



Background Report: Economy

Milwaukie Comprehensive Plan Update

Block 1 Topic Area

Prepared for the Comprehensive Plan Advisory Committee

January 2018



Introduction

The City of Milwaukie has a dynamic economy, with over 1,000 businesses employing approximately 13,000 people in a wide variety of industries. The City is home to a number of regionally significant businesses such as Precision Castparts, Blount International, Dave's Killer Bread and Bob's Red Mill; hundreds of small and emerging businesses; a regional shopping center; and an emerging downtown core. Historically a working-class town, recent years have seen an influx of new residents which has resulted in rising income levels and home values.

The current Economy chapter of the Comprehensive Plan is largely untouched since the last major update was completed in 1989. Since that time, the City has undertaken a number of planning efforts to help shape economic development in the City, including Moving Forward Milwaukie and the North Milwaukie Industrial Area. The City has implemented a number of programs and incentives geared towards attracting additional employment and development and improving quality of life in Milwaukie.

As the City begins the process to update the Economy chapter of the Comprehensive Plan, it will build upon past planning efforts and the recently adopted Community Vision. The updated Economy chapter will account for emerging trends and technology as well as the Comprehensive Plan's quadruple bottom line framework of People, Place, Planet and Prosperity.

Planning for Economic Matters

Oregon has a set of 19 Statewide Planning Goals, which serve as the foundation of the state's land use planning program that is implemented at the local level through the Comprehensive Plan. [Statewide Planning Goal 9](#) is called Economic Development, and seeks to "provide adequate opportunities throughout the state for a variety of economic activities vital to the health, welfare, and prosperity of Oregon's citizens." Goal 9 requires that Comprehensive Plans "contribute to a stable and healthy economy" and that they be based on "inventories of areas suitable for increased economic growth and activity."

The City of Milwaukie complies with Goal 9 by preparing what is known as an Economic Opportunities Analysis (EOA), which is used to help develop Comprehensive Plan goals and policies that are

consistent with the EOA and which reflect City priorities and strategies. The City [completed an EOA in 2016](#), which includes a number of components to meet the requirements of Goal 9, including an Economic Trends Analysis, a Target Industry Analysis, a Forecast of Employment Land Need, and an Evaluation of Employment Land Supply (the Buildable Land Inventory). The EOA includes specific recommendations for the City's major employment areas, including the North Milwaukie Industrial Area, Johnson Creek Boulevard, the Highway 224 Corridor, and Downtown and Central Milwaukie.

Economy and Milwaukie's Comprehensive Plan

[Chapter 4 - Land Use](#) of Milwaukie's existing Comprehensive Plan is broken into five individual elements, including the Economic Base and Industrial/Commercial Land Use Element. The Economic Base Element includes one Goal Statement, 16 objectives, and 72 policies which are focused primarily on developing and supporting the City's industrial and commercial employment base. The objectives and underlying policies include a lot of good information that is still relevant today, but they are compartmentalized and fragmented, with little tying them together. Objectives cover topics such as:

- *Objective 1 – Economic Development*
The City should increase economic development by both retaining existing businesses and attracting new businesses, especially those with high growth potential.
- *Objective 2 – Employment Opportunity*
Encourages the City to support a wide range of employment opportunities.
- *Objective 3 – Coordination*
Calls for the City to develop partnerships and relationships with a wide variety of public and private partners.
- *Objectives 4 through 16– Various Commercial and Industrial Land Uses*
Includes planning concepts and policies for the City's various land use categories, including several subcategories of industrial, commercial, town center, and mixed-use areas.

Economy and Milwaukie's Community Vision

In 2016-2017, the City of Milwaukie underwent a visioning and action plan process. The process was to create a new vision statement, goals, and action items to achieve in the next 20 years. The vision, goals, and actions received input from a variety of people and groups, including the Vision Advisory Committee (VAC), staff, Steering Committee, City Council, Planning Commission, and a variety of other stakeholders through a series of community events, surveys, and Town Halls.

The visioning process brought about several goals and action items that relate to the Comprehensive Plan Economy chapter. Those goals and action items are listed below.

Vision Goal Statements:

- *Milwaukie offers numerous pathways to prosperity through an excellent education system and training programs that are connected to local business. Residents of all ages and backgrounds feel supported to pursue and attain success in our local community.*
- *Milwaukie's neighborhoods are the center of daily life, with amenities and community-minded local businesses that meet the daily needs of residents. They form a network of unique, interconnected local hubs that together make Milwaukie the livable, equitable, and sustainable community that it is.*

- *Downtown Milwaukie is a vibrant destination for both residents and visitors from throughout the region. Our industrial areas provide a high density of living-wage jobs across a number of different industries. The City is nimble and responsive to the needs of residents and businesses, with programs and policies that are financially sound, encourage job creation, and help support a strong and resilient local economy.*

Priority Vision Action Items for the next 2-5 years (as established by town halls, survey, and the City Council) include:

Prosperity 1.1: Partner with local schools and businesses to create an internship and career development program that highlights Milwaukie industries and helps students develop skills that meet the needs of Milwaukie businesses.

Prosperity 1.2: Market the city as a center for business incubation, and target businesses that are a good match for Milwaukie's established and emerging industry clusters and business space.

Prosperity 1.3: Create incentives for Milwaukie businesses that hire residents and provide job training and continuing education opportunities for their employees.

Prosperity 2.1: Identify and support the development of neighborhood economic hubs that are walkable and provide amenities and commercial services for neighborhood residents.

Prosperity 2.2: Incentivize development of opportunity sites and other vacant and underutilized properties that can help meet the needs of neighborhood residents.

Prosperity 2.3: Work with local vendors and community organizations to facilitate access to healthy, fresh food throughout Milwaukie's neighborhoods.

Prosperity 3.1: Support and retain existing small businesses in our downtown and other business districts and attract new businesses that contribute to an open, inviting, and diverse atmosphere.

Assets & Trends for Incorporating Economic Matters in Planning

A Strong Economic Base

The City of Milwaukie is a first-tier suburb within the Portland metropolitan area with a strong economic base. It is centrally located, with close proximity to Downtown Portland, Highway 224, Highway 99E, and Interstate 5 and Interstate 205. It is a net importer of labor, with an estimated 3,300 more jobs than there are city residents active in the workforce. It has several flourishing employment areas, including the Milwaukie Business Industrial Area (Highway 224), North Milwaukie Industrial Area (McLoughlin Blvd), Johnson Creek Blvd Manufacturing Area, and Downtown and Central Milwaukie. Its UGMA extends to Interstate 205, and provides thousands of additional jobs that are closely integrated with the City and region's economic activities.

The City's Target Industry Analysis found that the City and its UGMA have significant strength in the following key industry clusters:

- Food Processing and Storage
- Metals, Machinery and Transportation Equipment
- Health Services and Continuing Care
- Warehouse and Distribution
- Business, Professional, and Information Services
- Maker Manufacturing and Amenity Retail/Hospitality

Assets & Trends for Incorporating Economic Matters in Planning

Local and national economic trends along with factors unique to Milwaukie's setting and community result in a variety of assets we can draw from when thinking about how we can approach economic planning in the future.

Affordable Space for Industrial and Manufacturing Uses

Rents in the North Milwaukie Industrial Area and along Johnson Creek Blvd and Highway 224 are generally much lower than those in the Central Eastside of Portland and in newer industrial areas in suburbs such as Beaverton and Hillsboro. This allows for a variety of manufacturing and industrial uses that typically require lower rents to operate.

Opportunity Sites

The City has identified a number of publicly and privately owned [opportunity sites](#) throughout the City with the potential to accommodate some of the City's long-term economic development needs. These include downtown sites owned by the City (Coho Point, Harrison and Main), privately owned sites in the Central Milwaukie area (Murphy and McFarland sites), and sites owned by other public agencies with redevelopment potential (ODOT, OLCC).

An Educated Population and Workforce

Milwaukie and its UGMA are served by a strong local school district (North Clackamas School District), several local private schools, and the recently expanded Harmony campus of Clackamas Community College. Milwaukie residents are highly educated, with college graduation rates above the state and federal averages.

A Newly Adoption Vision Statement and Action Plan

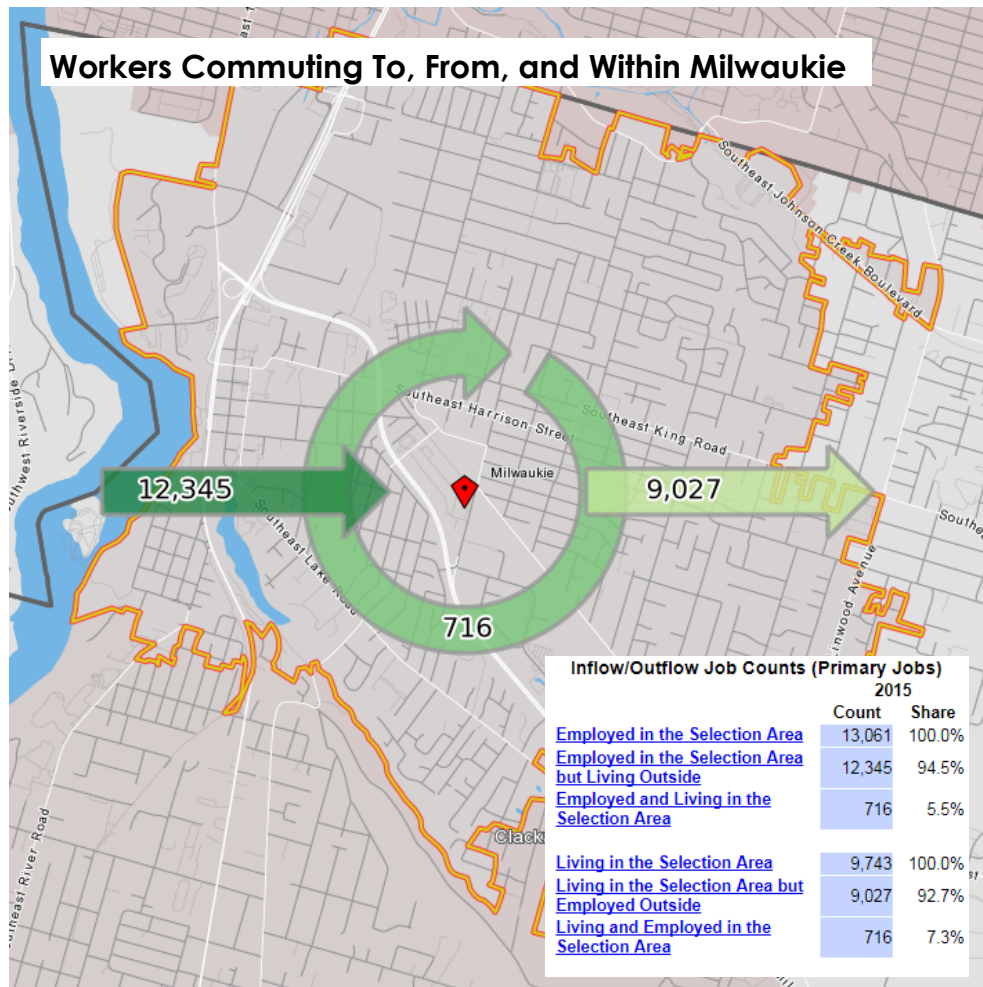
The 2017 Community [Vision and Action Plan](#) includes numerous actions that seek to improve and expand Milwaukie's economy. The Vision continues to be strongly supported by the City Council and community, presenting an opportunity for the City to try to implement several of the action items.

Opportunities & Challenges Influencing Economic Planning

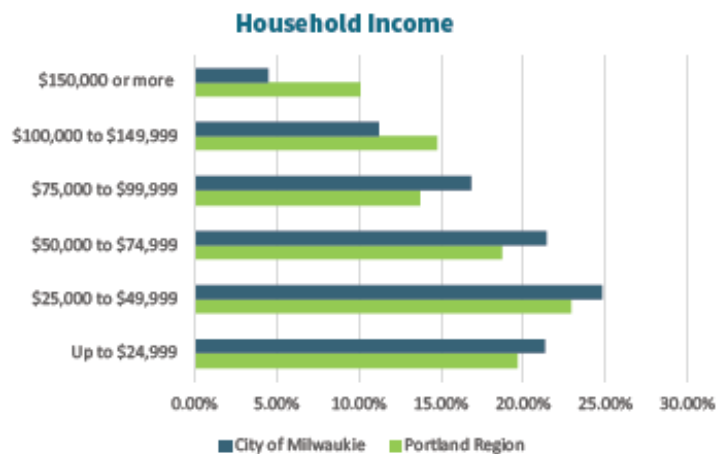
When thinking of the opportunities and challenges that face our community, we can use the "quadruple bottom line" framework to filter these by the four categories of *People, Place, Planet, and Prosperity*. These opportunities include the following considerations:

- Milwaukie has historically been a "working class" town that has offered housing opportunities to people across all income levels. That has changed rapidly in recent years, with housing prices increasing more than 40% between 2013 and 2017 while wages have been relatively flat. Increased housing prices have forced many Milwaukie residents to move elsewhere or to cut back on spending on other items.
- The EOA projects that the City will add between 6,000 and 8,000 jobs by 2035. Such growth is estimated to require approximately 1,000 acres of employment land.
- The City has very little vacant employment land, and hasn't for several decades, meaning economic growth will largely rely on redevelopment and infill growth.

- Only 7% of employed City residents work in Milwaukie, meaning that the overwhelming majority of local employees must commute into the City, while residents commute to their jobs in other parts of the Metro region. Nearly 45% of residents work in Portland.



- The median household income for Milwaukie residents in 2016 (\$57,000) was 3% lower than the Metro area median, 12% less than the County median, and 25% less than the “self-sufficiency standard” for a family of four. This results in less purchasing power for City residents.



- There is no organized voice (Chamber of Commerce, Neighborhood District Association) for the employment areas outside of Downtown Milwaukie.

Policy Questions, Observations, and Implications

In determining how the Comprehensive Plan Update can support Milwaukie’s Community Vision goals and action items, assets, trends, and challenges; we can consider the following questions and observations:

- How do we increase the percentage of people that both live and work in Milwaukie, which is currently just 7% and results to increased regional traffic congestion and greenhouse gas emissions?
- Should there be more flexibility in our manufacturing and industrial zones to allow for a greater mix of uses and accommodation uses that have a hard time finding space, such as auto repair? Should there be less flexibility?
- How should we account for emerging trends and technology that may impact the economy, such as increased automation, e-commerce, and self-driving cars?
- How do we incorporate topics such as climate change and natural disaster resiliency into Comprehensive Plan policies related to the economy?
- Should the City’s remaining commercial land use categories be changed to mixed use, to allow for residential development?
- Should the City pursue annexation of employment areas within its UGMA?
- The City is undertaking an analysis of “Neighborhood Hubs” throughout Milwaukie’s neighborhoods. How can these areas help meet the City’s economic development needs?