.

Details and Actions: Allowing for co-housing would entail the following updates to the code either in Section 19.505 or 19.910:

- Add a definition of co-housing.
- Determine in which residential zones co-housing would be allowed and then add it to the list of allowed uses in each residential and/or mixed use zone, possibly as an allowed use wherever cottage cluster housing is allowed.
- Create specific standards for co-housing developments related to allowed housing types, density, setbacks, building heights, building design, accessory structures, common/open space, parking and other development characteristics.

Neighborhood Compatibility Standards

A significant portion of the City's inventory of future buildable residential land is on properties with the potential to accommodate more development or redevelopment (e.g., a 30,000 square foot property that could be divided into more lots and accommodate additional homes). This means that new development will occur in existing neighborhoods, potentially sparking concerns about the compatibility of or transitions between new and existing housing. The City has a wide range of standards that address the compatibility of and transition

between different types of housing, as documented in the Housing Compliance Report prepared for this project. These provisions establish buffers and setbacks between different types of development, building height and stepback requirements, and compatibility with surrounding development. However, additional standards could be considered to further address potential community concerns about compatibility of future development.

Recommendation CA6: Consider adopting additional MMC provisions related to housing and neighborhood compatibility.

Details and Actions: Updates to the code could include the following:

- Evaluate whether adding height stepback regulations for multifamily development adjacent to Low Density Residential Zones would improve compatibility between new and existing development while not adversely affecting the cost and capacity of the new development.
- Similarly, evaluate whether adding height stepback regulations for mixed-use development abutting or adjacent to Low Density Residential Zones would improve compatibility between new and existing development while not adversely affecting the cost and capacity of the new development.
- Consider increasing the side yard setback for cottage cluster development to more than five feet from the side lot lines, as is currently required by Subsection 19.505.4.D.2, in the Moderate Density (R-5) Zone when cottage clusters are permitted in that zone.

While it is important to address neighborhood compatibility issues, it is equally important to ensure that requirements intended to address this issue do not violate the federal Fair Housing Act. Restrictions on housing that meet the needs of specific groups of people, referred to as “protected classes” under the Fair Housing Act, may violate the act if they eliminate housing opportunities or result in further segregation of housing for these groups. Additional strategies associated with the Fair Housing Act are discussed in more detail in subsequent sections of this report and in the accompanying Housing Compliance Report.

Parking Requirements

Off-street parking requirements and the way in which they are calculated can have an impact on the cost of housing and ability to develop it in certain areas, reducing the cost of housing and allowing for construction of housing that meets the needs of households with lower or moderate incomes. In addition, parking needs can vary in different parts of the community with the potential for less parking needed for certain types of uses and lower parking demand in pedestrian-oriented areas with better access to frequent transit services. Reducing parking requirements for developments that may require less parking can also serve as a potential incentive to encourage desired types of development.

Recommendation CA7: Consider reducing or eliminating required off-street parking for the following uses, either on a citywide basis or in areas with existing or planned future high-capacity or other frequent transit service:

- Accessory dwelling units
- Transitional housing and residential homes
- Senior housing and congregate care facilities

• **Live/work units**

Details and Actions: Consider the following revisions to parking requirements in the MMC as described in this and other strategies:

- Remove or otherwise provide a simple process for waiving the requirement for an additional off-street parking space for an ADU or allow parking in the front setback area.
- Reduce senior housing and congregate care facility parking requirements. The Development Code currently allows for applicants to establish site-specific parking standards by completing a Parking Study. However, given lower rates of driving and/or car ownership amongst these residents, consider examples from other uses and other jurisdictions, such as one space per four beds or residents.
- Clarify parking requirements for live/work units, and whether they would be treated as single-family attached uses or multifamily uses or some combination of residential and commercial for parking requirement purposes.
- Clarify parking requirements for transitional/temporary facilities. Similar to the discussion above regarding senior housing and congregate care facilities, consider treating transitional/ temporary facilities like Community Service Use extended-care facilities where parking requirements are one space per four beds as opposed to and preferable to multifamily dwelling or lodging parking requirements of one space per unit.

Clear and Objective Standards for Needed Housing

ORS 197.307 states that:

(4) Except as provided in subsection (6) of this section, a local government may adopt and apply only clear and objective standards, conditions and procedures regulating the development of needed housing on buildable land described in subsection (3) of this section. The standards, conditions and procedures may not have the effect, either in themselves or cumulatively, of discouraging needed housing through unreasonable cost or delay.

For the most part, development standards in the MMC that apply within the residential and mixed use zoning districts appear to be clear and objective. However, in some cases, standards or review processes may need to be modified to ensure that the City provides clear and objective standards for all needed housing types per state law. Code provisions that may require changes include those for manufactured dwellings, multi-family housing, senior housing, and congregate housing facilities in selected zones.

Recommendation CA8: Review the MMC to ensure that the City is meeting state requirements for clear and objective standards for all types of housing considered to be “needed” housing.

Details and Actions: Evaluate the potential need for the following revisions to the MMC:

- In order to increase opportunities to provide affordable housing and provide more consistency between where single-family detached dwellings and manufactured home parks are permitted, consider allowing manufactured home parks in the R-10 Zone.

- Consider making the approval for senior and retirement housing a Type II procedure (rather than a Type III) procedure, using clear and objective approval criteria . The approval criteria currently include language such as “quality of project as a living environment for residents,” which is difficult to clearly evaluate.

Infill Development/Flag Lots

As detailed in the HNA and in the Neighborhood Compatibility section above, the majority of the City’s future housing capacity is located on developed lots with additional infill/redevelopment capacity, as opposed to on vacant land. This is especially true for the future supply of detached single family residences, with the City having a relatively large supply of oversized (20,000-50,000 sf) lots that have the capacity for additional units. However, the layout and orientation of the majority of these lots – they are generally much deeper than they are wide – means that flag lot partitions are often they only feasible way to add units to these sites. The City’s current flag lot development standards – which require a minimum 25 feet of street frontage, 30-foot front and rear yard setbacks (significantly higher than the setbacks for traditional partitions), and which do not count the lot’s “pole” in the lot size calculation – further reduce the infill capacity of these sites and can make it difficult for property owners to meet minimum density standards.

Recommendation CA9: Evaluate ways to increase the supply of detached infill single family housing units while recognizing neighborhood character and compatibility issues

Details and Actions: The following actions are recommended:

- Assess the City’s current flag lot standards (lot width, street frontage, setbacks, etc.), which are relatively strict when compared to those of other jurisdictions in the region.
- Encourage the consolidation of oversized lots to allow for larger scale development.
- Explore the feasibility of cottage clusters and other alternative housing types on oversized lots with dimensions/orientations that make traditional single family development difficult.
- Consider reducing yard setbacks for infill development in exchange for protecting existing trees and vegetation and providing additional landscape buffers.

Inclusionary Zoning

After being prohibited in Oregon since 1999, legislation allowing jurisdictions to adopt inclusionary zoning was passed in the Oregon Legislature in 2016. However, this legislation came with a number of limitations that are being regarded by affordable housing providers and advocates as challenging to implement this strategy in most small- and medium-sized jurisdictions in the state. The requirements only may be applied to multifamily housing development of 20 units or more. In addition, jurisdictions must provide “finance-based incentives” (e.g., property tax exemptions, fee waivers, development bonuses) to offset the cost of providing affordable units, but in an undetermined amount. They also must provide developers with the option to pay a “fee in lieu” instead of providing affordable units. Cities may also establish a local excise task to help fund inclusionary housing program.

These provisions are expected to limit the applicability and extent of the application of inclusionary housing programs and result in administrative and financial hurdles to implementation, particularly for smaller communities. Relatively few communities are expected to have the financial and administrative resources to establish inclusionary zoning programs. That said, the City of Milwaukie should explore the relative costs and benefits of establishing inclusionary zoning requirements.

Recommendation CA10: Explore the relative costs and benefits of establishing inclusionary zoning requirements and implement if warranted.

Details and Actions: The following actions are recommended:

- Identify the approximate benefits of establishing a set of inclusionary zoning provisions based on the expected number of developments that would be subject to the standards and the approximate number of resulting new units.
- Estimate potential excise fee revenues that could be applied to covering the cost of implementing inclusionary zoning standards.
- Estimate the cost of establishing and administering the non-code based elements of an inclusionary zoning program, including a fee-in-lieu program and other finance-based incentives.
- Determine if the expected benefits outweigh the costs of establishing an inclusionary zoning program.
- If the costs outweigh the benefits and the City decides to move forward with the program, establish needed code requirements and other administrative and financial procedures and protocols needed for implementation.
-

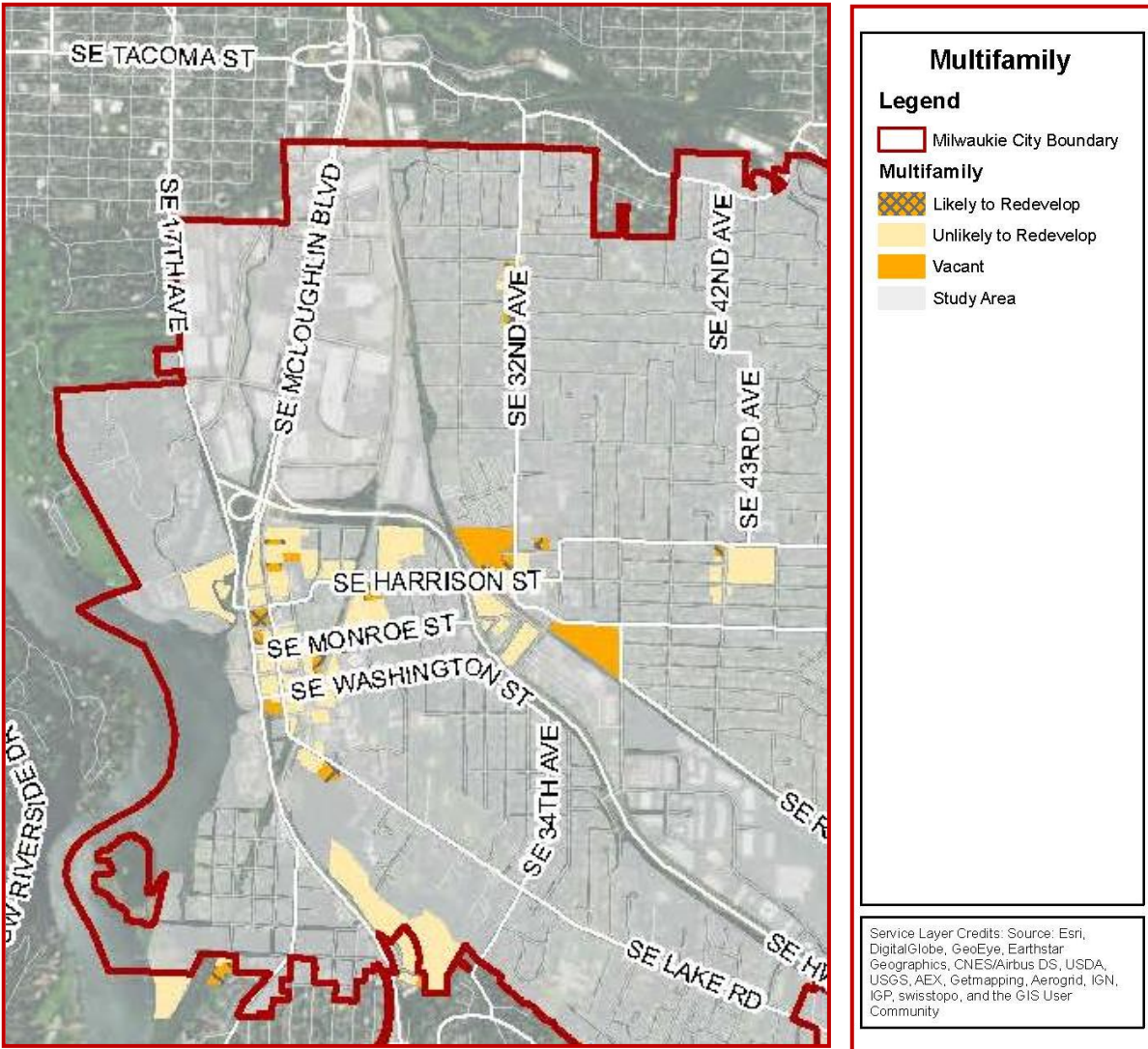
5. Future Planning for New Residential Development and Redevelopment

Given the nature of the supply of buildable land in Milwaukie that is potentially available to meet future housing needs, strategies are recommended in addition to regulatory and other programs to help meet future housing needs. Primary strategies are related to encouraging development of higher density housing on the large mixed use sites that make up a large portion of the capacity for multi-family housing, and for realizing the potential of infill and redevelopment sites in lower medium density residential zones which are scattered throughout the city.

General Recommendation FP1: Pursue a variety of strategies to support, encourage or require residential development in these areas that is consistent with city housing goals, other recent or future planning processes and additional strategies described in this Report.

Multi-Family and Mixed Use Development

The bulk of the capacity for future development of higher density housing in Milwaukie is found on a limited number of vacant or redevelopable properties in Milwaukie. Two sites zoned for mixed use development – the Murphy and McFarland properties – make up a substantial percent of this inventory (about 30-40% of the capacity). Several other properties or portions of properties in the downtown make up much of the remaining capacity for this type of housing, with several other potentially redevelopable properties found in the neighborhood mixed use zone along 32nd Avenue. Future development or redevelopment of these properties will hinge on a variety of factors, including property owner decisions, land values, and the market feasibility of mixed use or high density residential development in these locations, among others. Given the importance of this limited number of sites in meeting the city’s need for future housing, it is recommended that the City take a proactive approach to encourage future residential development on these properties.



Recommendation FP2: Encourage development of higher density housing on a significant portion of the McFarland and Murphy sites, as well as on potential downtown redevelopment sites within mixed use zones.

Details and Actions

Significant efforts have been made in recent years to plan for these two opportunity sites and test the feasibility of different development mixes. The current zoning (GMU) requires a minimum residential density of 25 units for stand-alone residential structures, which would ensure that residential uses in this zone will be some form of attached multi-family housing. Rowhouse development on a part of these sites would likely require that there also be additional denser forms of multi-family housing to meet this minimum standard. The zone also allows for the development of commercial uses without the inclusion of residential uses, or some mixture of the two. Steps to help ensure that these properties can meet future housing needs in Milwaukie include:

- Maintain communication with private property owners to maintain their awareness of the community’s interest in these key parcels and the types of development envisioned across multiple planning efforts.
- Offer pre-development design and planning assistance to property owners who show interest in moving forward with development of key parcels. While some preliminary opportunities studies have been done, additional planning assistance should be predicated on intention to move forward.
- Allow for phased development of larger opportunity sites, so that a lesser amount of feasible development is not discouraged by the site size. Planned development agreements can ensure that the development is finished in keeping with the original intent.
- Encourage the use of incentive programs for a beneficial mixture of land uses and building forms. Use funding from Tax Increment Financing (within the recently approved Urban Renewal Area), regulatory and fee relief, tax abatement, and/or other programs to provide impetus for private developers to consider greater density, mix of uses, or other public goods. Educate key property owners to resources available and eligibility criteria.

Infill and Redevelopment in Low and Medium Density Residential Zones

Much of the City’s capacity for future development of single-family detached homes, as well as duplexes and rowhouses, is found on lots that are already developed but have the potential for additional development or redevelopment. For example, many larger lots with existing homes are big enough to accommodate more houses if the property owner decides to partition (three or fewer lots) or subdivide (four or more lots) the lot and build more housing on the new lots. While many property owners may never decide to do this, many others are likely to do so, based on the potential to make money from selling a portion of their property or another home.

Recommendation FP3: Work with neighborhood groups and others in the community to address potential concerns about infill and redevelopment to overcome possible barriers to this form of needed housing development.

Details and Actions

Proposed standards to help address neighborhood compatibility concerns and ensure that the City provides clear and objective standards for needed housing are detailed in other sections of this report (see Recommendation CA9) and in an accompanying Housing Compliance Report. Outreach efforts to inform, listen to and address concerns about neighborhood impacts of infill and redevelopment may include the following:

- Provide information that describes the need for housing to support existing and future Milwaukie residents and workers, including a full range of people who are part of the community (teachers, nurses, office workers, coffee shop owners, wait staff and others). Materials recently prepared by Metro as part of its Housing Equity program represent a good model for such materials.
- Provide examples of well-designed infill development already constructed in Milwaukie or in neighboring jurisdictions and encourage local builders to emulate those projects.
- Provide information to residents and developers about the City’s standards for neighborhood compatibility and housing transitions.
- Encourage developers and builders to offer to meet with neighborhood associations to share their plans, listen to concerns, and take reasonable steps to address them as part of the planning, design and construction process.

6. Additional Non-Regulatory Strategies

The City of Milwaukie can best meet some housing goals by providing information to other parties as part of planning and development processes. In the areas of complying with the Fair Housing Act and the design of accessible housing features, the City either does not have regulatory authority to directly address these issues or doing so would create potential consistency issues with state or federal requirements. However, by providing information, particularly readily available handbooks and guidelines prepared by other entities, the City can further these housing goals.

Similar to Fair Housing practices and accessibility design, decisions about where and how to build and finance housing are made primarily by other entities. Either private or non-profit developers or public agencies such as Clackamas County directly fund and/or manage housing for people with low incomes or special needs. In addition to its general role in planning for and permitting residential uses, the City also can help advocate for or support specific projects that further the City’s housing goals. In doing so, the City can provide information to prospective developers about strategies described elsewhere in this report that help serve as incentives to building needed housing in regional centers, high-capacity transit corridors and other areas that provide residents with access to transportation and access to services. In some cases, this also will include areas where the cost of infrastructure is relatively lower, potentially reducing the overall cost of development.

More specific recommended approaches and actions are described below for several sub-topics.

Fair Housing Requirements

Recommendation NR1: The City should support the objectives of the Fair Housing Act by providing information to other parties about actions or strategies that will be consistent with the Act and help achieve its goals.

Details and Actions

Several strategies related to affirmatively furthering Fair Housing goals are found in Sections 3 and 4 of this report. These strategies relate to ensuring that Comprehensive Plan policies support the Fair Housing Act and that zoning and land use permitting decisions do not limit opportunities for housing needed by protected classes or residents and do not further segregate housing for these groups. Additional strategies recommended to meet Fair Housing goals include:

- Provide affordable housing developers with information about areas or potential sites that will help link residents with access to transportation, employment, needed goods and services, quality education and personal enrichment opportunities. These would include sites with high quality schools, access to public transit, walkable neighborhoods, grocery stores, other shopping opportunities and amenities. The City of Milwaukie and/or Clackamas County could prepare a set of “Opportunity Maps” for this purpose. Washington County has prepared a similar set of maps showing proximity to transit, health care facilities, public services, parks and trails, grocery stores

and farmers markets, and high test scores in schools by Census block groups throughout the County. City of Milwaukie staff could use similar maps to meet these objectives.

- Help affordable housing advocates and developers identify vacant or redevelopable properties that would be suitable for affordable or special needs in terms of their size, zoning, proximity to services or other factors. These may include properties identified in the City’s buildable lands inventory. The majority of properties zoned for higher density or mixed use will meet a number of these criteria based on their location.
- Continue to assist residents and tenants’ rights groups with addressing Fair Housing issues. For example, continue to provide referrals to the County and to Legal Aid of Oregon, as well as directing renters to the advocacy group Community Alliance of Tenants.
- As the City adopts code amendments recommended in this report to facilitate development of a variety of housing types, provide information about these new provisions to affordable housing advocates and developers.

Design Practices to Ensure Accessibility

Recommendation NR2: The City should provide information to developers about design practices that will help ensure that new housing units are accessible to people with physical or mobility disabilities, including aging residents.

Details and Actions

An increasing percentage of the population is aging. As the baby boom generation ages, communities will continue to see a need for housing that meets the needs of people with physical and mobility limitations. Designing accessible features into housing of all types will be increasingly important, and has been recognized by organizations such as the World Health Organization (WHO) and American Association of Retired Persons (AARP), which in recent years have focused on ways to develop “age-friendly” communities.

The Oregon Building Code and the Americans with Disabilities Act both require that accessible features be incorporated in certain types of housing. For example, the Oregon Structural Specialty Code (OSSC) for multi-unit residential buildings includes a comprehensive set of accessibility requirements. However, compliance with the OSSC does not assure compliance with all accessibility laws because the OSSC includes only those standards that are required by Oregon law and does not incorporate all federal and Oregon accessibility standards.

To help organizations comply with the accessibility provisions of the Fair Housing Act and to generally promote the construction of accessible housing, the Department of Housing and Urban Development (HUD) established a set of Fair Housing Accessibility Guidelines (FHAG) that “provide builders and developers with technical guidance on how to comply with the accessibility requirements of the Fair Housing Amendments Act of 1988.”³ Use of these guidelines can support accessibility and also act as a “safe harbor” in meeting Fair Housing Act

³ Fair Housing Accessibility Guidelines
http://portal.hud.gov/hudportal/HUD?src=/program_offices/fair_housing_equal_opp/disabilities/fhfhag

requirements.⁴ The City Building Official currently refers both to Fair Housing Act Accessibility Guidelines or American National Standards Institute (ANSI) A117.1 for accessible building practices.

It is recommended that the City do the following to promote the design of accessible homes and compliance with Fair Housing Act requirements:

- Make builders aware of Fair Housing Act requirements related to accessibility for applicable developments (i.e., residential building with four or more units). Tables presenting federal and state accessibility standards in the 2010 Fair Housing Council of Oregon Accessible Design and Construction Handbook also could be provided.
- Provide information about the Fair Housing Accessibility Guidelines to all builders and developers and encourage them to follow the guidelines in building new housing and particularly for residential development targeted to people with physical or mobility limitations. Specific features that promote accessibility and address the needs of people with other disabilities can include but are not limited to the following:
 - ✓ A bedroom, kitchen, living room, and full bathroom on one level of the home
 - ✓ Smooth walls and surfaces to reduce the accumulation of potential sources of infection for people with lower immunity, and rounded edges of walls, doors, windows, and furniture to reduce potential injuries
 - ✓ Use of sound absorbing materials in the rooms to make it easier to hear
 - ✓ Walk-in showers with height adjustable handheld showerheads
 - ✓ Walk-in bedroom closets with storage at differing heights
 - ✓ Rocker light switches instead of more common flip switches
 - ✓ Lever-style door handles and faucets.⁵

Additional Information for Private Developers

Recommendation NR3: In addition to providing information about accessible design features, the City should provide information to developers that will generally help them understand the City’s land use permitting process and give them a sense of clarity and certainty about City requirements.

⁴ Fair Housing Council of Oregon Accessible Design and Construction Handbook, Fair Housing Council of Oregon and Community Development Law Center (June 2010), <http://fhco.org/pdfs/DCHandbook062010.pdf>

⁵ These design ideas are drawn from the websites of non-profit organizations dedicated to issues faced by seniors and people with disabilities.

<http://www.oldagesolutions.org/Environment/DnE.aspx>,

http://www.ageinplace.org/practical_advice/making_your_home_senior_friendly.aspx

<http://www.aarp.org/home-garden/livable-communities/info-07-2011/what-is-universal-design.html>

Details and Actions

Private market developers appreciate clarity and certainty in the design and permitting process. Certainty helps the developer save time, make decisions to proceed, and avoid costly surprises further along in the process. In some cases, a developer will prefer the certainty of a clear process even if it has greater requirements and fees, over a complex and unclear process with nominally lower requirements and fees. This means that City development code, design review process, permitting process, fees etc. should be as easy to understand and navigate for the developer as possible. The City can do this in multiple ways:

- Ensure that primary documents such as the Development Code and design standards and guidelines are easy to use for a person moderately informed in the design or development process;
- Provide knowledgeable staff to answer questions regarding the entire process from planning to permitting;
- Create additional materials such as one page handouts that summarize relevant code and process information, even if it is already available in longer documents; for example, the City already has prepared a useful handout related to ADUs that could be used a model for other informational materials (http://www.milwaukieoregon.gov/sites/default/files/fileattachments/adu_detached_attachment_1.pdf);
- Provide information about code provisions and other strategies described elsewhere in this report that can serve as incentives to develop housing in regional centers and high-capacity transit corridors;
- Assign a single contact person to facilitate the development process in the case of projects the City deems particularly important, such as a large-scale development, prominent site location, or catalyst project; and
- Provide as much of this information in advance as possible. Try to provide estimates of time, requirements and fees to the extent practicable, while emphasizing that these are all preliminary estimates that may change. Avoid processes which require developers to commit extensive time and money before key requirements or public processes become apparent.

Continued Support for Local and Regional Affordable Housing Efforts

Recommendation NR4: The City should continue to participate in and support County and regional efforts to meet current and future housing needs, particularly those targeted to affordable and special needs housing.

Details and Actions

A number of regional processes and programs are aimed at addressing housing needs in the Portland Metropolitan area and Clackamas County. The City of Milwaukie is a community partner in these efforts and should continue to participate in and support them. Clackamas County is the primary recipient of federal funding associated with housing. Through its *Consolidated Plan for Community Development and Housing* and annual Action Plans, it manages and allocates federal funds to meet a variety of housing and community development needs. It also manages construction and operation of publicly assisted housing developments and

administers Section 8 vouchers through the County’s Department of Community Development and the Housing Authority of Clackamas County (HACC). For example, according to the 2012-2016 Clackamas County Consolidated Plan and HNA:

- There are two 100-unit HACC facilities in Milwaukie (Hillside Park and Hillside Manor) and “scattered” public housing units in Milwaukie that the HACC plans to sell and replace with vouchers or other public housing units.
- Approximately 630 families in Milwaukie were receiving rental assistance in 2011 through the Housing Choice Voucher program run by HACC.
- HACC also owns 11 units of special needs housing in Milwaukie, and leases the units to other housing and service providers.
- The Oregon Housing Preservation Project, a partnership of Oregon Housing and Community Services, City of Portland, and the Network for Affordable Housing, works to preserve affordable housing and provided loans to improve and preserve the affordable housing development Seneca Terrace in Milwaukie.

Clackamas County is currently preparing to consider re-use or redevelopment of one or more of its public housing sites managed by the HACC.

At the regional level, Metro helps guide local housing efforts through requirements and guidelines in its *Urban Growth Management Functional Plan* related to zoning for a mix and density of housing to support a variety of housing needs. Other regional housing efforts have included preparation of a *Regional Affordable Housing Strategy* in 2000 and updated recommendations from the Housing Choice Task Force adopted by the Metro Council in 2006.⁶ Those recommendations included establishing regional and local targets for production of affordable housing and continuing to coordinate with Metro on other regional and local affordable housing strategies. The agency’s Housing Equity program provides planning grants to local jurisdictions to help address local housing affordability and equity issues.

The City does not have dedicated housing specialist staff or any specific housing assistance programs itself. However, it supports the county on a project-by-project and as-needed basis. The City also is striving to increase affordable housing options in the city through several public and private partnerships.

- The City was awarded a \$65,000 Metro Equitable Housing Planning and Development Grant in December 2016 to conduct a financial feasibility analysis of cottage cluster and other housing types that could be used for regulated affordable housing and workforce housing.
- In early 2017, the City expects to issue a Request for Qualifications (RFQ) for development of the city-owned property at the corner of 99E (McLoughlin Blvd) and SE Jefferson Street. Previously known as the Cash Spot site and now known as Coho Point at Kellogg Creek, the RFQ anticipates a mixed-use development (including housing) and will include the provision of affordable housing as one of the evaluation criteria.

⁶ Metro Housing Choice Task Force
<http://www.oregonmetro.gov/index.cfm/go/by.web/id=269>

- The City is currently developing an intergovernmental agreement with Metro to prepare a joint offering for property at Main and Harrison (formerly the “Texaco Site” or “Block 14”), which is jointly owned by the City and Metro. Discussions with the City Council have indicated that the provision of affordable housing should be a considered when evaluating proposals for the site.
- The City is currently evaluating the possibility of expanding its Vertical Housing Development Zone (VHDZ), which currently covers one site in Downtown Milwaukie. The VHDZ program allows for a partial property tax abatement of the improved (building) value of a property in exchange for the development of housing units on the second floor or above of a development. Developers that provide regulated affordable housing can also apply for a tax abatement of the land value.

Additional recommended actions include:

- Coordinate and collaborate with the County on efforts to reconfigure HACCC public housing units to ensure that housing provided by the HACCC meets the needs of City of Milwaukie residents as identified in the City’s Housing Needs Analysis.
- Continue to participate in and support the activities recommended by these organizations and planning processes.
- Prepare informational materials that summarize how the City’s policies and codes support the development of affordable housing and use these materials in future communications with developers, decision-makers and citizens.

A number of strategies identified in other sections of this report will further those actions, including development code strategies related to parking, location of housing in areas with good transit services and other amenities, as well as planning and zoning for a full range of housing types, including in existing residential and mixed use neighborhoods

Employer Assisted Housing

Recommendation NR5: The City could encourage large local employers to implement employer-assisted housing programs.

Large employers in a number of communities in Oregon, Washington and other states administer programs which provide employees with mortgage assistance or other support in securing affordable housing near their workplace. The City of Milwaukie can encourage local employers to offer similar programs. The University of Portland⁷ and Tacoma’s Downtown on the Go⁸ can serve as models for integrating housing assistance into TDM programs.

⁷ The Oregon Housing and Community Services Department (OHCS) is currently working on a program for employer assisted housing and is reviewing the University of Portland’s program (<http://www.up.edu/hr/default.aspx?cid=12551&pid=6980>) as a potential model.

⁸ Downtown On the Go is a Transportation Management Association (TMA) in partnership with Pierce Transit, the Tacoma-Pierce County Chamber of Commerce, and the City of Tacoma. Participating in Downtown On the Go allows employers to offer incentives of \$1,000 to \$7,000 or more from partnering lenders and developers for employees to live downtown. The only requirements for employers to participate are an initial meeting with Downtown On the Go, completing a

Potential strategies to promote employer assisted housing programs could include:

- Provide information to large employers about how to implement employer assisted housing programs.
- Consider requiring large employers to establish Transportation Demand Management (TDM) programs in which housing assistance is an element of the program.

memorandum of understanding, and allowing the distribution of educational and promotional program materials. The program website is <http://www.downtownontheho.com/live/live-close-to-work>.

7. Administrative and Funding Strategies

Implementing a number of the strategies described in this report will require a commitment of staff resources. In addition, the City has historically supported affordable and special needs housing projects through fee waivers and tax abatements. Those efforts are very helpful in providing needed financial support for such projects and leveraging resources provided by other entities.

Recommendation AF1: City staff should continue to address housing goals and implement housing strategies in a consistent and coordinated manner, with a common understanding of the goals, priorities and approaches identified in this report. The City also should consider providing a certain level of funding to support affordable and special needs housing projects, as resources allow in the future. More specific recommended actions are described in the following section.

Details and Actions

Following is a summary of specific recommended strategies related to staffing and financing.

Staffing

Milwaukie has a relatively small but dedicated planning staff tasked with addressing a wide variety of long range and current land use and other planning issues. The City does not currently have a single staff person dedicated to addressing long range or current housing issues. Instead, multiple staff people address residential planning and development issues through a range of activities, including reviewing residential development applications, incorporating planning for housing in specific or sub-area planning processes, administering and updating the City's Development Code, and coordinating with regional and county efforts related to housing policy and development.

We recommend that all staff continue to address housing needs in a consistent and coordinated manner, with some activities assigned to a specific staff person. This will provide for a good balance of flexibility and accountability needed to meet the City's housing needs and goals. Specific recommended approaches and activities include the following:

- Require all planning staff to review this document and regularly refer to the strategies it includes, particularly the summary table included in Section 8.
- Identify one staff person who will be responsible for coordinating with other staff to review and refine the list of strategies in this report on an annual basis. That process would not require updating the report in its entirety but should entail updating the table in Section 8 to address any emerging housing issues, needs or tools not previously identified. That process also should include an assessment of the City's progress in implementing recommended housing strategies. The staff person assigned to this task also could be a designated liaison for coordinating with Clackamas County, Metro and other local, regional or state partnerships to address housing goals and needs. It will be important for this staff person and possibly others to have a good working knowledge of affordable housing development issues and practices, including information about available financing tools, property acquisition and

development practices and necessary partnerships between affordable housing developers, lenders and builders, among other topics.

- Create a set of checklists of activities related to different types of planning efforts. The checklists should reference associated strategies identified in this report or annual updates. Project managers should review the checklists at the outset of any given planning project and continue to use them as they move forward to address project-specific housing issues.
- Establish a plan for adopting the various Development Code recommendations identified in this report, along with a strategy to fund that work. The City should explore state grant or other funding sources that could be used to supplement available local resources. Section 8 of this report includes information that could be incorporated in such a plan.
- Account for staffing needs associated with implementing housing strategies in annual budgeting and work planning activities. This would entail regularly estimating the amount of time needed to implement these strategies, prioritizing this work in relation to other duties, and ensuring that adequate time and resources are available to meet these goals within the City's overall resource limits.
- Brief Planning Commission and Council members about these housing goals and strategies on a regular basis, either as part of an annual or semi-annual event or as part of orientation and training for new members.

Financing Tools

One of the primary obstacles to achieving housing goals, particularly those for development of affordable housing, is a lack of funding at all levels of government, as the private sector is often unable to develop certain types of housing needs without public subsidy. The City of Milwaukie already implements or supports use of various financing programs to assist with the development of affordable housing, including:

- Use of urban renewal funding to construct public improvements that act as incentives for private sector residential development and to augment the costs of selected residential development projects.
- Metro grants for transit oriented development and use of Vertical Housing Tax Credits (both used on the North Main Village project, which includes 64 affordable units).

In addition to continuing to support these strategies, the City could consider a variety of other funding tools, including the following:

- Low interest loans, grants
- Down payment assistance
- Leveraging private and non-profit resources
- Establishment of a fee assistance program or implementation of a separate program to waive or defer payment of SDCs for affordable housing projects or for ADUs
- Municipal bonds or loans to finance acquisition of manufactured home parks by tenants

As noted above, the City has implemented some of these strategies for affordable housing projects, including urban renewal funding and use of Metro grants and vertical housing tax credits by developers. There are some obstacles to their implementation of some of these tools. For example, some of the SDCs assessed to new development in Milwaukie are not paid directly to the City but rather to special service districts that provide services in Milwaukie, including the North Clackamas Parks and Recreation District and Water Environment Services of Clackamas County. Currently, the only SDCs that the City collects pertain to water service, stormwater, sanitary sewer lines and transportation. Milwaukie can choose to waive or pay a portion or all of its own SDCs for affordable housing projects or ADUs. However, to cover other SDCs, the City must either convince other service providers to waive their own charges or pay the SDCs of those other providers. The current economic climate makes either of these tasks more challenging, particularly if the City chooses to cover other agencies' SDCs. Further work on this issue should be conducted as part of a coordinated process with Clackamas County and other local jurisdictions and service providers.

As noted in Section 6 of this report, the City also should continue to work closely with local non-profits, developers and others to leverage private resources to help meet a variety of housing needs, including through the following efforts, some of which are described in more detail in other sections of this report:

- Partner with area non-profit development organizations to capitalize on their capacity to raise public and private subsidies and structure financing near the break-even point that will ultimately benefit low income households.
- Support the efforts of community housing development organizations and other non-profit housing providers to identify opportunity sites, assist with the development permitting process and provide information about local and state financing programs.
- Encourage other developers to incorporate housing affordable to low and moderate income residents in their proposed developments, similar to development code provisions in other local jurisdictions.
- Encourage large employers to consider implementing employer assisted housing programs.

8. Implementation Plan

The following is a summary of housing strategies which includes information about the relative level of effort to move forward with each recommended strategy, the approximate amount of time needed to complete each activity, and other factors relevant to implementation. Completion of these tasks will ultimately depend on available staff time and resources, direction and priorities from decision-makers, feedback from community members, and a variety of other factors.

Strategy	Level of Effort	Time to Complete	Relative Impact	Notes
CP1. Update Comprehensive Plan narrative, goals, policies and action items.	Medium	3-6 months	Medium	This will be accomplished as part of the City's overall Comprehensive Plan Update process (or as a short-term follow-up action to adoption of this report).
CA1. Revise code provisions for cottage clusters.	Low - Medium	6-12 months	Medium	This will require minor updates to existing code provisions, with review by staff, the Planning Commission, Council and possibly other stakeholders or community members.
CA2/CA7. Revise code provisions for live/work units.	Low - Medium	6-12 months	Low	Same comments as for CA1.
CA3/CA7. Revise code provisions to clarify definition of transitional housing and modify parking provisions.	Medium	6-12 months	Medium	Same comments as for CA1. Revisions to parking provisions may generate additional public interests or comments and may necessitate a more robust public review process.



Strategy	Level of Effort	Time to Complete	Relative Impact	Notes
CA4/CA7. Update code provisions for accessory dwelling units, including parking and compatibility standards and reductions in SDC fees.	Low (-High)	3-6 months	Medium	This entails relatively minor amendments to existing code provisions; however, selected potential revisions (e.g., reduced parking requirements and waiving or reducing SDC fees) could be controversial; depending on the scope of the proposed revisions, may necessitate a more robust public review process. Coordination with other public agencies also will be needed if SDC fee reductions are proposed.
CA5. Draft new code provisions to allow for co-housing developments.	Medium		Low - Medium	Preparation of new code provisions will require more time than other changes which only require changes to existing provisions.
CA6/CA9. Update neighborhood compatibility standards to include setback or other provisions.	Low - Medium	6-12 months	Low	Same comments as for CA1.
CA7/CA2/CA3/CA4. Update parking provisions for live/work units, transitional housing, ADUs, senior housing.	Medium	6-12 months	Medium	Same comments as for CA4 and CA5.
CA8. Revise code to ensure application of clear and objective standards for manufactured home parks and senior housing.	Low	3-6 months	Low	Same comments as for CA1.



Strategy	Level of Effort	Time to Complete	Relative Impact	Notes
CA10. Investigate feasibility of implementing inclusionary zoning provisions for affordable housing.	Medium	3-6 months	Low - Medium	Will require moderate level of analysis and discussions with Planning Commission and City Council; city staff is already conducting and presenting preliminary analysis of this issue. If City proceeds with program, level of effort is likely to be high.
FP 2. Encourage development of single-family attached and multi-family housing in mixed use and other zones.	Medium	12-18 months and ongoing	High	This is a key strategy in ensuring that an adequate future supply of land is available to meet the need for multi-family housing. Requiring a residential component in mixed use zones would require public and decision-maker discussions.
FP3. Support infill and redevelopment in low and medium density residential zones.	Medium	Ongoing	High	This also is a key strategy in ensuring that an adequate future supply of land is available to meet future housing needs. This will require a multi-pronged education and outreach effort with neighborhoods, developers and decision-makers in concert with code amendments noted elsewhere in this Plan.
NR1. Provide information to other parties about actions or strategies that will achieve the goals of the Fair Housing Act.	Low - Medium	3-6 months and ongoing	Medium	This would involve preparation of informational materials and outreach to stakeholders regarding fair housing compliance issues, in concert with adoption of code amendments identified elsewhere in this Plan.
NR2. Provide information to developers about design practices that will help ensure that new housing units are accessible to people with physical or mobility disabilities.	Low	1-3 months and ongoing	Medium	This would involve ongoing outreach to developers using existing readily available materials that staff could obtain with relatively minimal effort.



Strategy	Level of Effort	Time to Complete	Relative Impact	Notes
NR3. Provide information to developers to help them understand the City’s land use permitting process and provide clarity and certainty about City requirements.	Medium	6-9 months and ongoing	Medium	This would involve outreach to developers regarding current and future planning processes and strategies identified during this process. It also would require preparation of new informational materials.
NR4. Continue to participate in and support County and regional efforts to meet current and future affordable, special needs and other housing goals.	Low-Medium	Ongoing	Medium - High	This entails a continuation of participation in and coordination with County and regional housing planning processes. To the extent new regional requirements are adopted or new County programs are enacted, it could require an increased level of effort.
NR5. Encourage local employers to implement employer-assisted housing.	Low-Medium	Ongoing	Medium - High	This entails outreach to employers using informational materials about employer-assisted housing programs implement elsewhere.
AF 1. Continue to use staff resources to address housing goals and implement housing strategies in a consistent and coordinated manner and continue to provide funding to support affordable and special needs housing projects.	Medium-High	See below	See below	See below
a. Implement the recommendations in this plan in a proactive and coordinated manner.	Medium	Variable and ongoing	Medium	See above for more information about specific strategies; additional work will be needed to institutionalize implementation of strategies as part of the City’s annual and ongoing work planning efforts.



<i>Strategy</i>	<i>Level of Effort</i>	<i>Time to Complete</i>	<i>Relative Impact</i>	<i>Notes</i>
b. Continue to implement current affordable housing funding strategies; consider establishing and undertaking an expanded set of strategies.	Medium-High	6-9 months and ongoing	High	Consideration of additional strategies identified in this report represents a relatively modest level of effort. Implementation of some strategies could result in added financial costs or contributions to help offset the costs of affordable housing development.
