

DATE: October 20, 2022
TO: Milwaukie Housing Capacity Technical Committee
CC: Laura Weigel, Joseph Briglio, City of Milwaukie
FROM: Beth Goodman and Kaitlin La Bonte
SUBJECT: Milwaukie Housing Production Strategy: Housing Need and Potential Strategies

This memorandum presents information to further contextualize the housing need described in the Housing Capacity Analysis, presents information about strategies that Milwaukie has already adopted to address unmet need, and presents a wide range of potential strategies for consideration. The report *Milwaukie Housing Affordability Strategy* (MHAS) includes a number of strategies that the City proposed to take between 2018 and 2023.¹ Some of these actions have been accomplished and some should be incorporated into the HPS.

As the City weighs potential strategies to encourage affordable housing, the City must understand the needs that are specific to residents in the City of Milwaukie. The HPS will connect unmet housing needs with strategies to address those needs. The City already has an understanding of the housing needs of current and future residents of Milwaukie based on demographic and socioeconomic characteristics, such as age and income, from the Milwaukie Housing Capacity Analysis (HCA). The purpose of this memorandum is to summarize key information from the HCA. The data discussed in this memorandum is in the HCA report, which is included in the ECONorthwest memorandum “Milwaukie Housing Needs Projection” dated 6/20/2022.²

At the October 20, 2022, Housing Capacity Technical Committee (HCTC) meeting, we will present key information from this memorandum and begin discussion about policy approaches to better address Milwaukie’s unmet housing needs.

¹ The MHAS report can be downloaded from the following web address:
<https://www.milwaukieoregon.gov/housingaffordability/milwaukie-housing-affordability-strategy>

² This memorandum can be downloaded from:
https://www.milwaukieoregon.gov/sites/default/files/fileattachments/Housing%20Affordability/meeting/123819/milwaukie_population_and_housing_memo_20220620.pdf

Contextualized Housing Need

Housing Needs Addressed by the Housing Production Strategy

This section describes Milwaukie housing needs based on data gathered in the Milwaukie Housing Capacity Analysis report and household income shown in Exhibit 3.

Across Oregon, developers have been able to build some types of housing without need for public intervention, such as single-dwelling detached housing that is affordable to people with higher incomes. However, many low- and middle-income houses have unmet housing needs because the market has been unable to keep up with their needs.

The HPS focuses on strategies that ensure that developers can produce housing for low- and middle-income households. Housing at this part of the income spectrum, and housing that meets the special needs of specific groups, usually requires public intervention.

Defining Median Family Income

Throughout this report, we discuss housing affordability based on Median Family Income (MFI) that is defined by the U.S. Department of Housing and Urban Services (HUD) for Portland-Vancouver-Hillsboro, OR-WA MSA, for a family of four people. The terms used to describe housing affordability by income group are:

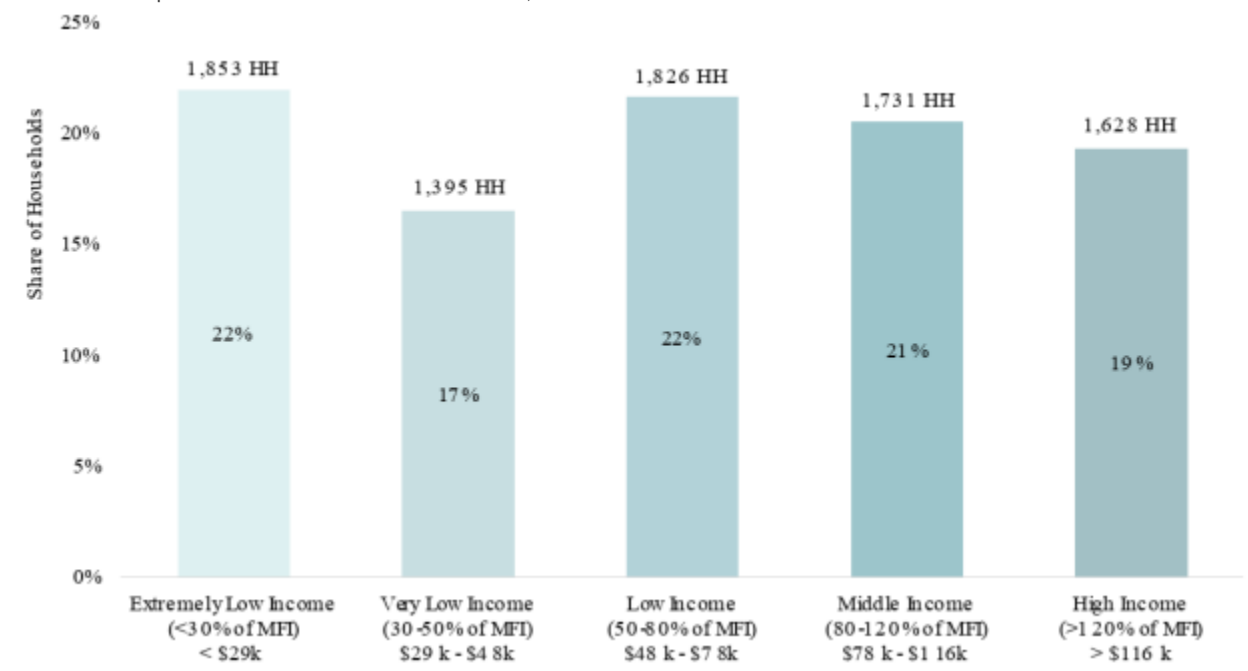
- Extremely Low Income: Less than 30% MFI or \$29,100 or less for a family of four
- Very-Low Income: 30% to 50% of MFI or \$29,100 to \$48,500 for a family of four
- Low Income: 50% to 80% of MFI or \$48,500 to \$77,500 for a family of four
- Middle Income: 80% to 120% of MFI or \$77,500 to \$116,300 for a family of four
- High Income: 120% of MFI or more \$116,300 or more for a family of four

More than one-third of Milwaukie's households earn less than 50% MFI.

Error! Reference source not found. shows that 39% of Milwaukie's households had incomes less than 50% of Median Family Income (MFI) (\$48,450) and cannot afford a two-bedroom apartment at the regions HUD Fair Market Rent (FMR) of \$1,735 in 2021.

Exhibit 1. Share of Households by Median Family Income (MFI) for Portland-Vancouver-Hillsboro, OR-WA MSA, Milwaukie, 2021

Source: US Department of HUD. US Census Bureau, 2015-2019 ACS Table 19001.



Median Family Income varies by household size.

Actual income thresholds vary in MFI based on household size. For example, a household of one person with an income of 80% of MFI has an income of \$54,1269 compared to the income for a household of four (\$77,520) or a household of six people (\$89,947). The needs for a single person are also different than those of a household of four people or six people. Throughout this document, we use the income for a household of four to illustrate housing needs.

Exhibit 2 Median Family Income and Housing Affordability by Household Size, Portland-Vancouver-Hillsboro, OR-WA MSA, 2021

Source: Analysis by ECONorthwest; U.S. Department of HUD, Portland-Vancouver-Hillsboro, OR-WA MSA, 2021.

	30% MFI	60% MFI	80% MFI	100% MFI	120% MFI
1-person					
Annual Income	\$ 20,349	\$ 40,704	\$ 54,269	\$ 67,830	\$ 81,396
Affordable Monthly Housing Cost	\$ 509	\$ 1,018	\$ 1,357	\$ 1,696	\$ 2,035
2-people					
Annual Income	\$ 23,256	\$ 46,536	\$ 62,036	\$ 77,520	\$ 93,024
Affordable Monthly Housing Cost	\$ 581	\$ 1,163	\$ 1,551	\$ 1,938	\$ 2,326
4-people					
Annual Income	\$ 29,070	\$ 58,140	\$ 77,520	\$ 96,900	\$ 116,280
Affordable Monthly Housing Cost	\$ 727	\$ 1,454	\$ 1,938	\$ 2,423	\$ 2,907
6-people					
Annual Income	\$ 35,666	\$ 67,459	\$ 89,947	\$ 112,404	\$ 134,885
Affordable Monthly Housing Cost	\$ 892	\$ 1,686	\$ 2,249	\$ 2,810	\$ 3,372

A household is defined as cost burdened if their housing costs exceed 30% of their gross income. A household that spends 50% or more of their gross income on housing costs is said to be severely cost burdened.

Many households in Milwaukie pay more than 30% of their income for housing.

Because the local housing market cannot produce income-restricted, subsidized affordable housing at sufficient levels – and because it cannot often produce middle income/workforce housing without subsidy, over a third (38%) of households in Milwaukie are cost burdened or severely cost burdened.

Low-income households have few options for either homeownership or rental units.

Housing costs for both rental and ownership units are much higher than many residents can afford. Exhibit 3 shows financially attainable housing costs for households across the income spectrum in Milwaukie. For example, a household earning median family income in Milwaukie (about \$96,900 per year)³ can afford a monthly rent of about \$2,420 or a home roughly valued between \$339,000 and \$388,000.

To afford the median home sales price of \$525,000, a household would need to earn about \$145,000 or 150% of MFI. About 9% of Milwaukie's households have income sufficient to afford this median home sales price. To afford the average asking rent of \$1,413, a household would need to earn about \$56,520 or 58% of MFI.

³ Note that Median Family Income for the region is different than Median Household Income (MHI) for Milwaukie. MFI is determined by HUD for each metropolitan area and non-metropolitan county. It is adjusted by family size – in that, 100% MFI is adjusted for a family of four. MHI is a more general term. MHI includes the income of the householder and all other individuals 15 years old and over in the household, whether they are related to the householder or not.

Exhibit 3. Financially Attainable Housing, by Median Family Income (MFI) for Portland-Vancouver-Hillsboro, OR-WA MSA (\$96,900), 2021

Source: US Department of Housing and Urban Development, 2021. Oregon Employment Department.



Milwaukie is forecast to grow by 1,670 new dwelling units between 2023 and 2043.

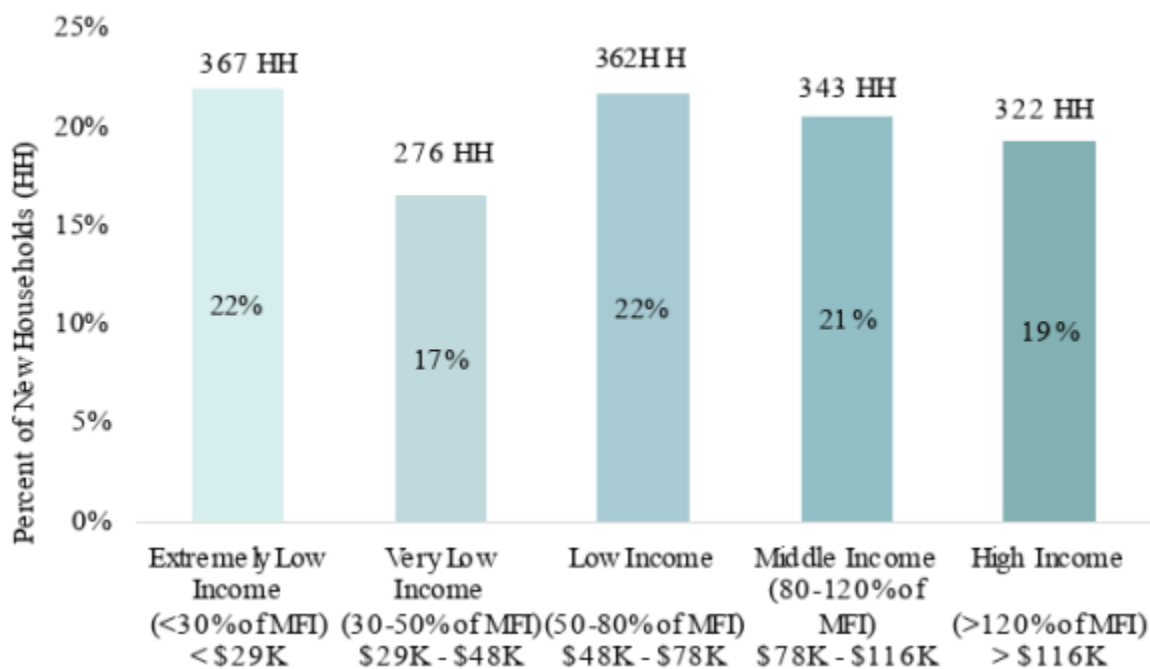
Milwaukie’s Housing Capacity Analysis projects that the City will grow by 1,670 new dwelling units in Milwaukie between 2023 and 2043 to accommodate new population growth. These dwelling units will need to be available at a variety of income levels. Assuming future residents of Milwaukie have an income distribution that is the same as existing residents, more than a third of new housing will need to be for those with very-low or extremely low incomes (below 50% MFI).⁴⁵

⁴ Given the fact that incomes have grown at a relatively slow pace over the last two decades in comparison to housing costs (especially home sales prices) this may be a conservative assumption about the future affordability of housing.

⁵ The HPS does not anticipate building new units for all existing households in Milwaukie that have problems affording housing costs. But the HPS does propose actions to stabilize the housing costs of existing lower income households and may result in development of housing that is more affordable to these households, enabling them to stay in Milwaukie. Information about lower income households and cost burden for existing households illustrates the existing housing need in Milwaukie.

Exhibit 4. Future (New) Households, by Median Family Income (MFI) Portland-Vancouver-Hillsboro, OR-WA MSA (\$96,900), Milwaukie, 2023 to 2043

Source: US Department of HUD, Clackamas County, 2021. US Census Bureau, 2015-2019 ACS Table 19001.



Housing Needs for Extremely Low Income (Less than 50% MFI) Households

What we know about the need: Within this income range, Milwaukie has housing need of:

- New households: **643** (from 2023-2043)
- Existing households: **3,248**

What can they afford? Rents (including basic utility costs) of not more than \$1,210 per month.

- A household would need to earn **\$56,520** to afford average multi-dwelling rent of **\$1,413** (about 58% of MFI for a family of four). Households with incomes of less than 50% of MFI cannot afford this rent.

What will it take to meet their needs? Meeting the housing needs of these households will require a combination of preserving existing income-restricted affordable housing and development of new income-restricted affordable housing. Development of income-restricted affordable housing typically requires extensive subsidy, with funding from state and federal sources, in addition to any support from the city and other partners.

Housing Needs for Low Income (50-80% MFI) Households

What we know about the need: Within this income range, Milwaukie has housing need of:

- New households: **362** (from 2023-2043)
- Existing households: **1,826**

What can they afford? Rents (including basic utility costs) of between \$1,210 to \$1,940 per month.

- A household would need to earn **\$56,520** to afford average multi-dwelling rent of **\$1,413** (about 58% of MFI for a family of four). Some households cannot afford this rent.

- Households with this income range are likely to live in rental housing predominantly.

What will it take to meet their needs? Meeting the housing needs of these households will require a combination of preserving existing “naturally occurring affordable housing,” development of new income-restricted affordable housing in this price range (for households with income of 50% to 60% of MFI) and developing new market-rate housing. Some households in this income range may need rent assistance, such as a Housing Choice Voucher. Homeownership opportunities for this income range will likely be related to housing developed by nonprofit organizations, possibly with some subsidy, such as through a community land trust.

Housing Needs for Middle Income (80-120% MFI) Households

What we know about the need: Within this income range, Milwaukee has housing need of:

- New households: **343** (from 2023-2043)
- Existing households: **1,731**

What can they afford? Rents (including basic utility costs) of between \$1,940 to \$2,420 per month.

- A household would need to earn **\$56,520** to afford average multi-dwelling rent of **\$1,413** (about 58% of MFI for a family of four).
- Households with this income range are likely to live in rental housing predominantly.

What will it take to meet their needs? A combination of the development of rental housing and lower-cost housing for homeownership. Some homeownership opportunities for this income range will likely be related to housing developed by nonprofit organizations, possibly with some subsidy, such as land banking or a community land trust.

Housing Needs for People of Color

What we know about the need: About **17% of Milwaukee’s population** identify as Latino/a/x (any race), Black, Asian, American Indian or Alaska Natives, Native Hawaiian or Pacific Islanders, two or more races, or another race. About 9% of Milwaukee’s population identify as Latino (any race).

Households that identified as Black/African American, American Indian and Alaska Natives Alone and Native Hawaiian/Pacific Islander had the lowest rates of home ownership (34%, 23% and 0% respectively). In comparison, 61% of households that identified as White Alone, 68% of households that identified as Asian Alone, and 71% of households that identified as Some other Race Alone were homeowners. About 40% of households who identified as Latino/a/x (of Any Race) owned their own home.

Black/African American households or those that identified as Two or more races were more likely to live in multi-dwelling units (47% and 52% respectively). Households that identified as American Indian and Alaska Native as well as Native Hawaiian and other Pacific Islander, lived in multi-dwelling housing at the highest rates (77% and 100%, respectively). Over half of the households that identified as Latino/a/x lived in single-dwelling detached housing (60%).

What will it take to meet their needs? Addressing the affordability issues, discussed above, as well as ensuring that people of color have access to housing without discrimination. This will require increasing awareness of Fair Housing rules for property owners and managers, tenants, City decision makers, and City staff. It will also require careful decision making to change policies that have created barriers to access housing by people of color.

Disabilities include those that are visible, such as ambulatory or vision disabilities, and those that are not readily apparent, such as self-care, independent living, or cognitive disabilities. Other conditions may require special accommodations, such as disabling diseases or mental health conditions.

Housing Need for People with Disabilities

What we know about the need: The Census reports that about **9% of Milwaukie's population** have one or more disability, such as ambulatory, vision, hearing, cognitive, self-care, or independent living disabilities.

What will it take to meet their needs? Addressing the affordability issues, discussed above, as well as ensuring that people with disabilities have access to housing that addresses their disability and that they have access to housing without discrimination. This will require increasing awareness of Fair Housing rules for property owners and managers, tenants, City decision makers, and City staff. It will also require approaches that encourage development of housing with specialized design standards to accommodate special needs.

Housing Need for People Experiencing Houselessness

What we know about the need: There are approximately **568 people** experiencing houselessness in Clackamas County in 2023. In addition, **366 students** in the North Clackamas School District experienced homelessness in the 2019-2020 school year. The number of people experiencing homelessness in Milwaukie is not clearly known. In part, this is because people experiencing homelessness may move between neighboring cities.

What will it take to meet their needs? Strategies will range from emergency assistance (including rent and utility assistance), permanent supportive housing (including supportive housing with services), and improved access to an affordable unit (as discussed above).

Existing Policies to Address Milwaukie's Housing Needs

Over the last five years, the City has implemented the following actions. Many of them are from the *MHAS* report.

- **Streamline the development process.** Milwaukie took steps to streamline the development process, making development easier for developers. Actions the City has taken include: assigning project managers as a consistent point of contact, hiring a housing coordinator, charging consistent and predictable permit fees, providing a predictable review process with early feedback, partnering with non-profit and other public agencies to inform up-to-date housing needs, and identifying zoning code changes to make development faster.
- **Middle housing code changes.** The City implemented middle housing code changes, consistent with House Bill (HB) 2001, which allows townhouses, cottage housing, duplexes, triplexes, and quadplexes in areas that have primarily consisted of single unit housing.
- **Regional general obligation bonds.** Milwaukie engaged with Metro and its Equitable Housing Program to explore securing bond financing for additional affordable housing. This effort ended up converging with the 2018 regional affordable housing bond that was approved by Metro-area voters.
- **Housing Coordinator.** Milwaukie hired a housing coordinator to ensure dedicated resources would be directed to increasing housing affordability. This position was in charge of *MHAS* implementation and has morphed over the last several years due to resource constraints and updated council goals.
- **Construction Excise Tax (CET).** The City implemented a CET in 2017, including developing criteria and plans for distribution of CET funds. The City will be releasing a competitive request for proposals in 2022 to award up to \$2M in CET funds for qualifying income-restricted housing projects. The City partners with nonprofits and employers to provide first-time homebuyer education, using CET funds.
- **Property tax exemptions.** The City worked with the various taxing districts to allow non-profit owned, income-restricted housing developments to apply for an annual property tax exemption. This program has been utilized primary by Northwest Housing Alternatives Walsh Commons development on Willard Street.
- **Model potential impact of incentives.** Milwaukie started the process of modeling potential impacts of incentives by engaged with the development community to understand the potential impact of reducing or waiving transportation impact fees and systems development charges. The City is still working with developers to understand impact of incentives of green building standards, density bonuses, development standard variances, and parking reductions.
- **Eviction mitigation.** Milwaukie partnered with county mediation services, training services, and other resources to assist tenants and landlords in eviction prevention. These resources are available and accessible to all on the city website. The City has also

offered several rounds of rental assistance to qualifying lower-income residents for additional mitigation.

- **Low-cost loans to support rehabilitation.** Milwaukie partners with and supports Clackamas County's affordable housing development and rehabilitation projects in Milwaukie. Milwaukie does not offer loans for rehabilitation but directs interested parties to Clackamas County for these loans.
- **Develop informational materials.** Milwaukie developed (or partners with others who have developed) informational materials available for tenants, prospective homebuyers, and others, making the materials available on the City's website. For example, the City is developing a financial resource guide for tenants and property owners. The City promotes the County's Rent Well program, which provides tenant education to give residents the support, knowledge, and expertise they need to become successful tenants.

Housing Actions

This section describes a range of potential actions that Milwaukie could take to address its housing needs which were identified in the previous Contextualized Housing Needs section. The project team developed this list based on conversations with City staff and the experience of other cities in Oregon and other states.

The HCTC can use this memorandum as a basis for discussion and initial evaluation at the HCTC meeting on October 20, 2022. It is not intended as a final deliverable but rather as an interim document that will undergo additional review and refinement as part of a process to narrow down the list of potential strategies the City could explore. The strategies developed as a part of this process will ultimately be included in Milwaukie's *Housing Production Strategy (HPS)*.

For the HPS, the City is looking for strategies that:

- Help to encourage the **production of housing units or preservation of existing affordable housing**
- Are controlled and implemented by the City of Milwaukie
- Can be administered by existing City staff provided budgetary resources are available

The goals in the *MHAS* report are particularly applicable to the HPS. We recommend keeping these in mind when selecting actions to include in the HPS. In many respects, these goals apply to the HPS, as well as the *MHAS*.

- Develop new units
- Prevent Displacement and Keep Affordable Units Affordable
- Connect People to Existing Affordable Housing

Process

This memorandum supports the beginning of the overall action identification process (circled in orange below). This memorandum is intended to inform HCTC discussion and City decisions about which strategies to include in an overall program to produce housing citywide.



Once a suite of actions has been selected, the consultant team will work with the City to determine next steps for each of the strategies that the City can implement over the course of eight years.

Potential Actions and Funding Tools

The project team generated a list of actions and funding tools that can be used to address Milwaukie's housing needs, based on discussions with City staff and actions that other cities have taken to encourage new housing development. Exhibit 5 includes potential actions and locally-controlled funding tools that the City could use to advance the actions.

The discussion with the HCTC will focus on the following questions:

- Which of the actions included in this memorandum are appropriate to include in the HPS to address unmet housing needs in Milwaukie? Consider how these strategies address Milwaukie's specific needs.
- Are there actions beyond those included in this memorandum that should be included in the HPS?
- What potential funding sources do you have experience with? What are your thoughts on the various funding sources?

The next step is to further refine this list with HCTC. ECONorthwest will provide additional information and qualitative and/or quantitative evaluation of up to seven strategies. Beyond the October 2022 meeting, the project team will meet with the HCTC four more times: up to three times to review a draft of the selected strategies (which will include a more detailed evaluation of the strategies, making connections between each potential action and Milwaukie's specific needs) and identify high priority strategies, and review the full draft HPS.

Exhibit 5. Potential Housing Production Strategy Actions

Action	Category	Rationale	City Role	Potential Impact on Development Cost or Unit Production	Complexity to Administer	Tenure	Most Likely Affordability Level Targeted
Land Banking, Parcel Assembly, And Land Disposition	Lower Development/Operational Costs	Reduce land costs	Lead	Small to Large	Medium	Both	80% MFI and below
Land Trusts	Lower Development/Operational Costs	Reduce barriers to homeownership	Partner	Small to Large	Low	Ownership	120% MFI and below
Cooperative Housing Models	Lower Development/Operational Costs	Reduce barriers to homeownership	Lead	Small to Moderate	Low	Ownership	120% MFI and below
Reduced / Waived Building Permit Fee or Planning Fees	Lower Development/Operational Costs	Reduce development costs	Lead	Small	Medium	Both	80% MFI and below
Reduced / Waived SDCs	Lower Development/Operational Costs	Reduce development costs	Lead	Small to Moderate	Medium	Both	80% MFI and below
Multiple-Unit Limited Tax Exemption Program (Locally Enabled And Managed)	Lower Development/Operational Costs	Reduce development costs	Lead	Small to Moderate	Medium	Rental	80% MFI and below
Urban Renewal / Tax Increment Finance (Tif)	Funding sources	Affordable housing subsidy	Lead	Moderate to Large	Low	Both	120% MFI and below
Construction Excise Tax	Funding sources	Increase housing stock	Lead	Small to Large	Medium	Both	120% MFI and below
Pursue Community Development Block Grant Funds from Clackamas County	Funding sources	Affordable housing subsidy	Partner	Small	High	Both	80% MFI and below
Revolving loan fund for rehabilitation	Funding sources	Provide Financial Assistance	Partner	Small to Moderate	Medium	Both	120% MFI and below
Increase allowable residential densities	Land Use Regulations	Increase housing diversity	Lead	Moderate to Large	Medium	Both	Any
Inclusionary Zoning	Land Use Regulations	Incentivize or require new	Lead	Small to Moderate	High	Rental	80% MFI and below

Action	Category	Rationale	City Role	Potential Impact on Development Cost or Unit Production	Complexity to Administer	Tenure	Most Likely Affordability Level Targeted
		affordable housing units					
Provide Density Bonuses To Developers for Income Restricted Housing	Land Use Regulations	Reduce development costs	Lead	Small to Moderate	Low	Both	60% MFI and below
Develop Pre-Approved Plan Sets For ADUs And Middle Housing Typologies	Increase Housing Types	Increase housing diversity	Lead	Small	Low	Both	Any
Allow Tiny Homes	Increase Housing Types	Increase housing diversity	Lead	Small	Medium	Both	Any
Support Targeted Housing Services	Strategies to address homelessness	Address homelessness	Partner	Small to Moderate	Medium	Rental	60% MFI and below
Support Preservation Of Manufactured Home Parks	Preservation	Maintain existing affordable housing units	Lead	Small to Moderate	Medium	Both	120% MFI and below
Develop Housing Options And Services To Address And Prevent Houselessness	Programs that Provide Financial Assistance	Provide Financial Assistance	Partner	Small to Moderate	Medium to High	Rental	60% MFI and below
Rental Assistance Programs	Programs that Provide Financial Assistance	Provide Financial Assistance	Partner	Small to Moderate	Medium	Rental	60% MFI and below

In the remainder of this memorandum, text in *red font* denotes actions included in the MHAS report or actions that Milwaukie has already implemented.

Lower Development or Operational Costs

The following policies focus on ways in which the City and other entities involved in development can provide financial assistance to lower development or operational costs in a city in order to increase housing affordability and available housing stock.

The MHAS report includes an action to develop incentives or a funding program for affordable housing (Action 1.3) and model their potential impacts in collaboration with the development community (Action 1.5) Action 1.10 recommends exploring “lean” construction methods that can reduce development costs and used as incentives for developers. Action 2.8 in MHAS recommends partnering with the Clackamas Housing Authority to support development of new affordable units.

Strategy Name	Description	Scale of Impact
Programs or policies to lower the cost of development		
Expand Land Banking, Parcel assembly, and Public Land Disposition Efforts	<p>Land banks support housing development by reducing or eliminating land cost from development, with the goal of increasing the affordability of housing. They can take several forms. Many are administered by a non-profit or non-governmental entity with a mission of managing a portfolio of properties to support affordable housing development over many years or decades. Ideally, a land bank is set up to manage financial and administrative resources, including strategic property disposal, for the explicit purpose of supporting affordable housing development. Cities can partner with non-profits or sometimes manage their own land banks. Cities may also donate, sell, or lease publicly-owned land for the development of affordable housing even without a formal ‘land bank’ organization.</p> <p>Parcel assembly involves the city’s ability to purchase lands for the purpose of land aggregation or site assembly. It can directly address the issues related to limited multifamily lands being available in appropriate locations. Typical goals of parcel assembly programs are: (1) to provide sites for rental apartments in appropriate locations close to services and (2) to reduce the cost of developing multifamily rental units</p> <p>Parcel assembly can lower the cost of multifamily development because the City is able to purchase land in strategic locations over time. Parcel assembly is often associated with development of affordable housing (affordable to households with income below 60% of MFI), where the City partners with nonprofit affordable housing developers.</p> <p>The public sector sometimes controls land that has been acquired with resources that enable it to dispose of that land for private and/or nonprofit redevelopment. Land acquired with funding sources such as tax increment, EB-5, or through federal resources such as CDBG or HUD Section 108 can be sold or leased at below market rates for various projects to help achieve redevelopment objectives. This increases development feasibility by reducing development costs and gives the public sector leverage to achieve its goals via a development agreement process with the developer. Funding can come from</p>	<p>Small to large.</p> <p>A land bank will have the biggest impact on production of low- and moderate-income affordable housing. Considering how difficult it is to build this type of affordable housing and the level of need for affordable housing, a land bank could increase nonprofits’ capacity to build affordable housing.</p> <p>Parcel assembly is most likely to have an effect on a localized area, providing a few opportunities for new multifamily housing development over time.</p>

Strategy Name	Description	Scale of Impact
	<p>Tax Increment, CDBG/HUD 108, or EB-5.</p> <p><i>Cities across Oregon use publicly land to support affordable and market-rate of housing development. In some cases, municipalities put surplus public land into land banks or land trusts.</i></p> <p><i>Tri-Met is evaluating re-use of construction staging sites for future affordable housing and/or transit-orient development sites.</i></p> <p><i>Cottage Grove worked with the school district to discuss and plan for use of surplus school district land for future housing development.</i></p> <p><i>The City of Hood River purchased a property at 780 Rand Road and is currently working on parcel assembly with Hood River County & the adjacent landowner.</i></p> <p><i>Action 1.6 in MHAS is a long-term goal to develop predictable public lands policies that support increasing affordable housing while improving workforce development opportunities for construction workers.</i></p>	
<p>Land Trusts</p>	<p>A land trust is typically a nonprofit organization that owns land and sells or leases the housing on the land to income-qualified buyers. Because the land is not included in the housing price for tenants / buyers, land trusts can achieve below-market pricing. Land trusts are most commonly used as a method for supporting affordable home ownership goals.</p> <p>Land trusts are purposed for long-term stewardship of lands and buildings. Lands / buildings acquired may have need for remediation or redevelopment. Lands / buildings may have also been acquired to preserve affordability, prevent deferred maintenance, or protect against foreclosure.</p> <p>A City could support a land trust in several ways, including land write-downs (in parallel with a city land disposition strategy), permit fee or SDC waivers, and outright subsidies.</p> <p><i>Proud Ground (Portland Metro Area) was founded in 1999 and has grown into one of the largest community land trusts in the country. The organization focuses on affordable homeownership and controls ground leases associated with 270 homes in Multnomah, Washington, Clackamas, and Clark County.</i></p> <p><i>Big River Community Land Trust (BLCLT) was formed in 2020 to develop a supply of permanently affordable housing in the central Gorge area. Columbia-Cascade Housing Corporation also recently formed a Community Land Trust. BRCLT serves households earning 80 to 120 % MF while CCHC land trust serves households earning up to 100 % AMII. The City of Hood River is exploring partnership opportunities with local land trusts.</i></p> <p><i>Action 1.2 in the MHAS recommends development of a Community Land Trust that supports creative</i></p>	<p>Scale of Impact - Small to large. A land trust will have the biggest impact on production of low- and moderate-income affordable housing. Considering how difficult it is to build this type of affordable housing and the level of need for affordable housing, a land trust could increase nonprofits' capacity to build affordable housing.</p>

Strategy Name	Description	Scale of Impact
	<i>financing for a project.</i>	
Endorse Cooperative Housing Models	<p>A housing cooperative, along with a condominium, is one of two legal structures available to allow resident-ownership of multifamily property. Cooperatives provide a flexible and accessible homeownership model. Instead of an individual family owning a single-family home or a condominium, a cooperative corporation, or co-op, formed by the residents, owns housing, most often in the form of a multifamily building. Each resident household buys a share in the co-op building at a price that can be far below the cost of a down payment for a market rate single family home; this is called a “share price.” Purchasing this share makes the household a member of the co-op and entitles the household to live in a unit with a proprietary lease.</p> <p><i>Action 1.2 recommends the exploration of co-op, communal living, and other models for creative housing financing; first right of refusal for current renters and establishing regular rental payments as qualification for down payment assistance are current considerations.</i></p>	Small to Moderate.
Reduced / Waived Building Permit fee, Planning fees, or SDCs	<p>Programs that reduce various development fees as an incentive to induce qualifying types of development or building features. There are a number of avenues to seek reduced or waived fees. For example, stormwater improvements can be made through the Commercial Stormwater Fee Reduction. There are commonly used tools, often implemented in conjunction with development agreements or other development negotiation processes.</p> <p><i>City of Portland offers SDC exemptions for affordable housing. Portland’s SDC Exemption Program exempts developers of qualifying affordable housing projects from paying SDCs levied by the City of Portland for transportation, water, parks and environmental services. Eligible rental projects must serve households earning at or below 60% of the AMI for a 60-year period. Portland also offers SDC waivers for development of ADUs.</i></p> <p><i>City of McMinnville offers SDC exemptions and reduced permit fees for affordable housing. Building and planning permit fees for new or remodel housing construction projects are reduced by 50% for eligible projects and SDCs for transportation, wastewater and parks are exempted at 100%. Reductions/exemptions are prorated for mixed use or mixed-income developments. The property must be utilized for housing for low-income persons for at least 10 years or the SDCs must be paid to the city.</i></p> <p><i>Milwaukie considers waiving SDCs associated with development of income-restricted housing projects that provide housing at 30% or less of Median Family Income.</i></p>	Scale of Impact – Small. Can improve development feasibility.
Scaling SDCs to Unit Size	Cities often charge a set SDC per dwelling unit, charging the same SDCs for large single-family detached units as for small single-family detached units or accessory dwelling units. Some cities have	Scale of Impact – Small to Moderate. Can improve development feasibility for smaller units.

Strategy Name	Description	Scale of Impact
	<p>started scaling SDC based on the size of the unit in square feet. Offering lower SDC for smaller units can encourage development of smaller units, such as small single-family detached units or cottage cluster units.</p> <p><i>Newport Oregon scales SDCs for water, wastewater, stormwater, and transportation. The City has a base SDC rate (per square foot) of built space. For example, a 1,000 square foot unit would be charged \$620 for water SDC (\$0.62 per square foot). A 2,000 square foot unit would be charged \$1,204 for the water SDC (\$0.62 per square foot for the first 1,700 square feet and \$0.50 for the additional 300 square feet).</i></p>	
<p>Reduce or Exempt ADUs from SDCs</p>	<p>Reduce or offer waivers for SDCs for ADUs to increase the financial feasibility for developing an ADU. If the city waives SDCs for ADUs, the city will need to backfill the cost of the SDCs from another funding source.</p> <p><i>Milwaukie is currently considering waiving or reducing SDC fees of certain income restricted housing projects (30%MFI) (Action 1.9 in MHAS).</i></p>	<p>Scale of Impact – Small to Moderate. Can incentivize development accessory dwelling units.</p>
<p>Reimbursement District</p>	<p>A Reimbursement District is a cost sharing mechanism, typically Initiated by a developer. The purpose is to provide a reimbursement method to the developer of an infrastructure improvement, through fees paid by property owners at the time the property benefits from the improvement. A developer applies to create a Reimbursement District by demonstrating benefit to properties beyond their own. In addition, the size of the improvement must be measurably greater than would otherwise be ordinarily required for the improvement</p> <p>Eligible Reimbursement District projects typically include (but are not limited to) construction or connections of a sewer, water, storm water or street improvements. Applications typically include: a fee sufficient to cover the cost of administrative review, a description of the project, properties that would be impacted, and a detailed methodology and calculation of how the estimated costs would be reimbursed by payments from benefitted properties over a specified timeframe. A report from the City Engineer is generated in review of the submitted application. After a public hearing process, the council will approve, reject or modify the proposal. The approval of a Reimbursement District results in a resolution and distribution of notice among benefitted properties before construction can begin.</p> <p>Benefitted properties must pay the Reimbursement Fee when they make a physical connection to the improvement (or in the case of a sewer project, when the benefitted property creates an impervious surface that drains into the public sewer) within the Reimbursement District Area. Reimbursement fees are collected by the City and are distributed to the developer for the duration of the Reimbursement District, which are typically 10-15 years.</p> <p>Paid by benefitted properties at the time the property benefits from the improvement, typically at connection to the sewer, water or storm drain system.</p>	<p>Scale of Impact – Small. Depends on interest and the extent that properties benefit from improvements.</p>

Strategy Name	Description	Scale of Impact
Linkage Fees	<p>Linkage fees are charges on new development, usually commercial and / or industrial development only, that can be used to fund affordable housing. To implement them, a city must undertake a nexus study that identifies a legal connection between new jobs housed in the developments, the wages those jobs will pay, and the availability of housing affordable to those employees.</p> <ul style="list-style-type: none"> • Can be used for acquisition and rehabilitation of existing affordable units. • Can be used for new construction. 	<p>Scale of Impact – Small. Depends on funding capacity.</p>
<p>Tax abatement programs that decrease operational costs by decreasing property taxes</p>		
Vertical Housing Tax Abatement (Locally Enabled and Managed)	<p>The 2017 Legislature passed legislation moving the administration of Vertical Housing Program from Oregon Housing and Community Services (OHCS) to the local City and County beginning Oct 6th, 2017. OHCS no longer administers this program.</p> <p>The legislation subsidizes "mixed-use" projects to encourage dense development or redevelopment by providing a partial property tax exemption on increased property value for qualified developments. The exemption varies in accordance with the number of residential floors on a mixed-use project with a maximum property tax exemption of 80 percent over 10 years. An additional property tax exemption on the land may be given if some or all of the residential housing is for low-income persons (80 percent of area is median income or below).</p> <p><i>Milwaukie had a Vertical Housing Tax Abatement, which sunset in 2022.</i></p>	<p>Scale of Impact – Small to moderate. The design of the tax abatement program will impact whether and how many developers use the tax abatement, which will affect the scale of the impact.</p>
Multiple-Unit Limited Tax Exemption Program (Locally Enabled and Managed)	<p>Through the multifamily tax exemption, a jurisdiction can incent diverse housing options in urban centers lacking in housing choices or workforce housing units. Through a competitive process, multi-unit projects can receive a property tax exemption for up to ten-years on structural improvements to the property. Though the state enables the program, each City has an opportunity to shape the program to achieve its goals by controlling the geography of where the exemption is available, application process and fees, program requirements, criteria (return on investment, sustainability, inclusion of community space, percentage affordable or workforce housing, etc.), and program cap. The City can select projects on a case-by-case basis through a competitive process.</p> <p>The passing of HB 2377 - Multiunit Rental Housing Tax Exemption allows cities and counties to create a property tax exemption for newly rehabilitated or newly constructed multi-unit rental housing within their boundaries depending on the number of units made available to low-income households, for up to 10 consecutive years. The bill was crafted to strengthen the connection to affordability by requiring cities and counties to establish a schedule in which the number of years an exemption is provided increases directly with the percentage of units rented to households with an annual income at or below 120 percent of MFI, and at monthly rates that are affordable to such households. While not specifically referenced in the measure, ORS 308.701 defines "Multi-unit rental housing" as: "(a) residential property</p>	<p>Scale of Impact – Small to moderate. The design of the tax abatement program will impact whether and how many developers use the tax abatement, which will affect the scale of the impact.</p>

Strategy Name	Description	Scale of Impact
	<p>consisting of four or more dwelling units” and; “does not include assisted living facilities.”</p> <p>All new multifamily units that are built or renovated that offer rent below 120% of AMI are potentially eligible for this tax exemption. In a city with an AMI of \$55,000 (common outside of Portland), that's rent of \$1,650 per month or less. The tax exemption is for all taxing districts which is administered by the City. Due to this, smaller jurisdictions may have more trouble managing this program.</p> <p>Local taxing jurisdictions that agree to participate—cities, school districts, counties, etc.</p> <p><i>The City of Eugene offers a ten-year Multi-Unit Property Tax Exemption (MUPTE) for projects in its eastern downtown core. Eugene’s criteria for granting MUPTE include: Project must provide 5 or more units of housing (not including student housing), development must meet minimum density standards, development must comply with minimum green building requirements, a portion of construction and other contracting requirements must be through local business, the development must provide 30% of the units affordable at 100% of AMI or pay a fee of 10% of the value of the tax abatement toward supporting moderate income housing development, demonstrate that the project would not be financially feasible without the exemption by providing 10-year pro forma with and without MUPTE and comply with other criteria.</i></p> <p><i>The City of Salem’s Multi-Unit Housing Tax Incentive Program (MUHTIP) was adopted in 2012 to spur the construction of “transit supportive”⁶ multi-unit housing in the city’s downtown core. In order to qualify for the exemption, projects must consist of at least two dwelling units, be located in the city’s “core area,” and include at least one public benefit.</i></p>	
<p>Nonprofit Corporation Low Income Housing Tax Exemption</p> <p>and</p> <p>Low-Income Rental Housing Tax Exemption</p>	<p>Note: These are two separate tax exemptions available under statute (ORS 307.515 to 307.523 / ORS 307.540 to 307.548). They are grouped together for their similarities (but differences are noted).</p> <p>Land and improvement tax exemption used to reduce operating costs for regulated affordable housing affordable at 60% AMI or below. Requires the City to adopt standards and guidelines for applications and enforcement mechanisms.</p> <p>The low-income rental housing program exemption lasts 20 years. The nonprofit corporation low-income housing program must be applied for every year but can continue as long as the property meets the criteria. Rents must reflect the full value of the property tax abatement and City can add additional criteria.</p> <p>There is no requirement that construction must be complete prior to application. Programs both work well in tandem with other incentives, such as land banking.</p>	<p>Scale of Impact – Small to moderate. The exemption reduces operating costs, meaning it is a tool more useful to property owners of affordable housing projects. Developers, who do not own and operate their own projects, may be less inclined to use the program.</p>

⁶ City of Salem, “Multi Unit Housing Tax Incentive Program,” <https://www.cityofsalem.net/Pages/multi-unit-housing-tax-incentive-program.aspx>.

Strategy Name	Description	Scale of Impact
	<i>Milwaukie has the Nonprofit Corporation Low Income Housing Tax Exemption and it has been used by developers in Milwaukie.</i>	

Funding Sources to Support Residential Development

The following policies focus on ways to pay for the costs of implementing the affordable housing programs and infrastructure development.

Milwaukie hired a Housing Coordinator to serve as liaison between homeowners, renters, and rental housing providers (Action 2.1 in MHAS). Milwaukie developed an online financing and resource database (Action 3.5 in MHAS)

Strategy Name	Description	Scale of Impact
Urban Renewal / Tax Increment Finance (TIF)	<p>Tax increment finance revenues are generated by the increase in total assessed value in an urban renewal district from the time the district is first established. As property values increase in the district, the increase in total property taxes (i.e., City, County, school portions) is used to pay off the bonds. When the bonds are paid off, the entire valuation is returned to the general property tax rolls. TIFs defer property tax accumulation by the City and County until the urban renewal district expires or pays off bonds. Over the long term (most districts are established for a period of 20 or more years), the district could produce significant revenues for capital projects. Urban renewal funds can be invested in the form of low-interest loans and/or grants for a variety of capital investments:</p> <ul style="list-style-type: none"> ▪ Redevelopment projects, such as mixed-use or infill housing developments ▪ Economic development strategies, such as capital improvement loans for small or startup businesses which can be linked to family-wage jobs ▪ Streetscape improvements, including new lighting, trees, and sidewalks ▪ Land assembly for public as well as private re-use ▪ Transportation enhancements, including intersection improvements ▪ Historic preservation projects ▪ Parks and open spaces <p>Urban renewal is a commonly used tool to support housing development in cities across Oregon. Cities can create a TIF set-aside for affordable housing development programs within designated Urban Renewal Areas. The target could be to set aside funds for affordable housing projects as a medium-term action, over the next 5 years or so. For example: Portland City Council designates 45% of the gross amount of TIF for designated housing purposes (rental housing for households under 60% of Area Median Income (AMI) and homeownership for households under 80% of AMI). <i>Portland City Council designates 45% of the gross amount of TIF for designated housing purposes (rental housing for households under 60% of Area Median Income (AMI) and homeownership for households under 80% of AMI).</i></p>	<p>Scale of Impact – Moderate to Large. Urban Renewal funding is a flexible tool that allows cities to develop essential infrastructure or provides funding for programs that lower the costs of housing development (such as SDC reductions or low interest loan programs). Portland used Urban Renewal to catalyze redevelopment across the City, including the Pearl District and South Waterfront.</p>
Construction Excise Tax (CET)	<p>Funds land use planning throughout the region by taxing construction permits. CET is a tax assessed on construction permits issued by local cities and counties. The tax is assessed as a percent of the value of the improvements for which a permit is sought, unless the project is exempted from the tax. In 2016, the Oregon Legislature passed Senate Bill 1533 which permits cities to adopt a construction</p>	<p>Scale of Impact – Depends on the amount of funding available.</p>

Strategy Name	Description	Scale of Impact
	<p>excise tax (CET) on the value of new construction projects to raise funds for affordable housing projects. CETs may be residential only, commercial only, or residential and commercial. If the City were to adopt a CET, the tax would be up to 1% of the permit value on residential construction and an uncapped rate on commercial and industrial construction. The allowed uses for CET funding are defined by the state statute. The City may retain 4% of funds to cover administrative costs. The funds remaining must be allocated as follows, if the City uses a residential CET:</p> <ul style="list-style-type: none"> ▪ 50% must be used for developer incentives (e.g., fee and SDC waivers, tax abatements, etc.) ▪ 35% may be used flexibly for affordable housing programs, as defined by the jurisdiction. ▪ 15% flows to Oregon Housing and Community Services for homeowner programs. <p>If the City implements a CET on commercial or industrial uses, 50% of the funds must be used for allowed developer incentives and the remaining 50% are unrestricted. The rate may exceed 1% if levied on commercial or industrial uses.</p> <p><i>The City of Portland's CET went into effect in 2016. It levies a 1% CET on residential, commercial, and industrial development valued at \$100,000 or more, with all revenues going toward affordable housing. The revenues pay for production of housing at or below 60% AMI, developer incentives for inclusionary zoning, along with state homeownership programs.</i></p> <p><i>City of Bend adopted a CET of 0.3% on residential, commercial, and industrial development in 2006, with revenues dedicated to loans to fund developments by profit and nonprofit affordable housing developers. The fee has raised \$11 million as of 2016, allowing the City to lend money to fund 615 units. The fund has leveraged \$63 million in state and federal funding and \$14 million in equity.</i></p> <p><i>The City of Milwaukie adopted a CET on commercial, residential, and industrial development in November of 2017. The City exempted deed-restricted affordable housing, ADUs, and improvements less than \$100,000 from paying the CET. The adopting ordinance allocates funds as required by state statutes, specifying that flexible funds from the commercial improvements will be used 50% toward housing available to those making up to 120% of MFI, and 50% for economic development programs in areas with sub-area plans (such as Downtown and Riverfront, and the City's urban renewal areas).</i></p> <p><i>The City is working on marketing plan for CET fund distribution (Action 1.1 in MHAS).</i></p>	
<p>Local Improvement District (LID)</p>	<p>Enables a group of property owners to share the cost of a project or infrastructural improvement.</p> <p>A special assessment district where property owners are assessed a fee to pay for capital improvements, such as streetscape enhancements, underground utilities, or shared open space. For residential property, the estimated assessment cannot exceed the pre-improvement value of the property based on assessor records.</p> <p>An ordinance must be passed through a public hearing process which must be supported by a majority of affected property owners. Part of this process includes an estimation of the improvement costs and the portion of those costs in which property owners will be responsible to pay for. The public hearing process allows for LIDs to be challenged by property owners.</p> <p>The City collects the funds and regardless of if the actual cost is greater than the estimated cost (on which the</p>	<p>Scale of Impact – Depends on the amount of funding available and Bonding capacity.</p>

Strategy Name	Description	Scale of Impact
	assessment was based), the City may make a deficit assessment for the additional cost, which would be prorated among all benefitted properties. Another public hearing would be held, in the event that an additional assessment was placed property owners (due to underestimation).	
CDBG	The Community Development Block Grants program is a flexible program that provides annual grants on a formula basis to both local governments and States. Grants are awarded on a 1, 2, or 3-year period. It is required that at least 70% of the CDGB funds are used for activities that benefit low- and moderate- income. Additionally, each activity must address any threats to health or welfare in the community (for which other funding is unavailable). These funds can be used for acquisition and rehabilitation of existing affordable units, as well as new construction that prioritizes community development efforts.	Scale of Impact – Depends on the amount of funding available.
General Fund Grants or Loans	A city can use general fund or tax increment dollars to directly invest in a specific affordable housing project. These grants or loans can serve as gap funding to improve development feasibility. There are several options for using general fund grants or loans, including the potential for bonds to generate upfront revenue that is repaid over time, as recently approved in the City of Portland. Another option is to use general fund dollars to contribute to other programs that are successfully operating, such as non-profit land trusts or even other government agencies that have the administrative capacity to maintain compliance requirements over time, using intergovernmental agreements.	Scale of Impact – Depends on the amount of funding available.
Foundation Awards	Local, regional, and national foundations provide both capital funding and program funding for a wide variety of innovative housing models and programs. In Oregon, the Meyer Memorial Trust and Oregon Community Foundation (OCF) may fund innovative housing models and programs	Scale of Impact – Small to Moderate. Depends on award amounts.

Land Use Regulations

The following policies focus on ways in which the City can modify its current land use regulations in order to increase housing affordability and available housing stock. Policies are broken into two categories: those that affect regulatory changes, and those which increase the land available for housing.

Strategy Name	Description	Scale of Impact
Regulatory Changes		
Administrative and Procedural Reforms	Regulatory delay can be a major cost-inducing factor in development. Oregon has specific requirements for review of development applications. However, complicated projects frequently require additional analysis such as traffic impact studies, etc. A key consideration in these types of reforms is how to streamline the review process and still achieve the intended objectives of local development policies.	Scale of Impact - Small. The level of impact on production of housing and housing affordability will be small and will depend on the changes made to the city's procedures. Streamlining procedures may be necessary but not sufficient to increase housing production on

Strategy Name	Description	Scale of Impact
	<p><i>Milwaukie has taken steps to streamline the development process, making development easier for developers. Actions the City has taken include: assigning project managers as a consistent point of contact, charging consistent and predictable permit fees, providing a predictable review process with early feedback, and identifying zoning code changes to make development faster (Action 1.4 in MHAS).</i></p> <p><i>Action 2.10 in MHAS recommends to creation an internal culture that is friendly to rental housing providers with consistent and reliable permit and license fees</i></p> <p><i>Per HB 2001, recent code updates have made development of single unit detached and all middle housing by right (no land use review required). Multi-unit housing is either Type I or Type II with clear and objective design standards or guidelines the choice of the applicant.</i></p> <p><i>ADU development is also by right.</i></p> <p><i>Per SB 458, middle housing land division is an expedited Type II process.</i></p> <p><i>Further, additional exemptions and/or Type II variances have been included to reduce the number of Type III variances for middle housing.</i></p> <p><i>Additional proposed code amendments currently in review include allowing multiunit development by right in the high-density residential zones, as well as SROs.</i></p>	its own.
Expedited / Fast-tracked Building Permit	<p>Expedite building permits for pre-approved development types or building characteristics (e.g., green buildings).</p> <p><i>Expedited building permit review is under the authority of the city's Building Department. Current staffing will make that extremely difficult, so all applications are put into the queue and reviewed in order.</i></p>	Scale of Impact - Small. Expedited permit processing will benefit a limited number of projects. It may be necessary but not sufficient to increase housing production on its own.
Streamline Zoning Code and other Ordinances	<p>Complexity of zoning, subdivision, and other ordinances can make development more difficult, time consuming, and costly. Streamlining development regulations can result in increased development.</p> <p>As part of the streamlining process, cities may evaluate potential barriers to affordable workforce housing and multifamily housing. Potential barriers may include: height limitations, complexity of planned unit development regulations, parking requirements, and other zoning standards.</p> <p><i>See comment above regarding recent code amendments. Further, the recent code amendments removed stories as part of the height measurement, relying solely on measured height, which removed the necessity to apply for a variance based on number of stories. Also, the current high density residential zone amendments include consolidation and increases in permitted density and removal of minimum site size for multiunit development. Also, the code amendments reduce the minimum site size for a manufactured dwelling park to one acre from two acres.</i></p>	Scale of Impact - Small to moderate. The level of impact on production of housing and housing affordability will depend on the changes made to the zoning code and other ordinances.
Allow Small Residential Lots	<p>Small residential lots are generally less than 5,000 sq. ft and sometimes closer to 2,000 sq ft. This policy allows individual small lots within a subdivision. Small lots can be allowed outright in the minimum lot size and dimensions of a zone, or they could be implemented through the subdivision or planned unit development</p>	Scale of Impact – Small to moderate. Cities have adopted minimum lot sizes as small as 2,000 sq. ft. However, it is uncommon to see

Strategy Name	Description	Scale of Impact
	<p>ordinances.</p> <p>This policy is intended to increase density and lower housing costs. Small-lots limit sprawl, contribute to a more efficient use of land, and promote densities that can support transit. Small lots also provide expanded housing ownership opportunities to broader income ranges and provide additional variety to available housing types.</p> <p><i>The City allows townhouses and cottages on lots larger than 1,499. Duplexes, triplexes, and quadplexes are allowed on lots larger than 2,999. SDD units are allowed on lots larger than 4,999. This was intentional to encourage middle housing development on smaller lots. In addition, SB 458 code amendments allow middle housing land divisions with no minimum lot size.</i></p>	<p>entire subdivisions of lots this small. Small lots typically get mixed in with other lot sizes. This tool generally increases density and amount of single-family detached and townhouse housing in a given area, decreasing housing costs as a result of decreasing amount of land on the lot.</p>
Mandate Maximum Lot Sizes	<p>This policy places an upper bound on lot size and a lower bound on density in single-family zones. For example, a residential zone with a 6,000 sq. ft. minimum lot size might have an 8,000 sq. ft. maximum lot size yielding an effective net density range between 5.4 and 7.3 dwelling units per net acre.</p> <p>This approach ensures minimum densities in residential zones by limiting lot size. It places bounds on building at less than maximum allowable density. Maximum lot sizes can promote appropriate urban densities, efficiently use limited land resources, and reduce sprawl development.</p> <p>This tool is used by some cities but is used less frequently than mandating minimum lot sizes.</p> <p><i>City of Milwaukie code does include minimum and maximum density for residential units (no max. density is allowed per HB 2001 for plexes and cottage clusters. Minimum density is triggered in the city's code when: land divisions or replats change the number of lots.</i></p>	<p>Scale of Impact—Small to moderate.</p> <p>Mandating maximum lot size may be most appropriate in areas where the market is building at substantially lower densities than are allowed or in cities that do not have minimum densities.</p> <p>This tool generally increases density and amount of single-family detached and townhouse housing in a given area, decreasing housing costs as a result of decreasing amount of land on the lot.</p>
Mandate Minimum Residential Densities	<p>This policy is typically applied in single-family residential zones and places a lower bound on density. Minimum residential densities in single-family zones are typically implemented through maximum lot sizes. In multifamily zones, they are usually expressed as a minimum number of dwelling units per net acre. Such standards are typically implemented through zoning code provisions in applicable residential zones.</p> <p>This policy increases land-holding capacity. Minimum densities promote developments consistent with local comprehensive plans and growth assumptions. They reduce sprawl development, eliminate underbuilding in residential areas, and make provision of services more cost effective.</p> <p>Mandating minimum density is generally most effective in medium and high-density zones where single-family detached housing is allowed. The minimum density ensures that low-density single-family housing is not built where higher-density multifamily housing could be built.</p> <p><i>Milwaukie City code already has minimum density requirements in both the moderate and high-density residential zones. In the R-MD zone, minimum density is different depending on the size of the parent lot.</i></p>	<p>Scale of Impact—Small to moderate.</p> <p>Increasing minimum densities and ensuring clear urban conversion plans may have a small to moderate impact depending on the observed amount of underbuild and the minimum density standard.</p> <p>For cities that allow single-family detached housing in high density zones, this policy can result in a moderate or larger impact.</p>
Increase Allowable	<p>This approach seeks to increase holding capacity by increasing allowable density in residential zones. It gives</p>	<p>Scale of Impact—Small to moderate. This</p>

Strategy Name	Description	Scale of Impact
Residential Densities	<p>developers the option of building to higher densities. This approach would be implemented through the local zoning or development code. This strategy is most commonly applied to multifamily residential zones. For cities with maximum densities, consider removing maximum allowable densities. This change may be most relevant.</p> <p>Higher densities increase residential landholding capacity. Higher densities, where appropriate, provide more housing, a greater variety of housing options, and a more efficient use of scarce land resources. Higher densities also reduce sprawl development and make the provision of services more cost effective.</p> <p><i>Middle housing does not have a maximum density. Residential densities in the high-density residential zones are fairly low. An increase could be discussed. In the GMU zone, the max density for multiunit residential development is 50 du/ac. There is no maximum for mixed use buildings. In the DMU zone, there is no maximum density for residential development.</i></p>	<p>tool can be most effective in increasing densities where very low density is currently allowed or in areas where a city wants to encourage higher density development.</p> <p>This tool generally increases density and amount of single-family detached and townhouse housing in a given area, decreasing housing costs as a result of decreasing amount of land on the lot.</p>
Allow Clustered Residential Development	<p>Clustering allows developers to increase density on portions of a site, while preserving other areas of the site. Clustering is a tool most commonly used to preserve natural areas or avoid natural hazards during development. It uses characteristics of the site as a primary consideration in determining building footprints, access, etc. Clustering is typically processed during the site review phase of development review.</p> <p><i>The City already allows for clustered development. Cluster development is required for residential developments in the NR zones. SB 458 land divisions could be used for clustering as well. The city's Planned Development process could also be used for a cluster proposal.</i></p>	<p>Scale of Impact—Moderate. Clustering can increase density, however, if other areas of the site that could otherwise be developed are not developed, the scale of impact can be reduced.</p>
Reduced Parking Requirements	<p>Jurisdictions can reduce or eliminate minimum off-street parking requirements, as well as provide flexibility in meeting parking requirements. Reducing parking requirements positively impact development of any type of housing, from single-family detached to multifamily housing.</p> <p>Reduced parking requirements are most frequently used in conjunction of development of subsidized affordable housing, but cities like Portland have reduced or eliminated parking requirements for market-based multifamily housing in specific circumstances.</p> <p><i>The City reduced and/or eliminated parking requirements for ADU's, cottage clusters, duplexes, triplexes and quadplexes, as part of code changes to comply with HB 2001. The Climate Friendly Equitable Communities rules will require the removal of parking mandates for 80% of the City and the City will likely remove mandates for the remaining 20%.</i></p>	<p>Scale of Impact—Small to moderate.</p> <p>The City could require the developer to prove the need and public benefit or reducing parking requirements to increase housing affordability.</p> <p>Reducing parking requirements can have a moderate to large impact on housing affordability if little or no parking is required.</p>
Reduce Street Width Standards	<p>This policy is intended to reduce land used for streets and slow down traffic. Street standards are typically described in development and/or subdivision ordinances. Reduced street width standards are most commonly applied on local streets in residential zones. This strategy could be applied to alleys, when required, to ensure that alleys are relatively narrow to reduce development and maintenance costs.</p> <p>Narrower streets make more land available to housing and economic-based development. Narrower streets</p>	<p>Scale of Impact—Small. This policy is most effective in cities that require relatively wide streets.</p>

Strategy Name	Description	Scale of Impact
	<p>can also reduce long-term street maintenance costs.</p> <p><i>Recent middle housing code amendments included additional flexibility for the City Engineer to determine minimum street widths for new development, as well as required frontage improvements.</i></p>	
Preserving Existing Housing Supply	<p>Housing preservation ordinances typically condition the demolition or replacement of certain housing types on the replacement of such housing elsewhere, fees in lieu of replacement, or payment for relocation expenses of existing tenants. Preservation of existing housing may focus on preservation of smaller, more affordable housing. Approaches include:</p> <ul style="list-style-type: none"> • Manufactured home preservation • Single-room-occupancy ordinances • Regulating demolitions <p><i>Action 2.5 in MHAS recommends the City adopt policies to mitigate the impact of rental displacement. The Planning Commission recently recommended that City Council consider code language designed to preserve and protect manufactured home parks as part of the current HD zone consolidation project. I agree that this topic might be ripe for discussion.</i></p>	<p>Scale of Impact—Small to moderate. Preserving small existing housing can make a difference in the availability of affordable housing in a city but it is limited by the existing stock housing, especially smaller, more affordable housing. Cities with older housing stock are more likely to benefit from this policy.</p>
Inclusionary Zoning	<p>Inclusionary zoning policies tie development approval to, or provide regulatory incentives for, the provision of low- and moderate-income housing as part of a proposed development. Mandatory inclusionary zoning requires developers to provide a certain percentage of low-income housing. Incentive-based inclusionary zoning provides density or other types of incentives.</p> <p>The price of low-income housing passed on to purchasers of market-rate housing. Inclusionary zoning impedes the "filtering" process where residents purchase new housing, freeing existing housing for lower-income residents.</p> <p>Oregon's inclusionary zoning laws apply to structures with 20 or more multifamily units, with inclusion of units that are affordable at 80% of the median family income of the city.</p> <p><i>The City of Portland has implemented an inclusionary zoning program. While Portland's inclusionary zoning program is resulting in production of affordable multifamily units, there is considerable discussion and disagreement about the impact of number of multifamily units being built and potential changes in the location of units.</i></p> <p><i>The MHAS specifically says that it does not recommend inclusionary housing requirements.</i></p>	<p>Scale of Impact—Small to moderate. Inclusionary zoning has recently been made legal in Oregon. The scale of impact would depend on the inclusionary zoning policies adopted by the city.</p>
Re-designate or rezone land for housing	<p>The types of land rezoned for housing are vacant or partially vacant low-density residential and employment land rezoned to multifamily or mixed use. In rezoning land, it is important to choose land in a compatible location, such as land that can be a buffer between an established neighborhood and other denser uses or land adjacent to existing commercial uses. When rezoning employment land, it is best to select land with</p>	<p>Scale of Impact – Small to Large. Depends on the amount of land that is re-designated or rezoned.</p>

Strategy Name	Description	Scale of Impact
	<p>limited employment capacity (i.e., smaller parcels) in areas where multifamily housing would be compatible (i.e., along transit corridors or in employment centers that would benefit from new housing).</p> <p>This policy change increases opportunity for comparatively affordable multifamily housing and provides opportunities for mixing residential and other compatible uses.</p> <p>Cities across Oregon frequently re-zone and re-designate land to address deficits of land for new housing.</p> <p><i>The vast majority of land in the city allows residential development. Currently, the only zones that specifically do not permit residential development are the Manufacturing Zone, North Milwaukie Employment zone, the very small neighborhood commercial zones, and the Business Industrial Zone. Code amendments for the NMIA specifically included multiunit and mixed-use development to be permitted in the MUTSA zone.</i></p>	
<p>Encourage multifamily residential development in commercial zones</p>	<p>This tool seeks to encourage denser multifamily housing as part of mixed-use projects in commercial zones. Such policies lower or eliminate barriers to residential development in commercial or mixed-use zones. They include: eliminating requirements for non-residential uses in commercial zones (e.g., requirements for ground floor retail) or requiring minimum residential densities.</p> <p>This policy can increase opportunities for multifamily development on commercial or mixed-use zones or increase the density of that development.</p> <p>Cities across Oregon frequently encourage multifamily housing development in commercial zones, either as stand-alone residential buildings or as mixed-use buildings.</p> <p><i>Multiunit development is permitted in the commercial mixed-use zones and the downtown mixed-use zone.</i></p>	<p>Scale of Impact – Small to Moderate. Depends on the actions taken.</p>
<p>Provide Density Bonuses to Developers</p>	<p>The local government allows developers to build housing at densities higher than are usually allowed by the underlying zoning. Density bonuses are commonly used as a tool to encourage greater housing density in desired areas, provided certain requirements are met. This strategy is generally implemented through provisions of the local zoning code and is allowed in appropriate residential zones. Density bonuses typically come in the form of height or floor area ratio (FAR) bonuses.</p> <p>Bonus densities can also be used to encourage development of low-income or workforce affordable housing. An affordable housing bonus would allow for more housing units to be built than allowed by zoning if the proposed project provides a certain number of affordable units.</p> <p><i>City of Bend offers affordable housing density and height bonuses. The density increase is based on the percentage of affordable housing units within the proposed development: if 10% of the units are affordable, the maximum density is 110% of the standard maximum density. The maximum density bonus is 50% above the base density. Qualifying projects must be affordable to households at or below 60% of the AMI for rental housing and at or below 80% of the AMI for ownership housing and require development agreements and restrictions to ensure continued affordability.</i></p> <p><i>Ashland has four different density bonuses, one of which is for development of affordable housing at higher</i></p>	<p>Scale of Impact – Small to Moderate. Depends on the bonus provided and developer interest in the bonus.</p>

Strategy Name	Description	Scale of Impact
	<p><i>densities. Affordable housing projects meeting eligibility requirements (including rental housing affordable to households at or below 60% of AMI or ownership housing affordable to households at or below 80% of AMI for a minimum of 30 years) receive a density bonus of two units for each affordable housing unit provided, up to a maximum of a 35% increase in density.</i></p> <p><i>City of Milwaukie does not offer height bonuses or density bonuses in the RMD.</i></p> <p><i>An additional 10ft in height is allowed in the HDR if an additional 10% of site vegetation beyond the minimum is provided.</i></p> <p><i>CMU – Height bonus are allowed for residential above commercial, green building certification and a Type III variance.</i></p> <p><i>DMU- height bonuses are available for buildings that include desired public amenities or components; increase downtown vibrancy; and/or help meet sustainability goals.</i></p> <p><i>PD's allow for an up to 20% increase in density.</i></p>	

Increase Housing Types

The following policies focus on ways in which the City can increase the types of housing available in order to increase housing affordability. Policies focus on increasing housing density or the number of residents within existing City lots.

Strategy Name	Description	Scale of Impact
Remove barriers to Development of Accessory Dwelling Units (ADUs) in single-family zones	<p>As of July 1, 2018, ORS 197.312 requires cities to allow at least one ADU for each detached single-family dwelling in areas zoned for detached single-family dwellings.</p> <p>Jurisdictions can make development of ADUs more likely by limiting restrictive standards and procedures, such as reducing systems development charges for ADUs, reducing or eliminating parking requirements, or allowing ADUs regardless of where the primary dwelling is owner-occupied.</p> <p><i>HB 2001 Code revisions refine and facilitate the development of ADUs and other housing types in “single-dwelling” zones (Action 1.9 in MHAS).</i></p> <p><i>Current code allows up to 2 ADUs on a single dwelling lot. It also removes barriers to converting existing structures into ADUs, increased the max. size of a new ADU, and eliminates off-street parking requirements.</i></p>	Scale of Impact - Small. Oregon law requires cities to allow ADUs.
Develop Pre-Approved Plan Sets for ADUs and	Provide a pre-approved set of plans for Accessory Dwelling Units (ADU) and middle housing typology (i.e., cottage clusters, townhomes, and other middle-income housing types) designs that, if used by a developer or homeowner, would lead to automatic approvals and reduced permitting schedule. Pre-	Scale of Impact – Small to Moderate. Depends on interest from property owners and

Strategy Name	Description	Scale of Impact
Middle Housing Typologies	<p>approved plans would reduce the need for architectural costs and reduce barriers to development of these housing types.</p> <p>The plans should be highly efficient, designed for constrained lots and low-cost solutions, and would allow for streamlined permitting. Consider adapting pre-approved plans developed by other cities or working with other cities to develop pre-approved plans.</p> <p><i>Action 1.7 in MHAS recommends that the City partner with architects and builders to create base development plans and templates that are pre-approved by the city that align with housing goals and expedite the development process. Milwaukie has already created the Cottage Cluster Feasibility Analysis that can be used as a template and can help encourage similar types of replicable base plans.</i></p>	developers and use of the plans.
Broaden the Definition of Housing Type	<p>Broaden the definition of “housing unit” to allow for more flexibility across use types. For example, SROs are not always allowed in certain residential zones. Including them in the definition of housing unit or broadening the set of uses allowed across all residential districts, would allow for greater flexibility of housing type.</p> <p><i>Proposed code amendments would allow SROs by right in the HD zones.</i></p>	Scale of Impact – Small. Allows but does not directly encourage development of a wider variety of housing types.
Allow Live-Work housing or Mixed-use housing in commercial zones	<p>Allowing these housing types can increase overall density of residential development and may encourage a higher percentage of multifamily housing types. This approach would be implemented through the local zoning or development code and would list these housing types as outright allowable uses in appropriate residential zones. These housing types provide additional affordable housing options and allow more residential units than would be achieved by detached homes alone.</p> <p><i>Live/work and mixed used developments are permitted in the DMU, GMU, MUTSA, and NMU zones.</i></p>	Scale of Impact – Small to Large. Allowing these types of housing in more zoning districts may provide up to a large number of new, relatively affordable, housing opportunities.
Allow multifamily buildings in commercial zones without commercial uses	<p>Allowing for multifamily buildings in commercial areas without commercial uses on ground floors can result in lower rents, which still contributing to development of a mixed-use environment. Developing the first floor to commercial building standards is more expensive than building for residential uses on the first floor. In some cities, there may not be sufficient commercial demand to fill first floor commercial spaces, making development of a vertical mixed-use building less financially feasible.</p> <p><i>Multiunit development is permitted in the DMU, GMU, NMU, and MUTSA zones.</i></p>	Scale of Impact – Small to Moderate: Depends on developer interest.
Allow for Single Room Occupancy and Co-Housing in Residential Zones	<p>Allow for single room occupancy (SRO), which may include “adult dorms,” in all residential zones. Cities often have barriers to these types of housing in their zoning codes. These housing types have private living space with shared bathroom, kitchen, and other facilities.</p> <p>Co-housing is multiple people, often unrelated adults, living in a single-family house together. Some cities have regulations limiting the number of unrelated adults who can live in a dwelling unit.</p> <p><i>Multiunit development is permitted in the DMU, GMU, NMU, and MUTSA zones. Co-housing has not</i></p>	Scale of Impact – Small. Allows but does not directly encourage development of these housing types.

Strategy Name	Description	Scale of Impact
	<i>been discussed but should be.</i>	
Allow small or “tiny” homes	<p>“Tiny” homes are typically dwellings that are 500 square feet or smaller. Some tiny houses are as small as 100 to 150 square feet. They include stand-alone units or very small multifamily units.</p> <p>Tiny homes can be sited in a variety of ways: locating them in RV parks (they are similar in many respects to Park Model RVs), tiny home subdivisions, or allowing them as accessory dwelling units. Smaller homes allow for smaller lots, increasing land use efficiency. They provide opportunities for affordable housing, especially for homeowners.</p> <p>Portland and Eugene allow tiny homes as temporary shelter for people experiencing homelessness.</p> <p><i>The city has a current prohibition on living in vehicles (homes on wheels/chassis). We have talked about allowing these housing types as part of a transitional housing/CSU process.</i></p>	Scale of Impact – Small: Scale of impact depends on regulation of tiny homes, where they are allowed, and market demand for tiny homes.

Strategies to Address Homelessness

The following strategies focus on ways that the City can address homelessness. Many of the strategies throughout this memorandum support development of affordable housing, which can help minimize homelessness, such as supporting regulated affordable housing. The strategies listed below are a few examples of additional strategies to address homelessness.

Strategy Name	Description	Scale of Impact
Support access to emergency shelter	<p>A City can work with partners to support access to emergency shelter, such as:</p> <ul style="list-style-type: none"> • Low barrier shelters are emergency shelters where identification is not required, pets may be allowed, and sobriety is not a requirement. • Safe sleep options, such as religious organizations and nonprofits that host vehicles on their properties, identifying public areas where overnight parking is allowed, creating a city-sponsored RV park with low or no nightly fees, or allowing homeowners to host a tent or vehicle on their properties. • Alternative shelter options, such as groupings of micro-homes, nonprofit sponsored mobile home park, or nonprofit-owned motel <p>A city can support these types of housing by ensuring that they are allowed in the City’s zoning code and through facilitating the planning process. The City may also contribute funds, land, or other resources to support development of these housing types.</p>	Scale of Impact – Emergency shelter does not result in development of new housing. But it can have an impact on providing opportunities to transition from homelessness to long-term housing.
Develop a	A navigation center provides emergency shelter beds for single adults, families, and couples. The navigation center should include support services such as coordinated entry assessment, housing	Scale of Impact – A navigation does not result in development of new housing. But it can have

Strategy Name	Description	Scale of Impact
Navigation Center	placement, counseling, case management, medical services and referrals, and other services.	an impact on providing opportunities to transition from homelessness to long-term housing.
Support Targeted Housing Services	<p>The City can work with partners, such as the housing authority or nonprofit developers, to support development of housing for households with very low incomes (or no incomes) that includes services necessary to help a person transition from homelessness into housing. These types of housing include:</p> <ul style="list-style-type: none"> • Rapid re-housing is an approach to working with service providers to assist qualified households to quickly exit homelessness and regain stability. This may be best for people who need initial support transitioning back into housing but do not need long-term ongoing services. • Permanent Supportive Housing works with nonprofit housing developers and service providers to provide housing and supportive services for people who need ongoing services over the long term. • Transitional housing provides support for people who need intensive services on a shorter-term basis, such as people existing corrections facilities or unaccompanied youth. <p>A city can support these types of housing by ensuring that they are allowed in the City's zoning code and through facilitating the planning process. The City may also contribute funds, land, or other resources to support development of these housing types.</p> <p><i>The city added a staff member to the Clackamas County Housing and Houselessness Task force to collaborate between agencies and to streamline supportive housing services (Action 1.13 in MHAS).</i></p>	<p>Scale of Impact – Small. While this type of housing may result in a small number of units, it can have a big impact on providing opportunities to transition from homelessness to long-term housing.</p>

Approaches to Maintain Long-term Affordability

Strategy	Description	Scale of Impact
Ordinances to Preserving Existing Affordable Housing Supply	<p>Housing preservation ordinances typically condition the demolition or replacement of certain housing types on the replacement of such housing elsewhere, fees in lieu of replacement, or payment for relocation expenses of existing tenants. Preservation of existing housing may focus on preservation of smaller, more affordable housing. Approaches include:</p> <ul style="list-style-type: none"> ▪ Housing preservation ordinances ▪ Housing replacement ordinances ▪ Single-room-occupancy ordinances ▪ Regulating demolitions 	<p>Scale of Impact – Small to moderate. Preserving small existing housing can make a difference in the availability of affordable housing in a city but it is limited by the existing stock housing, especially smaller, more affordable housing. Cities with older housing stock are more likely to benefit from this policy.</p>
Add Restrictive Covenants to Ensure	<p>Adding restrictive covenants to ensure affordability over time at a certain income level for affordable housing developments. Restrictive covenants are usually placed on a property in exchange for a local or state government providing financial contribution to the project. These covenants work best over the short-term (up to</p>	<p>Scale of Impact – Small to Moderate. Preserves affordable housing over covenant term.</p>

Strategy	Description	Scale of Impact
Affordability	30 years); after that they become unable to accommodate changed circumstances.	
Support Preservation of Manufactured Home and Mobile Home Parks	<p>Preservation of manufactured home parks can be accomplished through a range of approaches, such as resident owned cooperatives or non-profit ownership. Oregon Housing and Community Services (OHCS) has regularly received lottery bonds or general funds from the Oregon Legislature to preserve manufactured home parks through these approaches. Hood River could work with owners of manufactured home parks, especially those where redevelopment is being considered, to identify opportunities to preserve manufactured home parks through these approaches.</p> <p><i>The Planning Commission recently recommended that City Council consider code language designed to preserve and protect manufactured home parks as part of the current HD zone consolidation project</i></p>	Scale of Impact – Small to moderate.

Policies to Support Housing Equity

The following policies focus on ways to increase equity in decision making about housing and further fair housing within the city.

Strategy Name	Description	Scale of Impact
Implement all Housing Policies through a Lens of Social and Racial Equity	<p>Develop a social and racial equity and inclusion lens to evaluate all housing policies.</p> <p><i>The city's comp plan was adopted in 2020 and includes many goals and policies related to equity. The city is also in the process of furthering its equity work and has hired a consultant to work with the ESC to develop strategies moving forward.</i></p>	Scale of Impact – Small to Large. Depends on the changes in policy making processes.
Adopt Affirmatively Furthering Fair Housing as a Housing Policy in Comprehensive Plan and Provide Fair Housing Education, Referral, and Other Services	<p>Amend the comprehensive plan to explicitly make Affirmatively Furthering Fair Housing a Housing Policy. The city may consider whether the Comprehensive Plan is the appropriate location for this policy. A part of this policy is ensuring there are opportunities for education about fair housing to residents, property owners, property managers, realtors, lenders and others involved with real estate transactions with access to Fair Housing information and referrals. Educate city staff on how to identify potential Fair Housing violations and make referrals to the Fair Housing Council of Oregon and state and local enforcement agencies. The city could partner with and fund Fair Housing Council of Oregon to provide periodic Fair Housing Audit Testing, customized outreach and education and other specialized services.</p> <p><i>The Comp Plan includes the following policy: Support the Fair Housing Act and other federal and state regulations that aim to affirmatively further fair housing.</i></p> <p>Provide residents, property owners, property managers, realtors, lenders and others involved with real estate transactions with access to Fair Housing information and referrals. Educate city staff on how to identify potential Fair Housing violations and make referrals to the Fair Housing Council of Oregon and state and local enforcement agencies. Partner with and fund Fair Housing Council of Oregon to provide periodic Fair Housing Audit Testing, customized outreach and education and other specialized services.</p>	Scale of Impact – Small to Moderate. Depends on the actions and existing and on-going discrimination.

Strategy Name	Description	Scale of Impact
Provide informational resources to landlords, developers, and tenants	<p>Provide informational resources to landlords and tenants about their rights and responsibilities. The MHAS recommends the providing the following resources to landlords and tenants:</p> <p><i>Milwaukie partners with county mediation services, trainings, and resources for tenants and landlords, all accessible on the city website (Action 2.6 in MHAS).</i></p> <p><i>Action 2.9 in MHAS recommends building connections among rental housing providers to share information and best practices to support and maintain the supply of rental units.</i></p> <p><i>Action 1.12 recommends developing and maintaining a database of available properties to market to developers, loopnet.com is currently being considered as such a database.</i></p> <p><i>Action 3.4 recommends developing community capacity through a marketing campaign to educate and engage the community on housing affordability, density, and development realities.</i></p> <p><i>Action 2.9 in MHAS recommends building connections among rental housing providers to share information and best practices to support and maintain the supply of rental units.</i></p>	Scale of Impact – Small to Moderate. Depends on the actions and existing and on-going discrimination.
Accessible Design	<p>Provide incentives in the development code to increase the number of units designed to meet Universal Design, Lifelong Housing Certification, and other similar standards. This strategy could include pre-approved plan sets (e.g., single-family detached and townhomes with barrier-free / universal design), within the context of ADA and FHA rules.</p> <p><i>Milwaukie is working to structure incentives to encourage universal design and age-friendly housing development (Action 1.5 in the MHAS).</i></p>	Scale of Impact – Small to Moderate. Improve housing accessibility for populations that need special accommodations.

Programs that Provide Financial Assistance

The following policies focus on ways in which the City and other community stakeholders can provide financial assistance to potential residents in order to increase housing affordability and accessibility for multiple income groups.

Strategy Name	Description	Scale of Impact
Develop Housing Options and Services to Address and Prevent Houselessness	The city can partner with agencies and nonprofit organizations that provide housing and services to people experiencing houselessness. This could include: (1) working with partners to support development of an emergency shelter for people experiencing houselessness, (2) working with service providers who provide rapid re-housing services to exit houselessness, (3) work with nonprofit housing developers and service providers to develop an application to the State for funding for permanent supportive housing, and (4) work with partners to support transitional housing development. This strategy ties to the strategies to expand affordable rental housing and preserve affordable housing.	Scale of Impact – Low to Moderate. Depends on the actions of each partner taken.
Home ownership programs	Cities use a variety of programs to assist with homeownership Homebuyer Assistance Programs. These Down Payment Assistance loans help low- or moderate-income households cover down payment and closing costs to purchase homes on the open market. These programs either give loans or grants, most frequently to first time homebuyers.	Scale of Impact - Small. While homeownership programs are important, limited funds mean that the number of households that benefit from homeownership programs is relatively small.

Strategy Name	Description	Scale of Impact
	<p>Partnerships. Cities often work with partnerships with nonprofit agencies that provide homeownership assistance. <i>Action 3.1 in MHAS recommends providing, which is meant for <u>first-time</u> homebuyer education and support, which is funded through CET funds from the State.</i></p> <p><i>Milwaukie is providing information incorporating information to support and promote existing programs to help seniors and low-income homeowners stay in their homes on a publicly accessible website (Action 2.4 in MHAS).</i></p> <p><i>Action 3.6 recommends partnering with Oregon IDA Initiative to help Milwaukie residents build financial management skills and assets.</i></p>	
Housing Rehabilitation Programs	<p>Cities often offer home rehabilitation programs, which provide loans to low- and moderate-income households for rehabilitation projects such as making energy efficiency, code, and safety repairs. Some programs provide funding to demolish and completely reconstruct substandard housing.</p> <p><i>Milwaukie is exploring a variety of low-cost loans and emergency funds for property owners (single-dwelling and multifamily) for maintenance, weatherization, and seismic upgrades (Action 2.7 in MHAS). Milwaukie is partnering with Clackamas County’s affordable housing rehabilitation projects in Milwaukie (Action 1.13 in MHAS).</i></p>	Scale of Impact - Small. Limited fund availability means that relatively few households will be able to access housing rehabilitation funds.
Weatherization Funds through Community Action Agencies	<p>Use weatherization funds administered by statewide network of Community Action Agencies to preserve aging housing stock occupied by income-qualified residents. The City could play an active role in supporting this program by providing informational/promotional assistance to residents.</p> <p><i>Milwaukie is exploring a variety of low-cost loans and emergency funds for property owners (single-dwelling and multifamily) for maintenance, weatherization, and seismic upgrades (Action 2.7 in MHAS).</i></p>	Scale of Impact – Low to Moderate. Depends on availability of funding.
Rental assistance programs	<p>A variety of programs to provide rental assistances, many of which are not under direct city control</p> <p>Section 8 Voucher: This assistance subsidizes the difference between 30 to 40 percent of a household’s income and the area’s Fair Market Rent (FMR).</p> <p>Rental assistance programs. These programs offer a range of services, such as assistance with security deposits.</p> <p>Rent Control. Rent control regulations control the level and increases in rent, over time resulting in rents that are at or below market rates.</p> <p>Partnerships. Cities often work with partnerships with nonprofit agencies that provide rental assistance.</p> <p><i>Milwaukie has also reached out to OneApp Fee to streamline the rental application process and reduce application fees (Action 3.3 in MHAS).</i></p> <p><i>The Milwaukie city website promotes the County’s Rent Well program that helps to certify renters and reduce move-in costs (Action 3.2 in MHAS).</i></p> <p><i>Milwaukie has issued three rounds of rental assistance, working with Northwest Housing Alternatives to administer the program for the City.</i></p>	Scale of Impact - Small. Renter assistance programs are important. However, limited city funds mean that the number of households that benefit from rental assistance resulting from city funding is relatively small.

DATE: October 12, 2022
TO: Laura Weigel and Joseph Briglio, City of Milwaukie
FROM: Becky Hewitt, Beth Goodman, and Mackenzie Visser, ECONorthwest
SUBJECT: Analysis of Middle Housing Infill and Redevelopment Potential in Milwaukie, Oregon

Background and Purpose

The Oregon State Legislature passed House Bill 2001 (HB 2001) in 2019 to provide more housing choices in neighborhoods that currently only allow single-detached housing. The intended goal is to increase the total supply of housing that is affordable to more people. Many cities in Oregon, including the City of Milwaukie, have recently revised their zoning codes to allow “middle housing” (duplexes, triplexes, fourplexes, cottage clusters, and townhouses) in all residential areas that allow single-detached housing, but there has been little time for developers to respond and for cities to observe how much middle housing infill and redevelopment will occur in these areas. As part of developing its Housing Capacity Analysis (HCA), the City of Milwaukie asked ECONorthwest to estimate capacity for middle housing infill and redevelopment based on changes to the code due to HB 2001.

Much of the City of Milwaukie (almost 5,800 parcels and over 1,300 acres) is now zoned to allow middle housing (and, in some cases, additional single-detached housing). In a city with limited vacant buildable land, this represents a large increase in zoned capacity. However, zoned capacity is quite different from what actually gets built, i.e., housing production, as illustrated in Exhibit 1. This analysis is intended to provide a rough estimate of the number of viable sites for infill and/or redevelopment and of realistic housing production through middle housing infill/redevelopment over the next 20 years, to inform the City’s housing capacity assumptions in the HCA.

Exhibit 1: Housing Production "Funnel"

Source: ECONorthwest



Overview of Approach

The analysis identifies where middle housing infill and redevelopment are allowed under zoning, analyzes where infill and redevelopment are potentially feasible given property size and value, and estimates what share of sites where infill and redevelopment are allowed and are potentially feasible may be developed with middle housing over the next 20 years. It does not predict whether or when individual properties will be developed with middle housing. Whether or when infill or redevelopment will occur on a given property (if it is zoned to allow infill and/or redevelopment) is up to the property owner, not the City.

The analysis takes into consideration parcel-specific information where available, including zoning, parcel size, existing property value, age of existing structures, and Buildable Lands Inventory (BLI) constraints and land classifications; and market-specific information for likely form and density for several housing types, rents and sales prices, and typical construction costs. It accounts for the influence of more detailed site-specific factors (e.g., parcel shape, location of existing structures and constraints on the lot, and property owner preferences) only in the aggregate in terms of general trends and probabilities, as these factors are not known on a parcel-by-parcel basis. It focuses on middle housing but also includes single-detached housing for comparison. It encompasses all parcels in the City's R-MD residential zone (the zone most affected by HB 2001) that are over 3,000 square feet (the minimum lot size for middle housing per the City's updated zoning regulations) and classified as developed in the Buildable Lands Inventory (to avoid double-counting capacity on vacant land).

Details of the methodology and assumptions are provided in the Technical Appendix.

Summary of Results

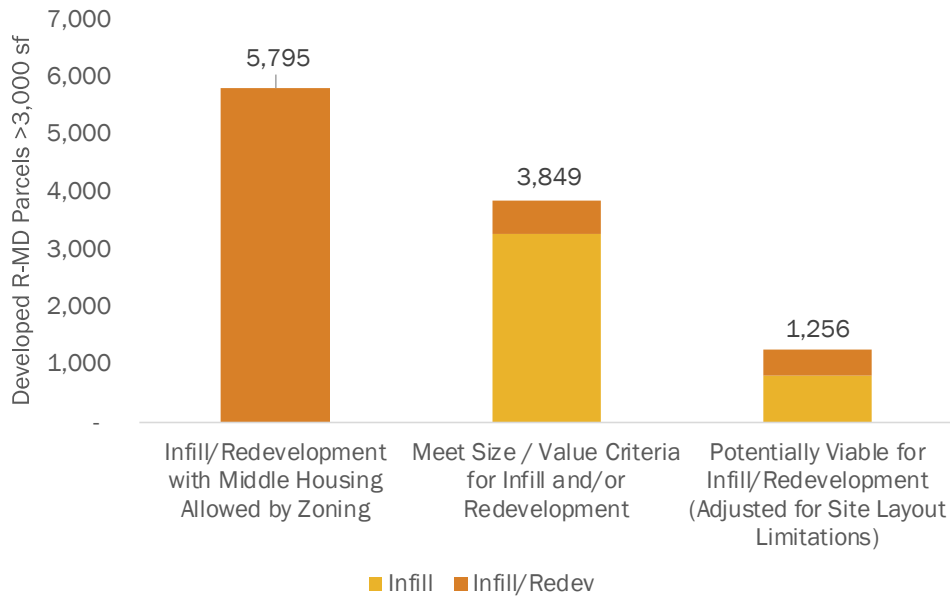
Zoned Capacity and Potentially Viable Sites for Infill/Redevelopment

ECONorthwest's analysis showed:

- Middle housing infill and/or redevelopment is **allowed** on **all** parcels included in the analysis (roughly 5,795 parcels). Roughly **66%** of these parcels could **potentially allow infill and/or redevelopment** based on property size and value (roughly 3,850 parcels), though most of this is based on infill potential. After accounting (roughly) for site layout limitations that may preclude infill, roughly **22%** of parcels (about 1,250 parcels) **may be viable for infill and/or redevelopment**. (See Exhibit 2.) Only about **8%** of parcels are likely **financially feasible for redevelopment**.
- Larger sites are more likely to have development potential, but many smaller sites could potentially allow infill based on size criteria (see Exhibit 3).
- There is a wide range of site sizes for parcels included in the analysis, but on average, sites where infill and/or redevelopment was found to be potentially viable could accommodate roughly 3 additional housing units per site. (See Exhibit 4.)

Exhibit 2: Parcels with Infill/Redevelopment Potential based on Zoning, Property Size and Value, and Typical Site Layout Limitations

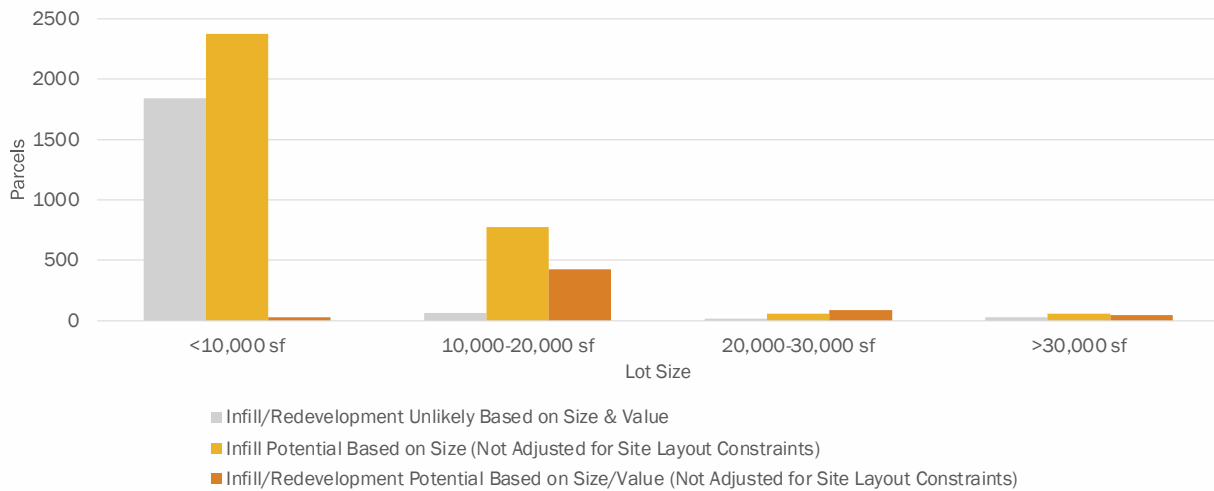
Source: ECONorthwest



Note: Does not account for all site-specific factors, including property condition, need for infrastructure improvements, localized market factors, and property owner preferences.

Exhibit 3: Parcels with Infill/Redevelopment Potential by Parcel Size

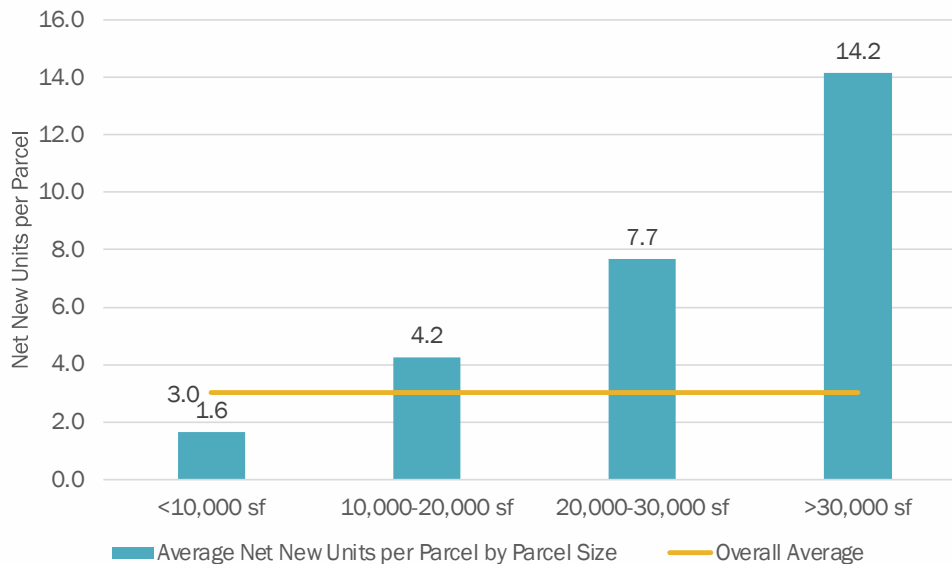
Source: ECONorthwest



Note: Does not account for all site-specific factors, including property condition, need for infrastructure improvements, localized market factors, and property owner preferences.

Exhibit 4: Average Net New Units per Parcel with Infill/Redevelopment Potential by Parcel Size

Source: ECONorthwest



Note: Does not account for all site-specific factors, including property condition, need for infrastructure improvements, localized market factors, and property owner preferences.

Estimated Housing Production from Middle Housing Infill and Redevelopment

While there are no perfect comparisons for estimating “uptake” (how many property owners eligible to build more housing will do so) and the amount of middle housing production for directly comparable zoning allowances and Milwaukie’s specific market and site conditions, ECONorthwest’s analysis of three different sets of data on uptake in somewhat similar situations in Milwaukie and Portland suggests that **middle housing production over 20 years could be between about 600 and 1,600 units – 30 to 80 units per year, on average**. The wide range of estimates reflects the degree of uncertainty about both site-specific factors that could influence outcomes and about the pace of demand for middle housing in the area generally.

Details of the calculations behind estimates are included in the Technical Appendix.

Technical Appendix

The approach to the analysis is described below along with key assumptions for the analysis.

Property Criteria

ECONorthwest, based on discussions with City staff, selected parcels that meet the following criteria for consideration in this analysis:

- Zoned R-MD (the zone most affected by HB 2001);
- Over 3,000 square feet (the minimum lot size to allow development of several middle housing types under the City’s current development code for R-MD); and
- Classified in the BLI as developed (to avoid double counting other housing capacity).

Housing Types: Form and Market Assumptions

The analysis focuses on middle housing types that are most likely to drive infill and redevelopment potential. ECONorthwest selected detached plexes, cottage clusters, stacked fourplexes, and townhouses based on prior experience.¹ The analysis also includes single detached dwellings as a comparison. The specific prototypical developments used in the analysis have assumed building heights, unit sizes, and lot sizes/site area that are allowed under the development code and informed by real-world developments and local market conditions. Required site area assumptions are not necessarily set to the minimums allowed by zoning—some prototypes likely need larger site areas to account for parking, lot coverage, circulation, and site layout.

ECONorthwest estimated sales prices / rents for each housing prototype using recent sales transactions and rents for the most comparable available recent development in Milwaukie and portions of Southeast Portland.

Exhibit 5: Housing Prototype Assumptions

Source: ECONorthwest

Housing Type	Unit Size	Required Site Area	Sale Price	Monthly Rent
Average Single Family Residential	2,180 square feet	5,000 square feet	\$663,000	--
Large Single Family Residential	2,730 square feet	6,000 square feet	\$722,000	--
Fourplex (stacked)	875 square feet	5,000 square feet	--	\$1,900 per unit
Detached Plex	1,600 square feet	3,600 square feet	\$495,000	--
Cottage Cluster	1,350 square feet	10,000 square feet	\$450,000	--
Townhouse (two units)	1,600 square feet	3,500 square feet	\$475,000	--

¹ Attached duplexes and triplexes are excluded from this analysis because they are allowed on the same size lot as a fourplex, and the fourplex maximizes the yield of the site to a greater extent than a duplex or triplex. Detached duplexes and triplexes are included in this analysis.

Evaluating Infill and Redevelopment Potential

Infill and Redevelopment Criteria

ECONorthwest identified the criteria shown in Exhibit 6 to identify parcels that could have potential for infill and/or redevelopment. (These criteria are not mutually exclusive.)

Exhibit 6: Infill and Redevelopment Criteria

Source: ECONorthwest

	Redevelopment Criteria	Infill Criteria
Year Built of Existing Structure	Before 2000	N/A (building assumed to remain)
Building Value* of Existing Structure	<\$350,000	N/A (building assumed to remain)
Buildable area	Enough buildable area to accommodate one or more housing types (without retaining existing structure)	Enough buildable area to accommodate one or more housing types after deducting land for the existing structure
Financial Feasibility	Development can afford to buy site at estimated total market value* + 10%	N/A (value of a back yard is highly subjective)

* Building value and land value are based on assessor estimates. Total market value is based on assessor estimates, adjusted based on recent sales trends.

The approach to determining whether a given property would meet the buildable area and financial feasibility criteria is described further below.

Buildable Area Criteria and Unit Yield

ECONorthwest estimated how many of each prototype could fit on each lot included in the analysis given the buildable area of the lot and the required site size for each prototype in both an infill and a redevelopment scenario. For the infill scenario, the existing structure is assumed to remain, with some land retained around the existing home.² For the redevelopment scenario, the existing home is assumed to be removed, and all buildable area on the parcel is assumed to be available for development. For sites that are large enough to fit several housing prototypes, the analysis accounts for land needed for access / circulation (e.g., a new public or private road).³

² For most homes, the analysis assumes 4,000 square feet of land would remain around the existing home in the infill scenario; for homes with a building value (per the assessor's data) over \$525,000 the analysis assumes 10,000 square feet would remain around the existing home.

³ The analysis assumes 10% of the buildable parcel area would be needed for circulation and access (either as a shared driveway or as a new street) if more than one prototype could be built on a given lot.

Financial Feasibility of Redevelopment: Residual Land Value compared to Real Market Value

To analyze whether redevelopment is financially feasible, ECONorthwest used Residual Land Value (RLV)—the maximum price a developer could pay to acquire property given the site’s development potential, the value of future development, and other costs of development (aside from land). ECONorthwest calculated RLV for each housing prototype that would fit on a given lot based on the number of times the prototype could fit on the lot (as described above) and prototype-specific sales prices/rents (listed in Exhibit 5) and development costs. Development cost assumptions are based on input from middle housing developers in the Portland region and elsewhere; construction costs adjust for unit size because smaller units typically cost more to build per square foot. Local system development charges and fees are calibrated for each housing type based on information provided by City staff.

ECONorthwest compared the total RLV for the potential development to the estimated total market value of the existing property. The total market value estimates are based on tax assessor’s estimates of Real Market Value (RMV), adjusted based on ECONorthwest’s analysis of recent sales prices for existing homes compared to estimated RMV for the same property. ECONorthwest found that the assessor’s RMV estimates were low relative to sales prices, on average, although they varied substantially for individual properties. Lower RMV numbers were generally further below the market sale price than higher RMV numbers, as shown in Exhibit 7

Exhibit 7: Comparison of Sale Price to RMV, Milwaukie

Source: ECONorthwest analysis of sales transactions from Redfin and RMV from Metro RLIS taxlot data

RMV Range	Average of Sale Price to RMV
<\$350,000	137%
\$350,000-\$450,000	126%
>\$450,000	116%
Overall Average	126%

As noted in Exhibit 6, redevelopment was considered financially feasible if a developer could afford to buy the site at estimated total market value plus 10%. In other words, if the RLV of the potential development was at least 10% above the adjusted RMV of the property, redevelopment was considered financially feasible.

From Infill and Redevelopment Potential to Housing Production

Factors Limiting Infill and Redevelopment

Just because infill or redevelopment is theoretically feasible on a given property does not mean that it will occur. There are several factors that influence how many of the properties that may have infill/redevelopment potential will see further development.

Site Layout

Some properties are large enough to accommodate additional housing without removing the existing home, but the layout of the site makes it difficult or impossible to access the back of the property without impacting the existing structure. (See example in Exhibit 8 below.) Based on a visual review of GIS data, ECONorthwest estimates that this site layout constraint likely affects up to 75% of the parcels identified as having infill potential based on parcel size alone.

Exhibit 8: Example development pattern where site layout may preclude or substantially limit infill potential on lots large enough to add more units

Source: ECONorthwest



Orange lots are large enough for infill, but the building footprint (shown in dark grey) covers much of the front of the lot, leaving little room to provide access to the back yard.

Property Owner Preferences and Other Ways to Add Value

Because, as noted above, whether to pursue infill or redevelopment is up to the property owner (in cases where it is allowed and potentially viable), property owner preferences, property condition, market timing, and other factors play a major role in determining the outcome for a given property. Many property owners value their homes and yards as they are and prefer to retain a large yard than to build on the extra land or sell it to a developer. Infill or redevelopment is more likely to occur after a property is sold, as the next property owner may (in some cases) buy it with the intention of increasing development on the site. However, even when there is infill or redevelopment potential, it is often easier for a buyer or investor to remodel an existing home than to redevelop it or add units to it.

Approaches to Estimating Realistic Infill/Redevelopment Housing Production

ECONorthwest used several approaches to account for the difference between infill/redevelopment potential and housing production, looking at data from a range of sources comparing properties where infill or redevelopment was allowed to properties where infill or redevelopment occurred within a given period of time. These are summarized below, along with the resulting calculations.

Approach 1: Viable Property Sales and Conversion Following Sale

Conversion Following Sale

ECONorthwest collected and analyzed sales transaction data from a neighborhood in southeast Portland where many homes are zoned to allow at least one additional unit. ECONorthwest identified properties that sold for up to \$425,000 in the past five years—a sale price below which anecdotal evidence suggests that redevelopment may be possible in some situations. Among these properties, ECONorthwest identified whether additional housing units were allowed under zoning and whether redevelopment had occurred or was in process based on permit records, using data from Portland Maps. Roughly 25% of the properties included in the analysis that were eligible for additional units were redeveloped with or permitted for more than one new unit as of August 2022.

Properties Available for Sale per Year

ECONorthwest estimated the share of properties within the parcel data set used for the middle housing infill and redevelopment analysis that sold annually based on an average across three years of sales transactions. This showed that an average of 8.7% of the properties in the data set sold per year between 2018 and 2021. This was one input into some of the approaches contemplating potential annual housing production due to middle housing infill or redevelopment.

Approach 1 Calculations for Milwaukie Middle Housing Production

- **1,256** properties were estimated to be viable for infill and/or redevelopment after accounting for the prevalence of sites with access/layout limitations (see Exhibit 2, page 3).
- **8.7%** of subject parcels sell per year on average
- $1,256 \text{ viable properties} \times 8.7\% \text{ sold per year} = \sim\mathbf{109}$ viable properties available for infill/redevelopment per year
- **~25%** of viable properties in Southeast Portland study area converted following sale
- $109 \text{ viable properties sold per year} \times 25\% \text{ conversion rate} = \sim\mathbf{27}$ properties converted per year
- **3.02** net new units estimated per viable site on average (see Exhibit 4, page 4)
- $27 \text{ properties converted per year} \times 3.02 \text{ net new units per property} = \sim\mathbf{82}$ net new units per year
- $82 \text{ net new units per year} \times 20 \text{ years} = \sim\mathbf{1,640}$ net new units over 20 years

Approach 2: Share of Viable Properties Converted Based on Recent Milwaukie Infill

Share of Single-Detached Housing Infill Potential Delivered

ECONorthwest used the 2020 Milwaukie BLI data and the City permit data used to update the BLI in mid-2022 to identify the share of properties that had infill potential based on prior zoning that were permitted for development since the last BLI update. The analysis also broke this out

based on the number of additional units allowed by zoning to see if there is a difference between sites eligible to add just a few units (up to 4) compared to those allowed to add more units (5 or more). The data covers only a short period of observation, and single-detached housing infill may differ from middle housing infill, but the data quality is good and covers the same properties included in the middle housing infill and redevelopment analysis.

ECONorthwest found that close to 1% of developed R-MD properties eligible for infill as of 2020 had building permits for additional units by mid-2022, as shown in Exhibit 9, with much higher conversion rate for properties with potential for more than four units. However, the number of units produced on larger properties was a smaller share of the maximum potential, suggesting that the larger sites are more likely to be developed but may not develop to the maximum entitlements.

Exhibit 9: Single-Detached Housing Infill and Redevelopment on Developed R-MD Parcels in Milwaukie by Number of Potential New Units, 2020-2022

Source: ECONorthwest analysis of City of Milwaukie BLI data and building permit data

Potential New Units	R-MD developed properties as of 2020	Converted 2020-2022	% converted 2020-2022	Over 20 years if continued	Units allowed	Units added through infill 2020-2022	Units produced as a % of units allowed	Over 20 years if continued
1-4 units	694	4	0.58%	7.68%	1017	5	0.49%	6.56%
>4 units	44	3	6.82%	90.91%	357	9	2.52%	33.61%
Total	738	7	0.95%	12.65%	1374	14	1.02%	13.59%

Approach 2 Calculations for Milwaukie Middle Housing Production

Exhibit 10 shows the result of applying those 20-year estimated conversion rates for single-detached housing infill from Exhibit 9 to properties identified as likely viable for infill / redevelopment with middle housing, differentiating based on the number of potential new units.

Exhibit 10: Estimates of Middle Housing Infill/Redevelopment Potential on Developed R-MD Parcels at Recent Conversion Rates by Number of Potential New Units

Source: ECONorthwest analysis

Potential New Units	Est. Viable Properties	Est. conversion rate over 20 years	Viable Properties Potentially Converted in 20 years	Est. Viable Units	Est. % of Viable Units Delivered over 20 years	Viable Units Potentially Delivered in 20 years
1-4 units	823	7.68%	63	1747	6.56%	115
>4 units	433	90.91%	393	3163	33.61%	1063
Total	1256	12.65%	456	4910	13.59%	1178

This suggests potential for just under 1,200 units of middle housing through infill and/or redevelopment over 20 years.

Approach 3: Applying Portland Duplex Conversion Rate

Portland Duplex Conversion Over Time

The City of Portland collected and analyzed data on corner lots that were zoned to allow duplexes prior to the passage of the [Residential Infill Project](#) and HB 2001. The analysis did not include any property value or size factors but did differentiate based on location within the City. It calculated what share of all corner lots where duplexes were allowed were converted to a duplex between 1991 and 2020. This analysis showed roughly **3.4%** of corner lots zoned to allow duplexes citywide converted. The City's summary stated:

*"Corner lot duplexes and attached houses have been allowed citywide in R20-R2.5 zones since 1991. An inventory of assessor data showed that in RIP zones, the "capture rate" or utilization of the corner lot duplex provision ranged from 3.4 to 5.4 percent of corner lots depending on their proximity to designated centers."*⁴

Results are shown in Exhibit 11, below.

Exhibit 11: Portland Corner Lot Duplex Conversion Rates 1991-2020

Source: City of Portland

Corner lot duplexes (R7, R5 and R2.5 zones)		
Pattern Area	All corner lots	Only corner lots within ¼ mile of centers
East	2.0%	2.9%
Inner	4.3%	6.3%
West	0.6%	1.7%
Citywide	3.4%	5.4%

This analysis has some differences from the analysis of middle housing infill and redevelopment potential in Milwaukie, including:

- Land division was generally not permitted—duplexes were allowed with condominium or rental development only.
- No more than two units were allowed, whereas a greater number of middle housing units could be permitted on many sites in Milwaukie's R-MD zone.
- Units had to be attached, whereas middle housing units in Milwaukie's R-MD zone can be attached or detached.
- The observation period was close to 30 years, compared to a 20-year forecast period for the HCA.
- The market conditions in Portland from 1991 to 2020 likely differ from current market conditions in Milwaukie.

⁴ City of Portland, "Residential Infill Project, Exhibit A Findings of Fact Report", July 2020, portland.gov/sites/default/files/2020-08/exhibit_a_rip_findings_adopoted1.pdf, Page 224

Despite the longer time horizon, most of these factors would tend to limit up-take relative to the City of Milwaukie's zoning provisions that allow detached plexes and, pursuant to Senate Bill 458, allow middle housing land divisions that enable the underlying property to be divided.

Approach 3 Calculations for Milwaukie Middle Housing Production

Applying the Portland's citywide average conversion rate for corner lot duplexes (3.4%), as identified in Exhibit 11, to all developed R-MD properties in Milwaukie with zoned potential for middle housing provides one more reference point for consideration, though it is likely a conservative estimate given the factors described previously.

- 5,795 developed R-MD properties zoned to allow more units x 3.4% converted over 20+ years = ~197 properties converted over 20+ years
- 3.02 net new units estimated per viable site on average (see Exhibit 4, page 4)
- ~197 properties converted x 3.02 net new units per property = ~596 net new units over 20 years