



City of Milwaukie

2023–2043 Housing Capacity Analysis

April 2022

Prepared for: City of Milwaukie

DRAFT REPORT

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Executive Summary

The City of Milwaukie grew from 20,490 people in 2000 to 21,235 people in 2021, an increase of 745 people or 4% growth. Milwaukie is forecast to continue growing between 2023 and 2043, adding about 1,670 new households. Housing affordability has long been a concern in Milwaukie and is an increasingly urgent concern, consistent with decreases in housing affordability across the Portland region..

Given this context, now is a good time for the City to update its understanding of housing need in Milwaukie and the policies to address housing needs. This project includes two separate but closely related reports:

- **Milwaukie Housing Capacity Analysis (HCA).** This report provides Milwaukie with a factual basis to support future planning efforts related to housing and options for addressing unmet housing needs in Milwaukie. It provides the city with newer information about the housing market in Milwaukie and describes the factors that will affect future housing demand in the city, such as changing demographics.
- **Milwaukie Housing Production Strategy (HPS).** This report will be a six-year action plan intended to address issues identified in the HCA. Specifically, the HPS is meant to propose policy solutions (actions) to address unmet housing needs of current and future residents of Milwaukie and support the development of needed housing in Milwaukie over the next six years. The HPS will take into account the work already underway in the City and the *Milwaukie Housing Affordability Strategy (MHAS)* Action Plan.

This summary provides key information from the Housing Capacity Analysis. Development of this report required a broad range of assumptions that may influence future housing development and affordability. The City of Milwaukie and ECONorthwest solicited input about these assumptions from:

- **Housing Capacity Technical Committee (HCTC).** The HCTC met four times to as part of the HCA to discuss project assumptions, results, and implications. They provided input about key issues, providing local review and input to shape the HCA.
- **Decisionmakers.** City staff have briefed the Planning Commission and City Council on the Housing Capacity Analysis project. ECONorthwest will present the results of the analysis to decisionmakers and incorporate feedback into the analysis.
- **Discussion with the City's Equity Steering Committee.** ECONorthwest met with the Equity Program Manager and Equity Steering Committee during the process of identifying unmet housing need and policy gaps.
- **Engage Milwaukie Event 1.** This online event shared information on the Housing Capacity Analysis. This event was hosted on the Engage Milwaukie platform from late

September through early November 2022. This event shared information on changes in household incomes, housing costs, and housing cost-burden in Milwaukie, and included a survey to gauge residents' housing needs and preferences to aid the city in developing strategies to address housing needs. The City received 200 responses to the survey.

ECONorthwest and City of Milwaukie are in the process of developing the *Milwaukie Housing Production Strategy*, which will build on this engagement to provide additional input on the proposed policy solutions to address unmet housing needs in Milwaukie.

Who lives in Milwaukie?

Milwaukie had about 21,235 residents in 2021, up from 20,291 residents in 2010. Milwaukie's population is slightly younger than Clackamas County, with a median age of 40 years old, compared with the County's median of 42 years old. Milwaukie has a slightly larger share of young working-age population, people 20 to 39 years old, than the three-County Portland region. At the same time, Milwaukie also has a larger share of seniors, people over 60, than the Portland region. By 2040, senior population is expected to grow by more than 37,000 in Clackamas County.

Milwaukie's population is becoming more racially diverse. While, the majority (83%) of Milwaukie's population identifies as white, BIPOC¹ populations are a growing group within the community. Milwaukie's largest BIPOC group is Latino/a/x, who represent 9% of the city's population, up from 7% in 2010. Other larger BIPOC populations are Asians and people of two or more races.

Within Oregon and Clackamas County, historical racist policies affected and continue to affect availability of housing for BIPOC. There is a long history of racial exclusion, discrimination, housing bias, and exclusionary zoning. Milwaukie and Clackamas County have a considerable amount of work to do to address the historical inequalities, through development of new policies that support integrating equity into their decision-making systems.

What are unmet housing needs in Milwaukie?

Housing has become less affordable in Milwaukie over the last years, consistent with trends across the Portland region and the West Coast. Since 2012, household incomes in Milwaukie increased by 19%, compared with multifamily rent increases of 45% and home sales price increases of 97%. These changes are an extension of long-term decreases in affordability, especially for homeownership. In 2000, the value of an average home was 3.5 times the average household income in Milwaukie. By 2019, the value of an average home increased to 5.2 times the average household income.

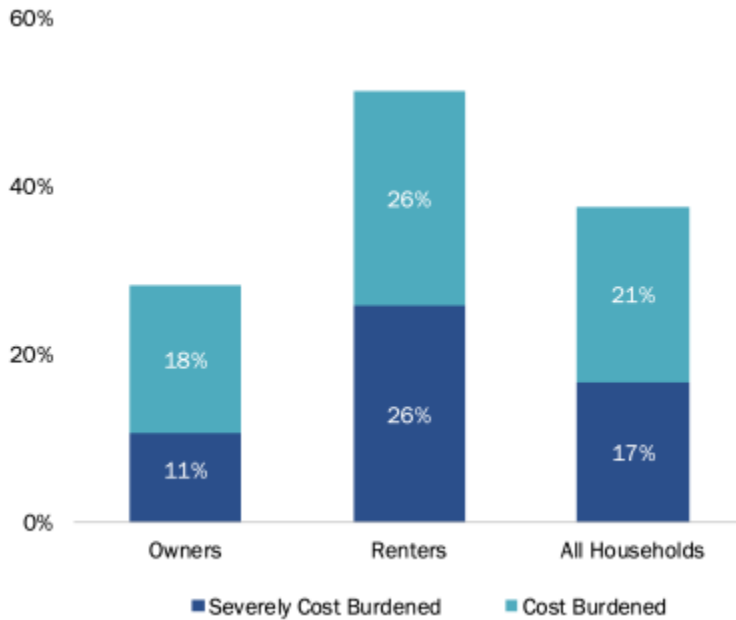
A typical standard used to determine housing affordability is that a household should pay no more than 30% of household income for housing costs, including payments and interest or rent,

¹ BIPOC population includes Black, Indigenous, and People of Color.

utilities, and insurance.² About 38% of Milwaukie’s households were cost burdened in the 2015-2019 period and 17% were severely cost burdened. In this period, about 52% of *renter* households were cost burdened or severely cost burdened, compared with 29% of homeowners. These rates of cost burden are similar to other communities in the Portland region.

Exhibit 1. Housing Cost Burden by Tenure, Milwaukie, 2015-2019

Source: US Census Bureau, 2015-2019 ACS Tables B25091 and B25070.



People experiencing houselessness have unmet housing needs, in that they lack long-term shelter. In 2022, the Point-in-Time (PIT) Count, a snapshot of individuals experiencing houselessness on a single night, identified 568 people experiencing houselessness in Clackamas County, some of whom live in Milwaukie. While it is the best available data about people experiencing houselessness, the PIT consistently undercounts individuals experiencing houselessness and the numbers maybe unreliable. That said, it is the count that is available. The North Clackamas School District, which includes Milwaukie, identified 331 students experiencing houselessness. The housing needs of people experiencing houselessness are acute and a significant unmet housing need across the Portland region, including in Milwaukie.

How could housing needs in Milwaukie change in the future?

Milwaukie’s housing needs will change over the 2023 to 2043 period. Key demographic and economic trends that will affect Milwaukie’s future housing needs are (1) the aging of baby boomers, (2) the changing housing needs of millennials and Generation Z, and (3) the continued growth in the Hispanic and Latino/a/x population.

² The Department of Housing and Urban Development’s guidelines indicate that households paying more than 30% of their income on housing experience “cost burden” and households paying more than 50% of their income on housing experience “severe cost burden.”

- *The baby boomer’s population is continuing to age.* Household sizes decrease as this population ages. The majority of baby boomers are expected to remain in their homes as long as possible, downsizing or moving when illness or other issues cause them to move. Demand for specialized senior housing, such as age-restricted housing or housing in a continuum of care from independent living to nursing home care, may grow in Milwaukie. Given the regional concentration of hospitals and health care, Milwaukie could attract a larger share of need for these types of housing.
- *Millennials and Generation Z will continue to form households and make a variety of housing choices.* As millennials and Generation Z age, generally speaking, their household sizes will increase, and their homeownership rates will peak by about age 55. Between 2023 and 2043, millennials and Generation Z will be a key driver in demand for housing for families with children. The ability to attract millennials and Generation Z will depend on the City’s availability of renter and ownership housing that is large enough to accommodate families while still being relatively affordable. Homeownership is becoming increasingly common among millennials but financial barriers to homeownership remain for some millennials and Generation Z, resulting in need to rent housing, even if they prefer to become homeowners. Some millennials and Generation Z households will occupy housing that is currently occupied but becomes available over the planning period, such as housing that is currently owned or occupied by baby boomers. The need for housing large enough for families may be partially accommodated by these existing units.
- *Latino/a/x population will continue to grow.* Latino/a/x population growth will be an important driver in growth of housing demand, both for owner and renter-occupied housing. Growth in the Latino/a/x population (and growth of other BIPOC populations) will drive demand for housing for families with children. Incomes for Latino/a/x are, on average, lower than the city average, especially first-generation immigrants. As a result, growth in this group will also drive demand for affordable housing, both for ownership and renting.

How much household growth is Milwaukie planning for?

The household forecast in Exhibit 2 is Milwaukie’s official household forecast, from Metro’s *2045 Distributed Forecast*. Milwaukie must use this forecast as the basis for forecasting housing growth over the 2023 to 2043 period. Milwaukie may grow at a faster rate than the forecast in Exhibit 2, as described in this report. In short, Milwaukie has sufficient buildable land to accommodate growth of several hundred additional people (based on analysis in Exhibit 84).

Exhibit 2. Forecast of Population Growth, Milwaukie city limits, 2023 to 2043

Source: Metro’s *2045 Distributed Forecast*.

9,559	11,230	1,670	17% increase
Households in 2023	Households in 2043	New Households 2023 to 2043	0.81% AAGR

How much and what types of housing will Milwaukie need?

The City is planning to accommodate the city's forecasted growth of 1,670 new dwelling units. Over the next 20 years, the need for new housing developed in Milwaukie will generally include a wider range of housing types than is currently present in Milwaukie, with housing that is more affordable. This conclusion is based on the following information, found in the within the report:

- Milwaukie's existing housing mix is predominately single-dwelling detached. In the 2015-2019 period, 67% of Milwaukie's housing was single-dwelling detached, 2% was single-dwelling attached, 6% was multi-dwelling housing (with two to four units per structure), and 25% was multi-dwelling housing (with five or more units per structure). Between 2010 and 2021, Milwaukie issued building permits, of which 76% were single-dwelling units (both single-dwelling detached and attached), 17% were multi-dwelling of all types, and 6% were accessory dwelling units.
- Demographic changes across Milwaukie suggest increases in demand for single-dwelling attached housing and multi-dwelling housing. The key demographic and socioeconomic trends that will affect Milwaukie's future housing needs are an aging population, increasing housing costs, housing affordability concerns for millennials, Generation Z, and Latino/a/x populations. The implications of these trends are increased demand from smaller, older (often single-person) households and increased demand for affordable housing for families, both for ownership and rent.
- Milwaukie needs more affordable housing types for homeowners and renters. About 38% of Milwaukie's households are cost burdened. About 52% of Milwaukie's **renters** are cost burdened and about 29% of Milwaukie's **homeowners** are cost burdened.

These factors suggest that Milwaukie needs a broader range of housing types with a wider range of price points than are currently available in Milwaukie's housing stock. This includes providing opportunity for the development of housing types across the affordability spectrum, such as single-dwelling detached housing (e.g., small-lot single-dwelling detached units, cottages, accessory dwelling units, and "traditional" single-dwelling homes), town houses, duplexes, triplexes, quadplexes, and multi-dwelling buildings with five or more units.

How much buildable residential land does Milwaukie currently have?

Milwaukie has about 51 buildable acres in residential plan designations within the city limits. Based on historical development trends and allowed densities, these 51 buildable acres have capacity for about 970 dwelling units.

Milwaukie also has development capacity for middle housing, through infill development with new housing types such as cottage housing, townhouses, duplexes, triplexes, quadplexes. As of June 2022, middle housing is now allowed in many parts of Milwaukie. ECONorthwest's analysis 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.

In addition, Milwaukie’s downtown has seen recent interest and investment, with a number of recently completed projects and additional development in the pipeline. On-going and expected multifamily development (and redevelopment) in downtown Milwaukie may result in development of nearly 1,400 new dwelling units.

How much land will be required for housing?

Exhibit 3 shows that Milwaukie has sufficient land to accommodate housing development in each of its residential plan designations when considering redevelopment and infill opportunity. Milwaukie has capacity for between 2,958 and 3,958 dwelling units and demand for 1,670 dwelling units. The result is that Milwaukie has a surplus of capacity for housing, beyond the forecast of housing growth over the next 20 years of about 1,288 to 2,288 dwelling units. The largest surpluses are in the Commercial Mixed-Use designations.

Exhibit 3. Comparison of Capacity of Existing Residential Land with Demand for New Dwelling Units and Land Surplus or Deficit, Milwaukie city limits, 2023 to 2043

Source: Buildable Lands Inventory; Calculations by ECONorthwest

Plan Designation	Capacity (Dwelling Units)		Demand (Dwelling Units)	Capacity less Demand (Dwelling Units)	
	Low	High		Low	High
Moderate Density	748	1,748	969	(221)	779
High Density	92	92	450	(358)	(358)
Commercial Mixed Use	2,118	2,118	251	1,867	1,867
Total	2,958	3,958	1,670	1,288	2,288

What are the key findings of the Housing Capacity Analysis?

The key findings and conclusions of the Milwaukie’s Housing Capacity Analysis are that:

- **Milwaukie’s needed housing mix is for an increase in housing affordable to renters and homeowners, with more attached and multi-dwelling housing types.** Historically, about 67% of Milwaukie’s housing was single-dwelling detached, 2% was single-dwelling attached, 6% was multi-dwelling housing (with two to four units per structure), and 25% was multi-dwelling housing (with five or more units per structure).

The factors driving the shift in types of housing needed in Milwaukie include changes in demographics, commuting trends, and need for housing that is affordable. These trends drive need for a wider range of housing such as single-dwelling attached housing, accessory dwelling units, town houses, cottage housing, duplexes, triplexes, quadplexes, and multi-dwelling structures.

- **Milwaukie provides housing that is comparatively affordable relative to nearby cities.** Housing prices are considerably lower in Milwaukie (median of \$525,000) compared to Lake Oswego (\$902,000) or Happy Valley (\$687,800). To the extent that more housing (especially rental housing) can be built in Milwaukie, especially more housing than the forecast, Milwaukie can provide a more affordable place to live.
- **Milwaukie has a need for additional housing affordable to lower and middle-income households.** Milwaukie has a need for additional housing affordable to households with extremely low incomes and very low incomes, people experiencing homelessness, and households with low and middle incomes. These households generally have incomes below 80% of MFI (\$77,500). These needs include existing unmet housing needs and likely housing needs for new households over the 20-year planning period.
- **Milwaukie has enough land within its city limits to accommodate the forecast for growth between 2023 and 2043.** Milwaukie likely has enough capacity in the Moderate Density Plan Designation to accommodate growth. It seems likely the City will have more than the estimate of 600 units of middle housing infill and redevelopment, which suggests there is enough capacity to accommodate the forecast of growth in Moderate Density. It also seems unlikely that Milwaukie will see the high estimate of infill and redevelopment of missing middle housing (1,600 dwelling units).
 - Milwaukie has a deficit of capacity to accommodate growth in the High-Density Plan Designation. One reason for this is that Milwaukie has little land in this plan designation and is developing at relatively low densities, about 7.8 dwelling units per net acre.
 - Milwaukie is expecting substantial multi-dwelling unit redevelopment in Commercial Mixed Use Plan Designations, which suggests that the City has sufficient capacity to accommodate expected growth in these areas. This report documents projects within the development pipeline (i.e., under development) and likely future projects.

The *Milwaukie Housing Production Strategy* will provide recommendations to Milwaukie for meeting these housing needs and other needs described in this report.

1. Introduction

Milwaukie is a growing community in the middle of the Portland Metro region. In recent years, Milwaukie developed a Community Vision, completed an update of the City’s Comprehensive Plan, and developed the *Milwaukie Housing Affordability Strategy* (MHAS). The *Milwaukie Community Vision and Action Plan* includes the following goal:

“Milwaukie invests in housing options that provide affordability, high quality development and good design, promoting quality living environments. It maintains the small neighborhood feel through creative use of space with housing options that embrace community inclusion and promote stability.”

The *Milwaukie Comprehensive Plan* includes the following housing goal:

“Provide safe, affordable, stable housing for Milwaukie residents of every socioeconomic status and physical ability within dwellings and neighborhoods that are entirely equitable, delightfully livable, and completely sustainable.”

These goals underly the considerations of this report, the *Milwaukie Housing Capacity Analysis*, which forecasts housing need for 2023 to 2043 period. It is intended to comply with statewide planning policies that govern planning for housing and residential development, including Goal 10 (Housing) OAR 660 Division 7, and OAR 660 Division 8. This updated HCA provides current information about the housing market in Milwaukie and unmet housing needs in the community. The information in the HCA supports development actions to better address Milwaukie’s unmet housing needs, as part of a *Housing Production Strategy*, which is presented in a different document.

Between 2010 and 2021, about 332 new dwelling units have been permitted, about 51% of which are single-unit housing types, 45% multi-unit housing types, and 4% accessory dwelling units. In addition, the City has seen an increase in multi-dwelling development applications over the past fiscal year. The City has issued building permits for two multi-dwelling developments, totaling 249 units, so far in fiscal year 2022. Another 648 units across six multi-dwelling developments are currently at some stage of development/permit review. These data suggest a significant trend towards more multi-dwelling development in the City in recent years.

Housing has become less affordable for many in Milwaukie over the last decades. In 2000, 29% of households in Milwaukie were cost burdened³ and by 2015-2019, 38% of households were cost burdened. Cost burden was most common among renters, 26% of whom were cost burdened in 2015-2019 and 26% of whom were severely cost burdened.

³ The Department of Housing and Urban Development’s guidelines indicate that households paying more than 30% of their income on housing experience “cost burden” and households paying more than 50% of their income on housing experience “severe cost burden.”

Over the last years, while housing costs have increased, household incomes in Milwaukie (and across the Portland region) decreased. The median sales price of existing housing in Milwaukie in February 2022 was \$525,000. From 2012 to 2022, the median sales price in Milwaukie increased by \$346,100 (193%). Rents are also become less affordable, increasing by about 31% since 2015. Between 2000 and 2015-2019, the income-adjusted median household income in Milwaukie decreased by 7%, which is similar to statewide trends.

Since 2010, Milwaukie has had several policy changes that affect residential development. These policy changes are described in detail in the Housing Production Strategy. They include: streamlining the development process, changes to the City's development code to allow missing middle housing types (as required by House Bill 2001), implementing a construction excise tax to support affordable housing development, working with Metro to use the regional affordable housing bond to build affordable housing in Milwaukie, supporting rehabilitation of housing for lower-income households, working with the County on eviction prevention, offering rental assistance to qualifying lower-income residents, and other actions.

This project includes two separate but closely related reports:

- **Milwaukie Housing Capacity Analysis (HCA).** This report provides Milwaukie with a factual basis to support future planning efforts related to housing and options for addressing unmet housing needs in Milwaukie. It provides the city with newer information about the housing market in Milwaukie and describes the factors that will affect future housing demand in the city, such as changing demographics.
- **Milwaukie Housing Production Strategy (HPS).** This report will be a six-year action plan intended to address issues identified in the HCA. Specifically, the HPS is meant to propose policy solutions (actions) to address unmet housing needs of current and future residents of Milwaukie and support the development of needed housing in Milwaukie over the next six years.

Public Process

At the broadest level, the purpose of the project was to understand how much Milwaukie will grow over the next 20 years. This project focused on the technical analysis to understand Milwaukie's housing needs over the next 20 years. The *Milwaukie Housing Production Strategy* proposes policies and actions to meet those housing needs. The technical analysis, which is the focus of this report, required a broad range of assumptions that influenced the outcomes; the housing strategy is a series of high-level policy choices that will affect Milwaukie residents.

The intent of the public process was to establish broad public engagement throughout the project as work occurs, to get input from stakeholders and decision makers in Milwaukie. Public engagement was accomplished through various avenues. We discuss the two primary avenues below.

Housing Capacity Technical Committee Engagement

The City of Milwaukie and ECONorthwest solicited public input from the City's Housing Capacity Technical Committee. The Housing Capacity Technical Committee met four times to as part of the HCA to discuss project assumptions, results, and implications. The Committee met four additional times to discuss the *Housing Production Strategy*. The project relied on the Housing Capacity Technical Committee to review draft products and provide input at key points (e.g., before recommendations and decisions were made and before draft work products were finalized). In short, local review and community input were essential to developing a locally appropriate and politically viable housing capacity analysis and housing strategy.

Planning Commission and City Council Engagement

City staff have briefed the Planning Commission and City Council on the work in the Housing Capacity Analysis during the project. ECONorthwest presented results of this analysis, in combination with information from the *Milwaukie Housing Production Strategy*, at meetings of the Planning Commission and City Council.

Underrepresented Groups

Note to reviewer: This section will be revised when the future events have occurred.

ECONorthwest and City staff will work together to organize and host three discussion groups with the City's Equity Steering Committee and with underrepresented populations such as members of the Latino/a/x community and other Black, Indigenous and people of color (BIPOC) community members. The purpose of these discussion groups will be to better understand participants' housing needs and how the City can be part of addressing unmet housing needs.

- **Discussion Group 1: Equity Steering Committee.** We met with the Equity Program Manager and Equity Steering Committee during the process of identifying unmet housing need and policy gaps. This discussion reviewed information gathered to date

through the HCA. Additionally, we asked them to help us identify specific groups and individuals to meet with in subsequent discussion groups and identify key questions and goals for these discussions.

- **Discussion Group 2: BIPOC Community Leaders.** We plan to hold one focus group with community leaders and representatives from community-based organizations to discuss unmet housing needs for BIPOC community members. The discussion will also consider potential strategies to address housing needs and gaps in existing housing policies in Milwaukie.
- **Discussion Group 3: Housing Service Providers.** We plan to hold one focus group with service providers organizations to discuss unmet housing needs for low-income people and people experiences houselessness. The discussion will also consider potential strategies to address housing needs and gaps in existing housing policies in Milwaukie.

Broader Public Engagement

Note to reviewer: This section will be revised when the future events have occurred.

The Project Management Team will prepare two on-line engagements hosted on the City of Milwaukie's online engagement site *Engage Milwaukie* to share and gather feedback on the Housing Capacity Analysis and Housing Production Strategy. The engagements will present findings of the analysis and will include questions about key issues and questions for feedback from participants. The engagements will provide opportunities to comment on housing needs in Milwaukie, potential housing policy options, and draft housing policies.

There details for these events were as follows:

- ***Engage Milwaukie* Event 1.** The first online event shared information on the Housing Capacity Analysis. This event was hosted on the Engage Milwaukie platform from late September through early November 2022. This post shared information on changes in household incomes, housing costs, and housing cost-burden in Milwaukie, and included a survey to gauge residents' housing needs and preferences to aid the city in developing strategies to address housing needs.
- ***Engage Milwaukie* Event 2.** The second online event will focus discussion of potential strategies for the Housing Production Strategy. This event should occur once a list of the most promising strategies is developed, but before the list is finalized. We should plan on holding this event between HCTC meetings 7 and 8, and after the community discussion groups described in the following section.

Organization of This Report

The rest of this document is organized as follows:

- **Chapter 2. Residential Buildable Lands Inventory** presents the methodology and results of Milwaukie’s inventory of residential land.
- **Chapter 3. Historical and Recent Development Trends** summarizes the state, regional, and local housing market trends affecting Milwaukie’s housing market.
- **Chapter 4. Demographic and Other Factors Affecting Residential Development in Milwaukie** presents factors that affect housing need in Milwaukie, focusing on the key determinants of housing need: age, income, and household composition. This chapter also describes housing affordability in Milwaukie relative to the larger region.
- **Chapter 5. Housing Need in Milwaukie** presents the forecast for housing growth in Milwaukie, describing housing need by density ranges and income levels.
- **Chapter 6. Residential Land Sufficiency in Milwaukie** estimates Milwaukie’s residential land sufficiency needed to accommodate expected growth over the planning period.
- **Appendix A: Buildable Lands Inventory Methodology**
- **Appendix B: Middle Housing Infill and Redevelopment Analysis of Potential**
- **Appendix C: Additional Information**

2. Residential Buildable Lands Inventory and Middle Housing Infill and Redevelopment

This chapter presents results of the residential buildable lands inventory, as well as analysis of potential middle housing infill and redevelopment. Appendix A presents the full Buildable Land Inventory results and Appendix B presents the full Middle Housing Infill and Redevelopment analysis.

Vacant Buildable Land

Exhibit 4 shows buildable acres (i.e., acres in tax lots after constraints are deducted) for vacant land by zone. Milwaukie has 51 acres of unconstrained, vacant buildable lands within its city limits. Most of that land is in the R-MD.

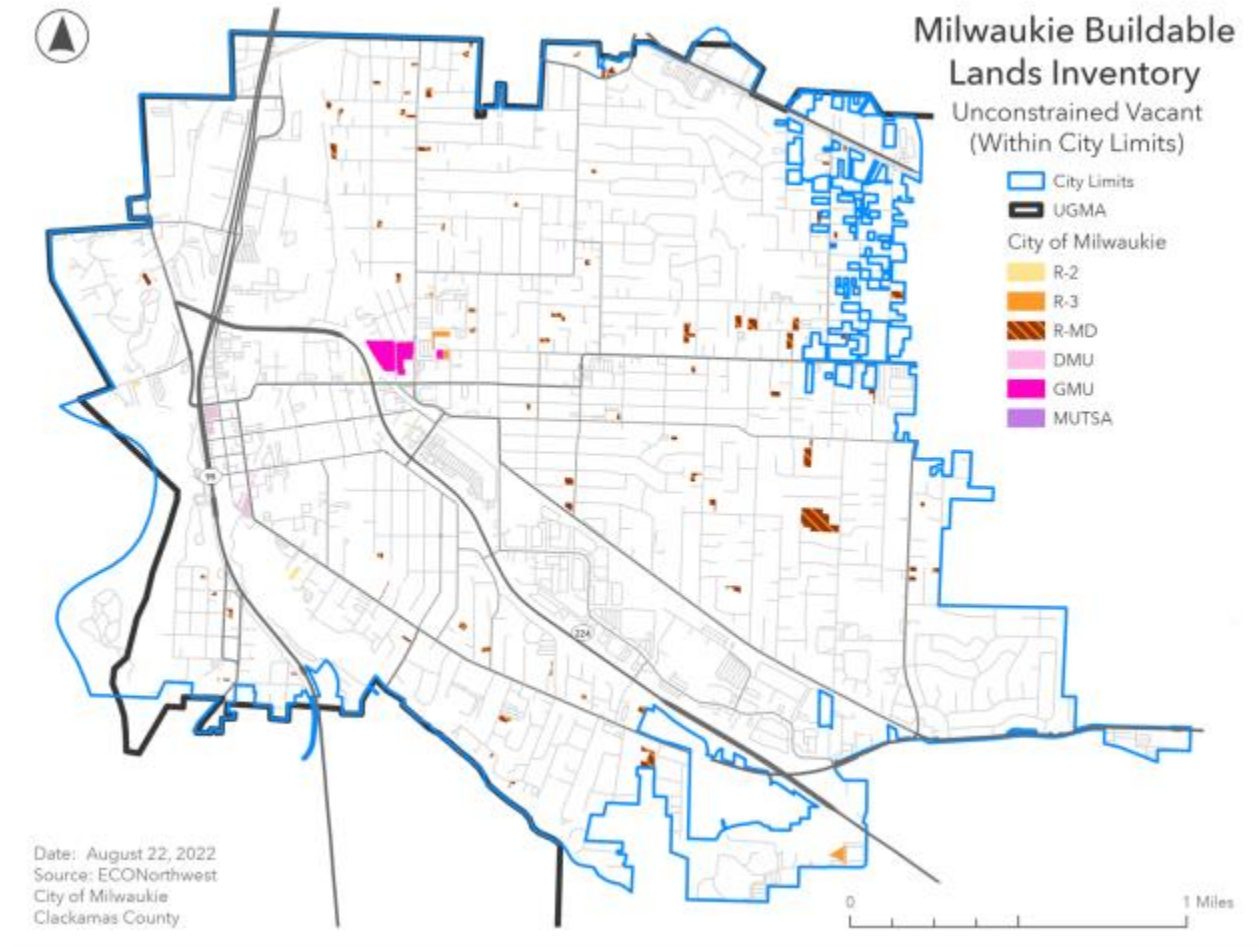
Exhibit 4. Buildable Acres in Vacant Tax Lots by Plan Designation and Zone, Milwaukie city limits, 2022

Source: ECONorthwest analysis, Clackamas County, City of Milwaukie.

Jurisdiction	Vacant Land with Constraints	Unconstrained Vacant Acres
City of Milwaukie Plan Designation/ Zones	69	51
Moderate Density Designation		
R-MD	42	30
High Density Designation		
R-2	3	2
R-3	13	10
Commercial Mixed Use Designation		
DMU	4	3
GMU	7	7
MUISA	0.5	0.0

Exhibit 5 shows Milwaukie's buildable vacant residential land for the City of Milwaukie city limits.

Exhibit 5. Unconstrained Vacant Residential Land, City of Milwaukie, Milwaukie city limits, 2022
Source: ECONorthwest analysis, Clackamas County, City of Milwaukie.



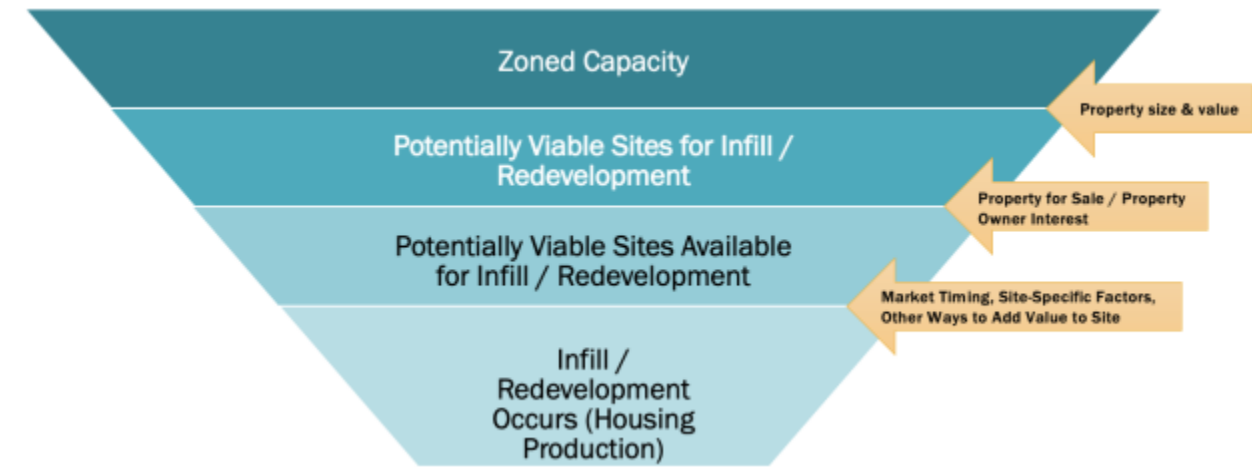
Middle Housing Infill and Redevelopment Analysis

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 6. 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 6: 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

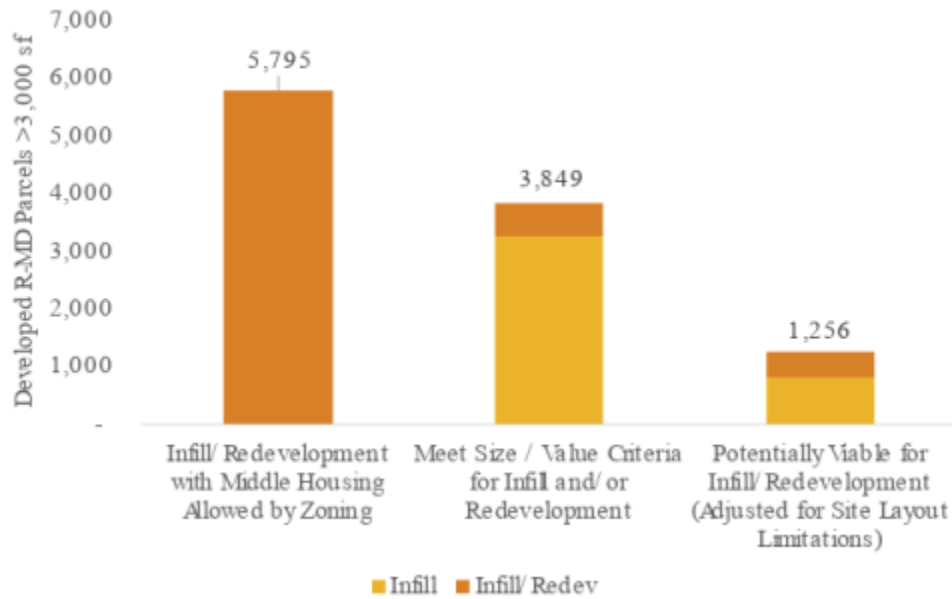
Zoned Capacity and Potentially Viable Sites for Infill/Redevelopment

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 7.) 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 8).
- 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 9.)

Exhibit 7: Parcels with Infill/Redevelopment Potential based on Zoning, Property Size and Value, and Typical Site Layout Limitations

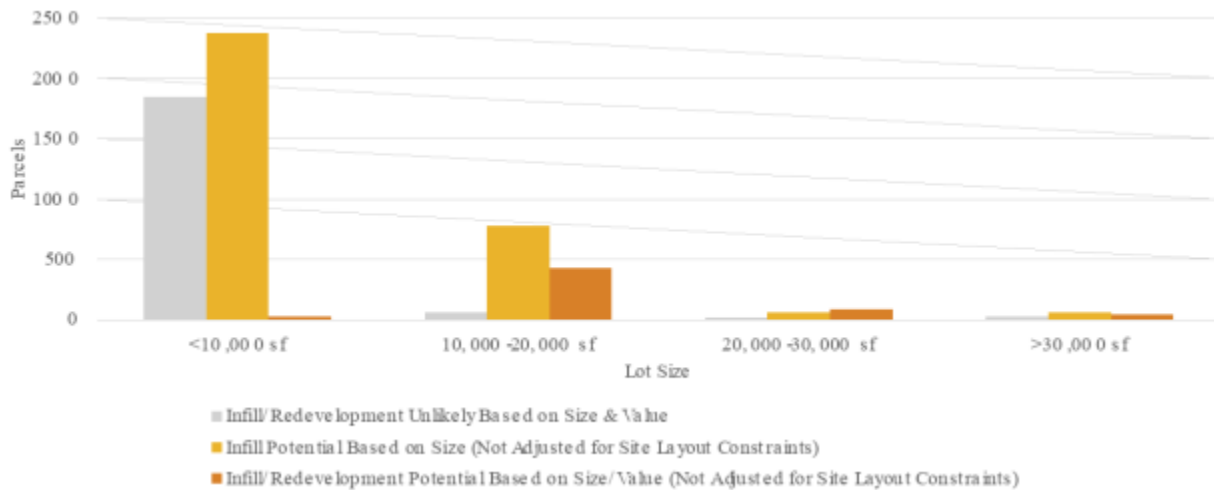
Source: ECONorthwest



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

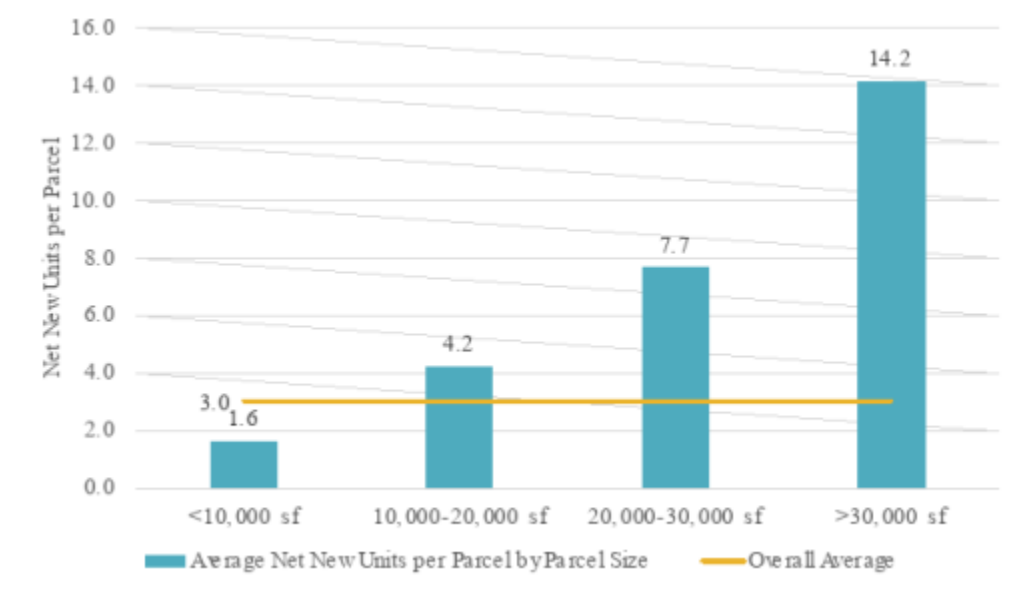
Exhibit 8: Parcels with Infill/Redevelopment Potential by Parcel Size

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 9: 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 [Appendix B: Middle Housing Infill and Redevelopment Analysis of Potential](#).

3. Historical and Recent Development Trends

This chapter presents information about housing development in Milwaukie, including types of housing, development density, homeownership rates, and other information about housing development.

Trends in Housing Mix

This section provides an overview of changes in the mix of housing types in Milwaukie and compares Milwaukie to Clackamas County, the Portland Tri-County region, and to Oregon. These trends demonstrate the types of housing developed in Milwaukie historically. Unless otherwise noted, this section uses data from the 2000 and 2010 Decennial Census and the 2015-2019 American Community Survey 5-Year Estimates.

In this analysis, we grouped housing types based on (1) whether the structure is stand-alone or attached to another structure and (2) the number of dwelling units in each structure. The housing types used in this analysis are consistent with needed housing types as defined in ORS 197.303 and Milwaukie Development Code:⁴

- **Single-dwelling detached** includes single-dwelling detached units, cottage clusters, manufactured homes on lots and in mobile home parks, and accessory dwelling units.
- **Townhomes** are structures with a common wall where each unit occupies a separate lot.
- **Duplexes, triplexes and quadplexes** includes attached and detached units as allowed by Milwaukie Development Code on single lots but can also be on separate lots with the newly created SB 458.
- **Multi-dwelling** is all attached structures with five or more units.

In Milwaukie, government-assisted housing (ORS 197.303[b]) and housing for farmworkers (ORS 197.303[e]) can be any of the housing types listed above. Analysis within this report discusses housing affordability at a variety of incomes, as required in ORS 197.303.

This section shows the following trends in housing mix in Milwaukie:

- **Milwaukie's housing stock is predominantly single-dwelling detached housing units.** Sixty-seven percent of Milwaukie's housing stock is single-dwelling detached; 25% is

⁴ ORS 197.303 defines needed housing as "all housing on land zoned for residential use or mixed residential and commercial use that is determined to meet the need shown for housing within an urban growth boundary at price ranges and rent levels that are affordable to households within the county with a variety of incomes."

multi-dwelling (with five or more units per structure); 6% is duplexes, triplexes, or quadplexes; and 2% is single-dwelling attached (e.g., townhomes).

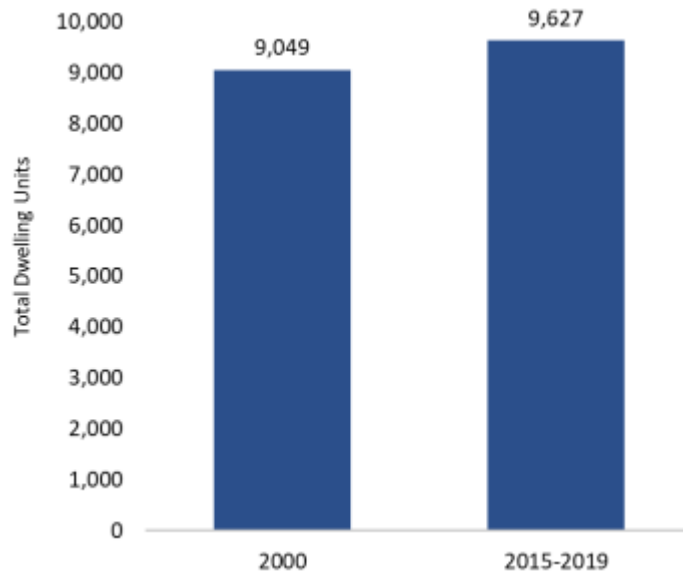
- **Single-dwelling detached housing accounted for the majority of new housing permitted in Milwaukie between 2010 and 2021.** About 76% of permits were for single-dwelling detached, 17% for multi-dwelling units, and 6% for accessory dwelling units.
- **Milwaukie is expected to have a substantial amount of multi-dwelling development over the next several years.** Milwaukie has issued building permits for two multi-dwelling developments, totaling 249 units, so far in fiscal year 2022. Another 648 units across six multi-dwelling developments are at some stage of development/permit review.

Housing Mix

The total number of dwelling units in Milwaukie increased by 6% from 2000 to 2015-2019.

Milwaukie added 578 new dwelling units since 2000.

Exhibit 10. Total Dwelling Units, Milwaukie, 2000 and 2015-2019
Source: US Census Bureau, 2000 Decennial Census, SF3 Table H030, and 2015-2019 ACS Table B25024.

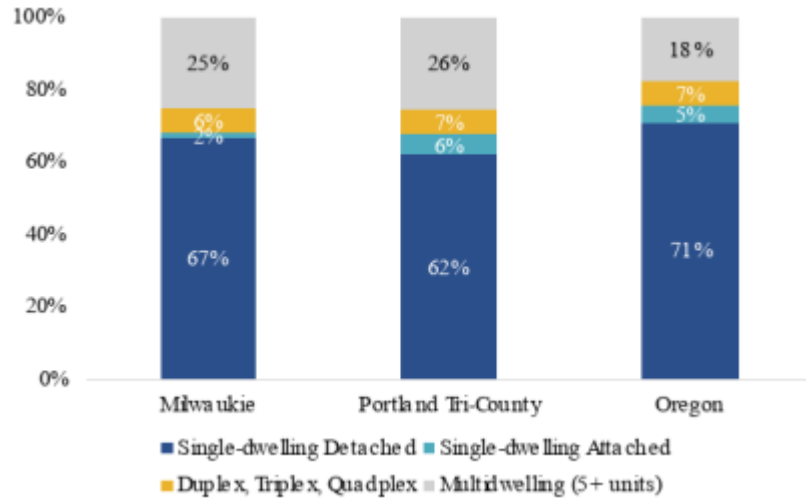


Sixty-seven percent of Milwaukie's housing stock was single-dwelling detached.

Milwaukie had a smaller share of multi-dwelling housing (5+ units per structure) than the Portland region as well as a smaller share of duplex, triplex, and quadplex housing.

Exhibit 11. Housing Mix, Milwaukie, Portland Region, and Oregon, 2015-2019

Source: US Census Bureau, 2015-2019 ACS Table B25024.



From 2000 to 2015-2019, the share of single-dwelling detached and single-dwelling detached housing in Milwaukie remained constant while the share of multi-dwelling housing (5+ units) increased by 3%.

Exhibit 12. Change in Housing Mix, Milwaukie, 2000 and 2015-2019

Source: US Census Bureau, 2000 Decennial Census, SF3 Table H030, and 2015-2019 ACS Table B25024.

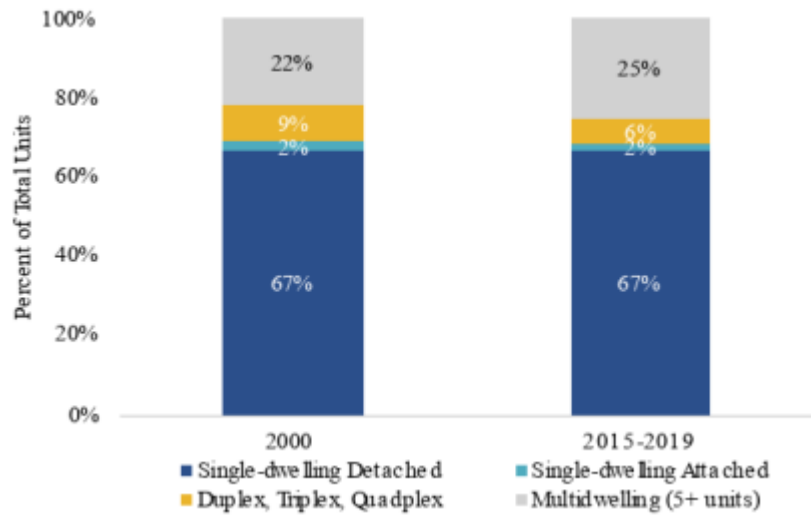
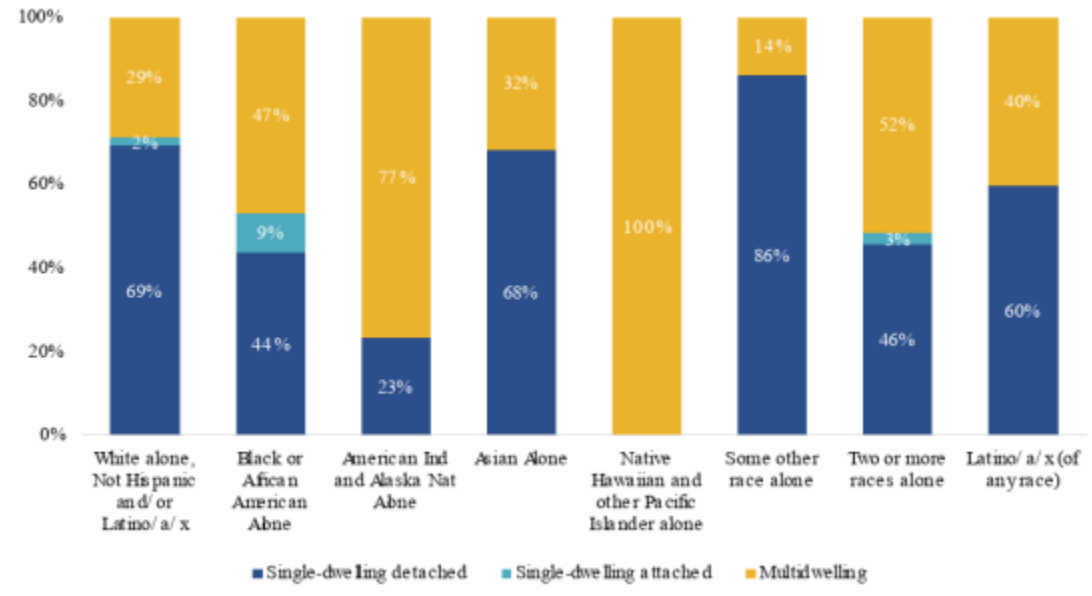


Exhibit 13 shows that householders that identified as White Alone, Asian Alone, and Some Other Race Alone were most likely to live in single-dwelling detached housing (69%, 68%, and 86%, respectively). Black/African American households or those that identified as Two or more races were more likely to live in multi-dwelling units (47% and 52% respectively). Those 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 that identified as Latino/a/x lived in single-dwelling detached units (60%).

Exhibit 13. Occupied Housing Structure by Race and Ethnicity, Milwaukie, 2015-2019

Source: US Census Bureau, 2015-2019 ACS Table B25032 A-I.



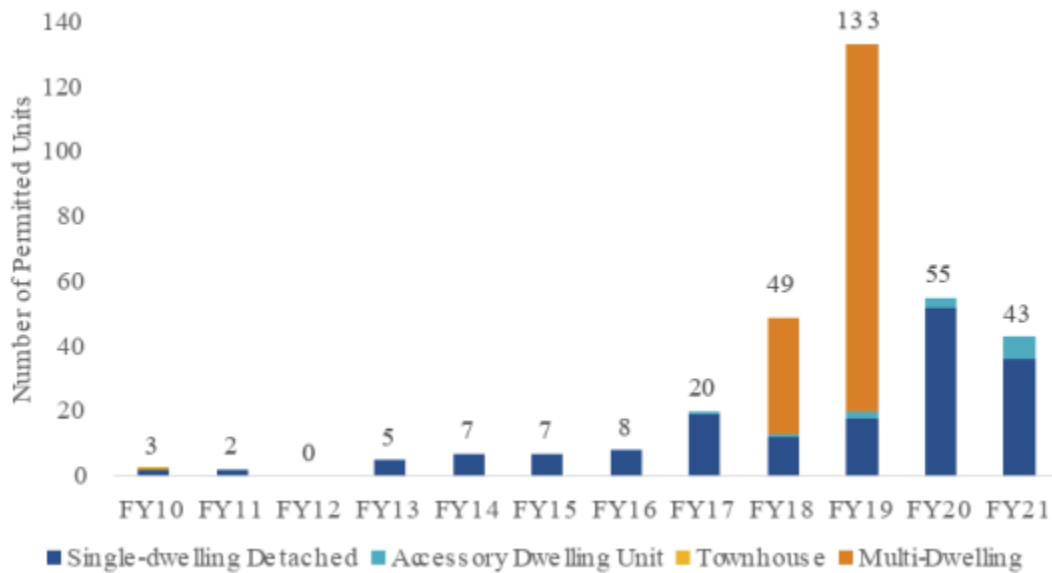
Building Permits

Over the 2010 to 2021 fiscal year period, Milwaukie issued 189 building permits for new residential construction, which includes a total of 332 permitted units. Of these 332 units, about 51% were for single-dwelling units, 45% were for multi-dwelling buildings, and 4% were for accessory dwelling units.⁵

⁵ Milwaukie building permit data includes duplexes in the single-dwelling category and triplexes under multi-dwelling.

Exhibit 14. Building Units for New Residential Construction By Structure Type, Milwaukie FY 2010 through FY 2021

Source: City of Milwaukie, Permit Database.



In addition to the permitted units shown above, the City has seen an increase in multi-dwelling development applications over the past fiscal year. The City has issued building permits for two multi-dwelling developments, totaling 249 units, so far in fiscal year 2022. Another 648 units across six multi-dwelling developments are currently at some stage of development/permit review. These data suggest a significant trend towards more multi-dwelling development in the City in recent years.

Trends in Housing Density

Housing density is the density of residential structures by structure type, expressed in dwelling units per net or gross acre.⁶ The US Census does not track residential development density; thus, this study analyzes housing density based on the RLIS database for development between 2000 and 2020.

Exhibit 15 shows that between 2000 and 2020, Milwaukie’s newly permitted housing was developed⁷ at a net density of 7.9 dwelling units per net acre. Exhibit 15 shows average net residential density by structure type for the historical analysis period. Single-dwelling⁸ housing developed at 5.2 dwelling units per net acre, and multi-dwelling housing developed at 34.6 dwelling units per net acre.

Exhibit 15. Net Density by Structure Type and by Zoning District, Milwaukie 2000 through 2020

Source: RLIS.

Zones		Single Dwelling Units			Multi Dwelling Units			Total, Combined		
		Units	Acres	Net Density	Units	Acres	Net Density	Units	Acres	Net Density
Moderate Density Residential	R-MD	285	58	5.0	11	3	3.4	296	60.8	4.9
High Density Residential	R-2	5	1	4.4	4	0	11.6	9	1.5	6.0
High Density Residential	R-3	6	1	8.2	4	0	14.0	10	1.0	9.9
Downtown Mixed Use	DMU	13	0	36.4	192	2	92.5	205	2.4	84.3
Neighborhood Mixed Use	NMU	1	0	5.6	2	0	11.1	3	0.4	8.4
Total		310	60	5.2	213	6	34.6	523	66	7.9

⁶ OAR 660-024-0010(6) uses the following definition of net buildable acre. “Net buildable acre” consists of 43,560 square feet of residentially designated buildable land after excluding future rights-of-way for streets and roads. While the administrative rule does not include a definition of a gross buildable acre, using the definition above, a gross buildable acre will include areas used for rights-of-way for streets and roads. Areas used for rights-of-way are considered unbuildable.

⁷ Note (for the density analysis by zone): ADUs were included in the single-dwelling housing type category.

⁸ This analysis does not differentiate between single-dwelling detached and single-dwelling attached units because Milwaukie’s building permit database combines them into one category: single dwelling.

Trends in Tenure

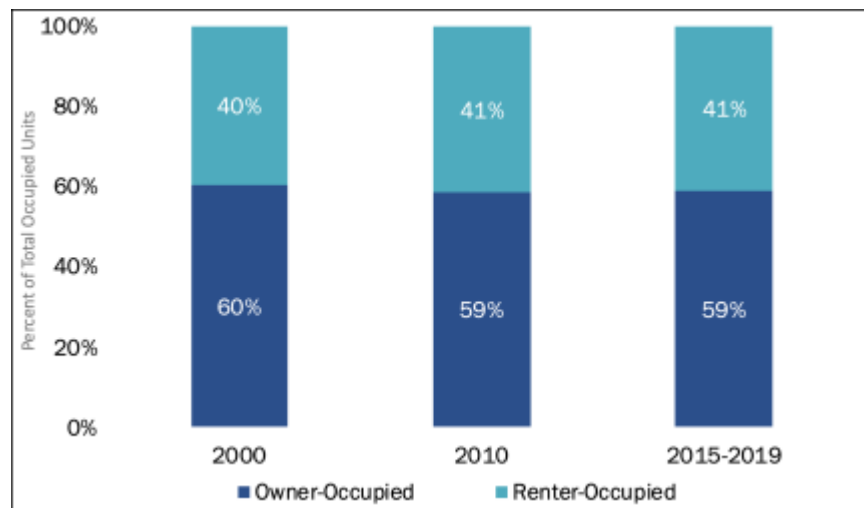
Housing tenure describes whether a dwelling is owner or renter occupied. This section shows:

- **Homeownership rates in Milwaukie were slightly lower than the Portland regions and Oregon’s rates.** About 59% of Milwaukie’s households own their home. In comparison, 60% of Portland region’s households and 62% of Oregon households are homeowners.
- **Homeownership rates in Milwaukie remained largely stable between 2000 and 2015-2019.** In 2000, 60% of Milwaukie households were homeowners. This decreased to 59% in 2010 and remained steady at 59% in 2015-2019.
- **Most of Milwaukie’s homeowners (96%) live in single-dwelling detached housing, while almost half of renters (69%) lived in multi-dwelling housing** (including units in duplexes, triplexes, quadplexes, and housing with five or more units per structure).

The implications for the forecast of new housing are that Milwaukie has a balance of opportunities for homeownership and for renting. Relatively few multi-dwelling housing types (including duplexes) were owner occupied, which combined with information about housing affordability in Chapter 4 may suggest a need for homeownership opportunities for a wider range of housing types, such as town houses, cottage housing, and duplexes, triplexes, quadplexes, and possibly multi-unit condominiums. In addition, broadening the types of housing for rental may provide more opportunity for affordable rents.

The homeownership rate in Milwaukie decreased by 1% from 2000 to 2015-2019.

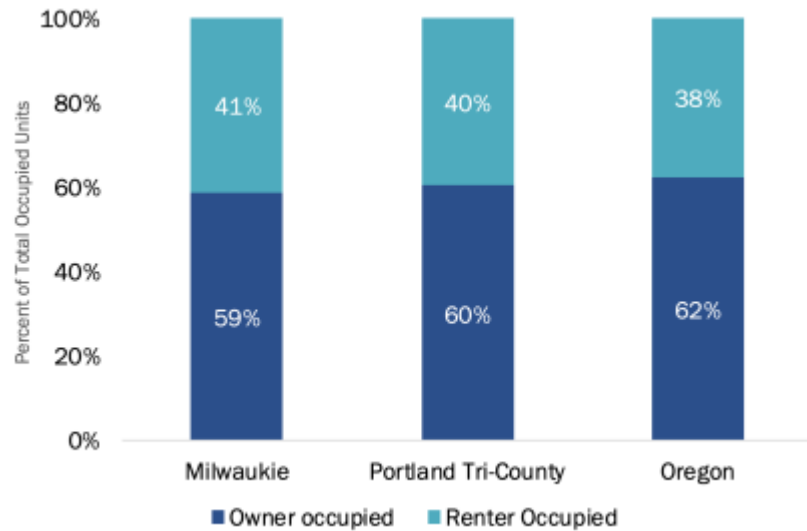
Exhibit 16. Tenure, Occupied Units, Milwaukie, 2000, 2010, 2015-19
Source: US Census Bureau, 2000 Decennial Census SF1 Table H004, 2010 Decennial Census SF1 Table H4, 2015-2019 ACS Table B25003.



Milwaukie had a lower homeownership rate than the Portland region and Oregon.

Exhibit 17. Tenure, Occupied Units, Milwaukie, the Portland region, and Oregon, 2015-2019

Source: US Census Bureau, 2015-2019 ACS 5-Year Estimates, Table B25003.



Nearly all of Milwaukie's homeowners (96%) lived in single-dwelling detached housing.

In comparison, only 28% of Milwaukie households that rent lived in single-dwelling detached housing.

Less than a quarter of renters lived in duplex, triplex, or quadplex housing, and over half of renters lived in multi-dwelling housing.

Exhibit 18. Housing Units by Type and Tenure, Milwaukie, 2015-2019

Source: US Census Bureau, 2015-2019 ACS Table B25032.

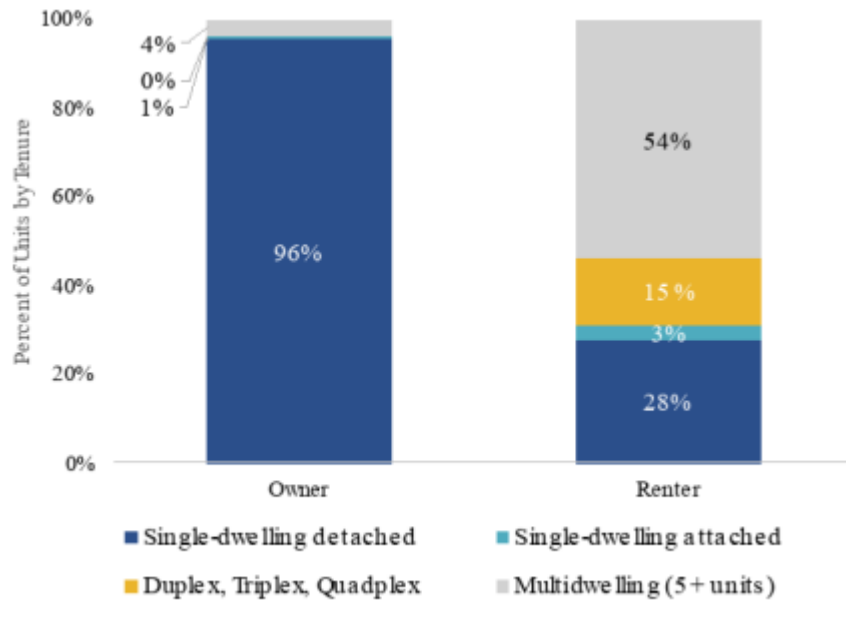
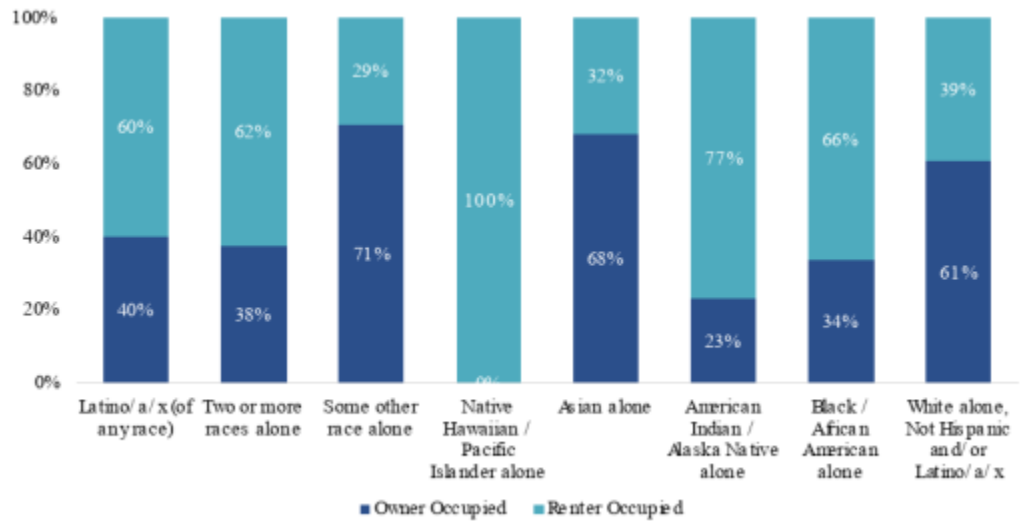


Exhibit 19 shows housing tenure by race and ethnicity for Milwaukie’s households. Households that identified as Black/African American, American Indian and Alaska Natives Alone and Native Hawaiian/Pacific Islander had the lowest rates of home ownership (34%, 23% and 0% respectively). In comparison, 61% 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.

Exhibit 19. Tenure by Race and by Ethnicity, Milwaukie, 2015-2019

Source: US Census Bureau, 2015-2019 ACS Table B25003A-I.

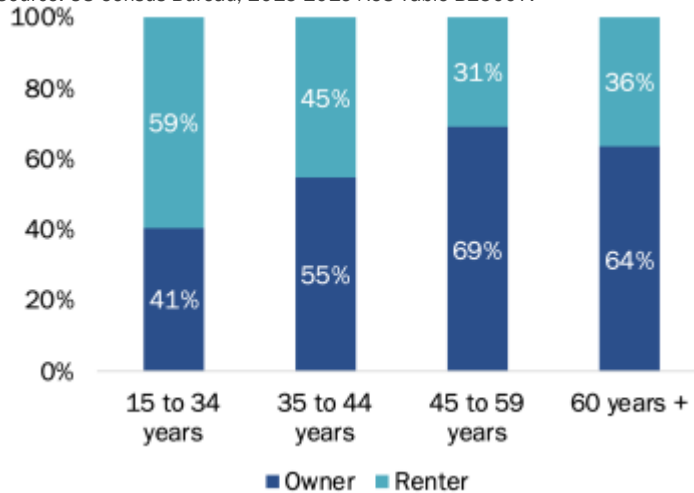


The homeownership rate in Milwaukie increased with age. In Milwaukie, about 55% of householders 35 years or older owned their homes.

The increase of homeownership with age (until age 60) is consistent with statewide ownership trends.

Exhibit 20. Tenure by Age of the Head of Household, Milwaukie, 2015-2019

Source: US Census Bureau, 2015-2019 ACS Table B25007.



Vacancy Rates

Housing vacancy is a measure of housing available to prospective renters and buyers. It also measures unutilized housing stock. The Census defines vacancy as "unoccupied housing units . . . determined by the terms under which the unit may be occupied, e.g., for rent, for sale, or for seasonal use only." The following provide information about vacancy rates in Milwaukie and the Portland region.

- According to the 2010 Census, the vacancy rate in Milwaukie was 4.4%, compared to 5.6% for Portland region and 8.9% for Oregon.
- According to the 2015-2019 American Community Survey, the rate was 5.2% in Milwaukie, compared to 6.2% for Portland region and 9.3% for Oregon.
- In Spring 2022, *The Apartment Report* shows a vacancy rate of 2.68% in Milwaukie, compared a regional vacancy rate of 3.56%.⁹

Government-Assisted Housing

Governmental agencies and nonprofit organizations offer a range of housing assistance to low and moderate-income households in renting or purchasing a home. There are 14 government-assisted housing developments in Milwaukie with a total of 840 dwelling units.

Exhibit 21. Government-Assisted Housing, Milwaukie, 2019

Source: Oregon Department of Health and Human Services, Affordable Housing Inventory in Oregon, July 2019.
Note: bedroom size data not available for Jennings Lodge.

Development Name	Total Units	Unit Size						Unknown
		SRO	Studio	1-bd	2-bd	3-bd	4-bd	
Avalon House	7	7	-	-	-	-	-	-
Cascade Meadows Senior Apts	61	-	-	61	-	-	-	-
Charbern Apts	53	-	6	38	8	1	-	-
Fox Pointe Apts	96	-	-	2	76	18	-	-
Hilside Manor	100	-	-	68	32	-	-	-
Hilside Park	100	-	-	65	35	-	-	-
Ikoï So Terrace	35	-	-	35	-	-	-	-
Jennings Lodge	5	-	-	-	-	-	-	5
Lake Crest Apts	229	-	30	59	120	20	-	-
Madrona House	4	4	-	-	-	-	-	-
North Main Apts	64	-	47	17	-	-	-	-
Seneca Terrace	32	-	-	-	32	-	-	-
Wilamahne	52	-	-	16	24	12	-	-
Willard Street Duplex	2	-	-	-	2	-	-	-
Total	840	11	83	361	329	51	-	5

⁹ The Apartment Report, Multifamily NW, Spring 2022.

While there are not emergency shelters located in Milwaukie, the Clackamas County Continuum of Care (CoC) region has 193 emergency shelter beds, 65 transitional shelter beds, and 1,313 permanently supportive housing beds supporting persons experiencing houselessness in the Clackamas County region.

Exhibit 22. Facilities and Housing for Households Experiencing Houselessness, Clackamas County Continuum of Care Region, 2021

Source: HUD 2021 Continuum of Care Homeless Assistance Programs, Housing Inventory Report, Clackamas County CoC.

Population Served	Emergency, Safe Haven, and Transitional Beds		Permanent Housing Beds
	Emergency Shelter	Transitional Housing	
Family Units	26	12	132
Family Beds	79	27	412
Adult-Only Beds	73	3	324
Child-Only Beds	-	-	-
Total Year-Round Beds	152	30	736
Chronic Beds	n/a	n/a	180
Veteran Beds	15	-	257
Youth Beds	-	23	8

Manufactured Homes

Manufactured homes provide a source of affordable housing in Milwaukie. They provide a form of homeownership that can be made available to low and moderate-income households. Cities must plan for manufactured homes—both on lots and in parks (ORS 197.475-492).

Generally, manufactured homes in parks are owned by the occupants who pay rent for the space. Monthly housing costs are typically lower for a homeowner in a manufactured home park for several reasons, including the fact that property taxes levied on the value of the land are paid by the property owner, rather than the manufactured homeowner. The value of the manufactured home generally does not appreciate in the way a conventional home would, however. Manufactured homeowners in parks are also subject to the mercy of the property owner in terms of rent rates and increases. It is generally not within the means of a manufactured homeowner to relocate to another manufactured home to escape rent increases. Homeowners living in a park is desirable to some because it can provide a more secure community with on-site managers and amenities, such as laundry and recreation facilities. OAR 197.480(4) requires cities to inventory the mobile home or manufactured dwelling parks sited in areas planned and zoned or generally used for commercial, industrial, or high-density residential development. Exhibit 23 presents the inventory of mobile and manufactured home parks within Milwaukie as of 2022.

Milwaukie has 2 manufactured home parks within its city limits. Within these parks, there are a total of 65 spaces (of which 0 spaces were vacant as of March 2022).

Exhibit 23. Inventory of Mobile/Manufactured Home Parks, Milwaukie, 2022

Source: Oregon Manufactured Dwelling Park Directory, 2022

Name	Location	Type	Total Spaces	Vacant Spaces	Zone
King's Court Mobile City LLC	5990 SE King Rd	Family	43	0	R-3
Linwood Mobile Estates LLC	10523 SE Linwood Ave	55+	22	0	R-3
Total			65	0	

4. Demographic and Other Factors Affecting Residential Development in Milwaukie

Demographic trends are important for a thorough understanding of the dynamics of the Milwaukie housing market. Milwaukie exists in a regional economy; trends in the region impact the local housing market. This chapter documents demographic, socioeconomic, and other trends relevant to Milwaukie at the national, state, and regional levels.

Demographic trends provide a context for growth in a region; factors such as age, income, migration, and other trends show how communities have grown and how they will shape future growth. To provide context, we compare Milwaukie to Clackamas County and Oregon. We also compare Milwaukie to nearby cities where appropriate. Characteristics such as age and ethnicity are indicators of how the population has grown in the past and provide insight into factors that may affect future growth.

Demographic and Socioeconomic Factors Affecting Housing Choice¹⁰

Analysts typically describe housing demand as the preferences for different types of housing (e.g., single-dwelling detached or apartment) and the ability to pay for that housing (the ability to exercise those preferences in a housing market by purchasing or renting housing; in other words, income or wealth).

Many demographic and socioeconomic variables affect housing choice. However, the literature about housing markets finds that age of the householder, size of the household, and income are most strongly correlated with housing choice.

- **Age of householder** is the age of the person identified (in the Census) as the head of household. Households make different housing choices at different stages of life. This chapter discusses generational trends, such as housing preferences of baby boomers (people born from about 1946 to 1964), millennials (people born from about 1980 to 2000), and Generation Z (people born after 1997).
- **Size of household** is the number of people living in the household. Younger and older people are more likely to live in single-person households. People in their middle years are more likely to live in multi-person households (often with children).
- **Household income** is probably the most important determinant of housing choice. Income is strongly related to the type of housing a household chooses (e.g., single-

¹⁰ The research in this chapter is based on numerous articles and sources of information about housing and adapted to Milwaukie's unique circumstances from prior housing capacity analysis conducted by ECONorthwest.

dwelling detached housing, duplexes, or buildings with more than five units) and to household tenure (e.g., rent or own).

- **Racial exclusion, neighborhood segregation, and exclusionary zoning** shaped development of Oregon’s communities. The results of these policies are still seen in patterns of development and where people live.

This chapter focuses on these factors, presenting data that suggests how changes to these factors may affect housing need in Milwaukie over the next 20 years.

Regional and Local Demographic Trends May Affect Housing Need in Milwaukie

Demographic trends that might affect the key assumptions used in the baseline analysis of housing need are (1) the aging population, (2) changes in household size and composition, and (3) increases in diversity.

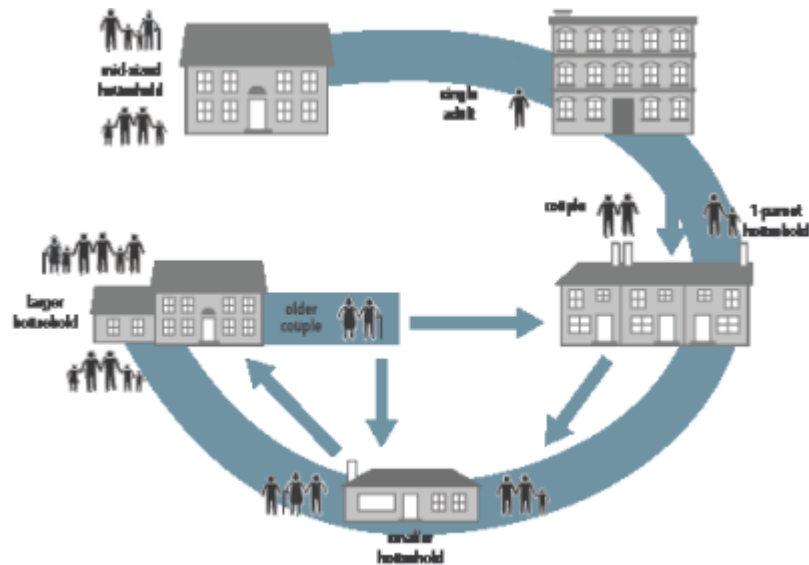
An individual’s housing needs change throughout their life, with changes in income, family composition, and age. The types of housing needed by a 20-year-old college student differ from the needs of a 40-year-old parent with children, or an 80-year-old single adult. As Milwaukie’s population ages, different types of housing will be needed to accommodate older residents. The housing characteristics by age data below reveal this cycle in action in Milwaukie.

Housing needs and preferences change in predictable ways over time, such as with changes in marital status and size of household.

Households of different sizes need different types of housing.

Exhibit 24. Effect of Demographic Changes on Housing Need

Source: ECONorthwest, adapted from Clark, William A.V. and Frans M. Dieleman. 1996. Households and Housing. New Brunswick, NJ: Center for Urban Policy Research.



Within Oregon and Clackamas County, historical racist policies affected and continue to affect availability of housing for BIPOC. There is a long history of racial exclusion, discrimination, housing bias, and exclusionary zoning. Milwaukie and Clackamas County have a considerable

amount of work to do to address the historical inequalities, through development of new policies that support integrating equity into their decision-making systems.

Growing Population

Milwaukie’s population growth will drive future demand for housing in the city over the planning period. Milwaukie must use this forecast as the basis for forecasting housing growth over the 2023 to 2043 period.

Exhibit 25 shows that Milwaukie’s population grew by 4% between 2000 and 2021. Milwaukie added 745 new residents, at an average annual growth rate of 0.2%.

Exhibit 25. Population, Milwaukie (city limits), the Portland region, Oregon, U.S., 2000, 2010, 2021
Source: US Decennial Census 2000 and 2010, and Portland State University, Population Research Center.

	2000	2010	2021	Change 2000 to 2021		
				Number	Percent	AAGR
U.S.	281, 421, 906	308, 745, 538	332, 915, 073	51, 493, 167	18%	0.8%
Oregon	3, 421, 399	3, 831, 074	4, 266, 560	845, 161	25%	1.1%
Portland Tri-County	1, 444, 219	1, 641, 036	1, 851, 024	406, 805	28%	1.2%
Milwaukie	20, 490	20, 291	21, 235	745	4%	0.2%

Aging Population

This section shows two key characteristics of Milwaukie’s population, with implications for future housing demand in Milwaukie:

- Milwaukie’s senior population grew between 2000 and 2019 and is expected to continue to increase.** Milwaukie currently has a smaller share of people over 60 years old than Clackamas County. The Clackamas County forecast share of residents aged 60 years and older will account for 27% of its population (2040), compared to 20% in the 2015-2019 period. It is reasonable to expect that Milwaukie’s senior population will grow consistent with regional trends, which will increase demand for housing that is suitable for seniors.

The impact of growth in seniors in Milwaukie will depend, in part, on whether older people already living in Milwaukie continue to reside there as they retire. National surveys show that, in general, most retirees prefer to age in place by continuing to live in their current home and community as long as possible.¹¹

Growth in the number of seniors will result in demand for housing types specific to seniors, such as small and easy-to-maintain dwellings, assisted-living facilities, or age-restricted developments. Senior households will make a variety of housing choices, including remaining in their homes as long as they are able, downsizing to smaller

¹¹ A survey conducted by the AARP indicates that 90% of people 50 years and older want to stay in their current home and community as they age. See <http://www.aarp.org/research>.

single-dwelling homes (detached and attached) or multi-dwelling units, or moving into group housing (such as assisted-living facilities or nursing homes) as their health declines. The challenges aging seniors face in continuing to live in their community include changes in health-care needs, loss of mobility, the difficulty of home maintenance, financial concerns, and increases in property taxes.¹²

- **Milwaukie has a slightly larger proportion of younger working-aged people than Clackamas County and Oregon.** About 32% of Milwaukie’s population is between 20 and 39 years old, compared to 30% of the Portland region and 28% of Oregon.

People roughly aged 20 to 40 now are referred to as the millennial generation and account for the largest share of population in Oregon. By 2040, they will be about 40 to 60 years of age. Generation Z (those aged roughly 10 to 19 now) will be between 30 and 40 years old. The forecast for Clackamas County shows growth across both of these age groups through 2040, with the largest growth for people 40 to 59 years old in 2040.

Milwaukie is currently attracting millennials. The community’s ability to continue to attract and retain people in this age group will depend, in large part, on whether the city has opportunities for housing that both appeals to and is affordable to millennials and Generation Z, as well as jobs that allow younger people to live and work in Milwaukie.

In the near-term, millennials and Generation Z may increase demand for rental units. Research suggests that millennials’ housing preferences may be similar to baby boomers, with a preference for smaller, less-costly units. Surveys about housing preference suggest that millennials want affordable single-dwelling homes in areas that offer transportation alternatives to cars, such as suburbs or small cities with walkable neighborhoods.¹³ Recent growth in homeownership among millennials proves that millennials prefer to become homeowners, with the millennial homeownership rate increased from 33% in 2009 to 43% in 2019.¹⁴ While researchers do not yet know how Generation Z will behave in adulthood, many expect they will follow patterns of previous generations.¹⁵

A survey of people living in the Portland region shows that millennials prefer single-dwelling detached housing. The survey finds that housing price is the most important

¹² “Aging in Place: A toolkit for Local Governments” by M. Scott Ball.

¹³ The American Planning Association, “Investing in Place; Two generations’ view on the future of communities.” 2014.

“Access to Public Transportation a Top Criterion for Millennials When Deciding Where to Live, New Survey Shows,” Transportation for America.

“Survey Says: Home Trends and Buyer Preferences,” National Association of Home Builders International Builders

¹⁴ “Millennials and Housing: Homeownership Demographic Research.” Freddie Mac Single-Family, 2021. https://sf.freddiemac.com/content/_assets/resources/pdf/fact-sheet/millennial-playbook_millennials-and-housing.pdf.

¹⁵ “2021 Home Buyers and Sellers Generational Trends Report.” National Association of Realtors, 2021. <https://www.nar.realtor/sites/default/files/documents/2021-home-buyers-and-sellers-generational-trends-03-16-2021.pdf>.

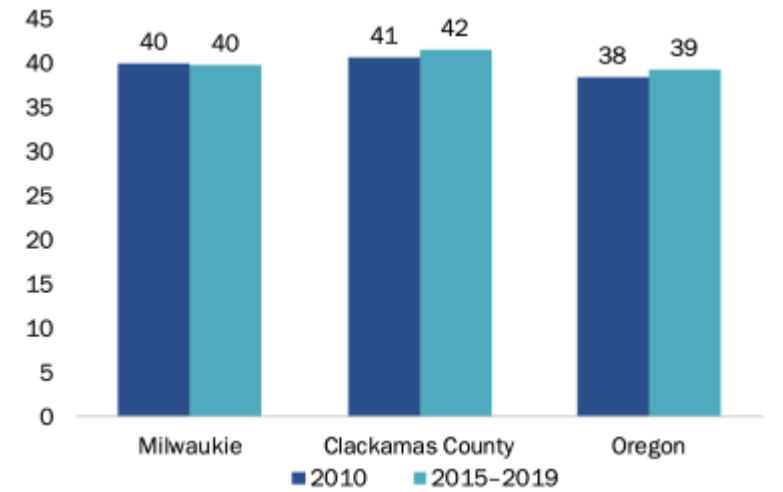
factor in choosing housing for younger residents.¹⁶ The survey results suggest millennials are more likely than other groups to prefer housing in an urban neighborhood or town center. While this survey is older and for the entire Portland region, it shows similar results to national surveys and studies about housing preference for millennials.

Growth in millennials and Generation Z in Milwaukie will result in increased demand for both affordable single-dwelling detached housing (such as small single-dwelling detached units like cottages), as well as increased demand for affordable town houses and multi-dwelling housing. Growth in this population will result in increased demand for both ownership and rental opportunities, with an emphasis on housing that is comparatively affordable. There is potential for attracting new residents to housing in Milwaukie’s commercial areas, especially if the housing is relatively affordable and located in proximity to services.

From 2000 to 2015-2019, Milwaukie’s median age remained stable even as the median age for Clackamas County and Oregon increased.

Exhibit 26. Median Age, Milwaukie, Clackamas County, and Oregon, 2000 to 2015–2019

Source: US Census Bureau, 2000 Decennial Census Table B01002, 2015–2019 ACS, Table B01002.



¹⁶ Davis, Hibbits, & Midghal Research, “Metro Residential Preference Survey,” May 2014.

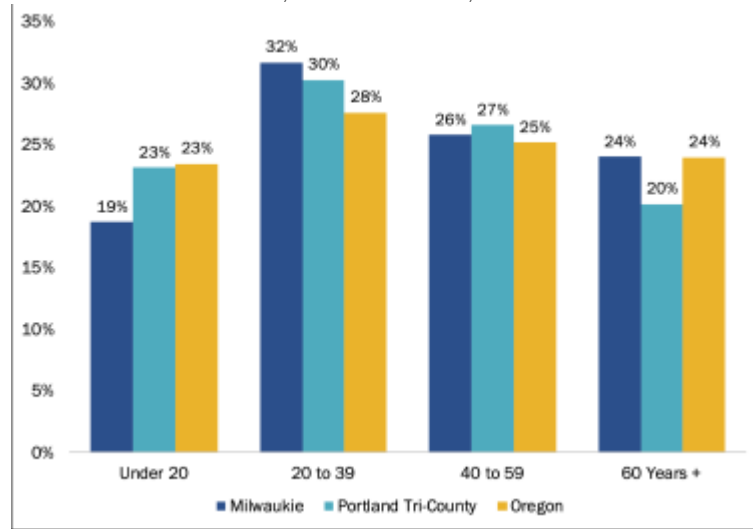
In the 2015-2019 period, about 57% of Milwaukie's residents were between the ages of 20 and 59 years.

Milwaukie had a higher share of people over the age of 60 than the Portland region.

About a fifth of Milwaukie's population is under 20 years old.

Exhibit 27. Population Distribution by Age, Milwaukie, the Portland region, and Oregon, 2015–2019

Source: US Census Bureau, 2015–2019 ACS, Table B01001.

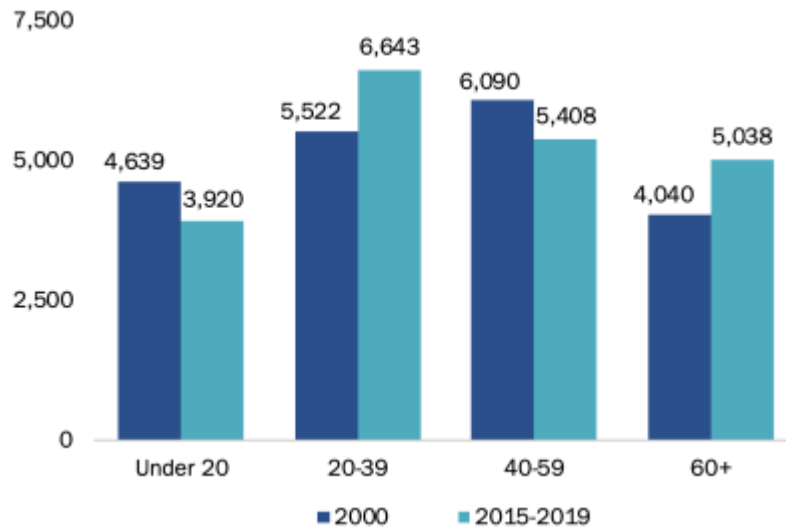


Between 2000 and 2015-2019, all age groups in Milwaukie grew in size.

The largest increase in residents were those aged 20-39 (growth of 1,121 people) followed by those aged 60+ (growth of 998 people).

Exhibit 28. Population Growth by Age, Milwaukie, 2000, 2015–2019

Source: US Census Bureau, 2000 Decennial Census Table P012 and 2015–2019 ACS, Table B01001.

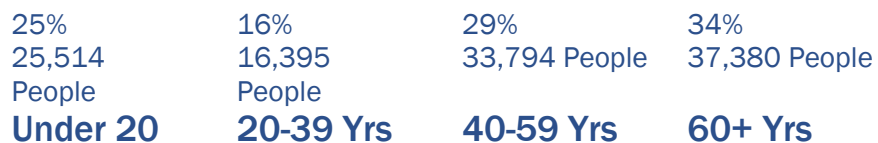


People in all age groups are expected to grow in Clackamas County over the next two decades.

The groups to add the most people is those over the age

Exhibit 29. Fastest-Growing Age Groups, Clackamas County, 2020 to 2040

Source: PSU Population Research Center, Clackamas County Forecast, June 2021



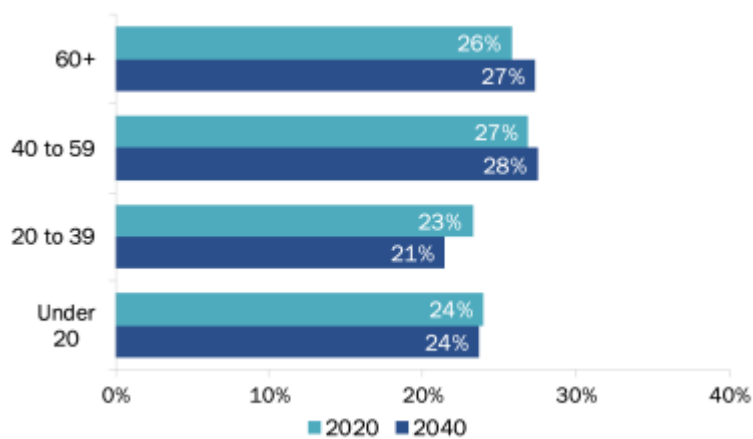
of 60 is forecast to grow by 34%, adding more than 37,000 new people. People aged 40 to 59 are forecast to grow by nearly as many, adding 34,000 people.

By 2040, it is forecasted that Clackamas County residents aged 40 and older will make up 55% of the county's total population.

This accounts for a 2% increase from this age cohort's population estimate for 2020.

Exhibit 30. Population Growth by Age Group, Clackamas County, 2020 and 2040

Source: PSU Population Research Center, Clackamas County Forecast, June 2018.



Increased Ethnic Diversity

The number of residents that identified as Latino/a/x increased in Milwaukie by 516 people, from 1,426 people in 2010 to 1,942 people in the 2015-2019 period. The US Census Bureau forecasts that at the national level, the Latino/a/x population will continue growing faster than most other non-Latino/a/x populations between 2020 and 2040. The Census forecasts that the Latino/a/x population will increase 93%, from 2016 to 2060, and foreign-born Latino/a/x populations will increase by about 40% in that same time.¹⁷

Continued growth in the Latino/a/x population will affect Milwaukie's housing needs in a variety of ways. Growth in first and, to a lesser extent, second and third-generation Latino/a/x immigrants will increase demand for larger dwelling units to accommodate the, on average, larger household sizes for these households. In that, Latino/a/x households are twice likely to include multigenerational households than the general populace.¹⁸ As Latino/a/x households

¹⁷ US Census Bureau, *Demographic Turning Points for the United States: Population Projections for 2020 to 2060*.

¹⁸ Pew Research Center. (2013). *Second-Generation Americans: A Portrait of the Adult Children of Immigrants*. National Association of Hispanic Real Estate Professionals (2019). *2019 State of Hispanic Homeownership Report*.

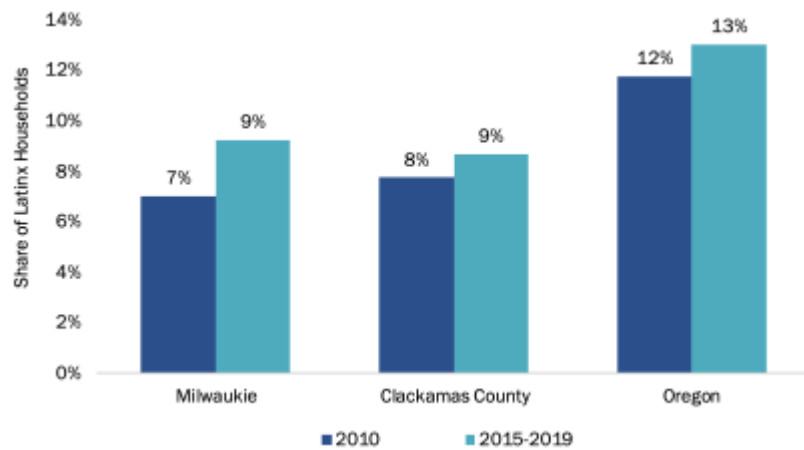
change over generations, household size typically decreases, and housing needs become similar to housing needs for all households.

According to the *State of Hispanic Homeownership* report from the National Association of Hispanic Real Estate Professionals, the Latino population accounted for 29.2% of the nation’s new household formation between 2017 and 2021.¹⁹ The rate of homeownership for Latino households increased from 45.6% in 2015 to 48.4% in 2021. Latino homeownership growth has remained steady over the last decade and is at its highest rates since 2009.

The share of Milwaukie’s households that identified as Latino/a/x increased from 2000 and 2015–2019 at a faster rate than both the county and the state.

Milwaukie was less ethnically diverse than both Clackamas County and Oregon in the 2015–2019 period.

Exhibit 31. Latino/a/x Population as Percent of Total Population, Milwaukie, Clackamas County, Oregon, 2010 and 2015–2019
Source: US Census Bureau, 2000 Decennial Census Table P008, 2015–2019 ACS Table B03002.



¹⁹ National Association of Hispanic Real Estate Professionals (2021). *2021 State of Hispanic Homeownership Report*.

Racial Diversity

While the majority of Milwaukie’s population is White, Milwaukie has residents of many races, as shown in Exhibit 32, consistent with Clackamas County’s population.

In the 2015–2019 period, Milwaukie was just as racially diverse as Clackamas County and less racially diverse than Oregon.

Exhibit 32. Population by Race/Ethnicity as a Percent of Total Population, Milwaukie, Clackamas County, Oregon, 2015–2019
Source: US Census Bureau, 2015–2019 ACS Table B02001 and B03002.

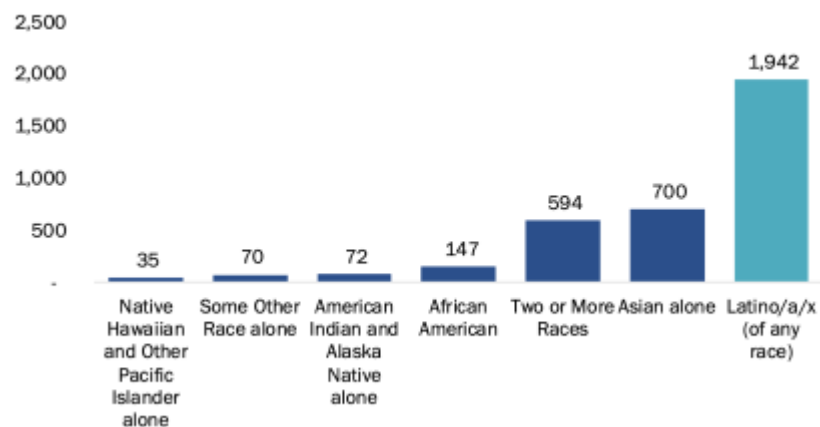
	Milwaukie	Clackamas Co.	Oregon
White Alone	83%	82%	76%
Latino/a/x (of any race)	9%	9%	13%
Two or More Races	3%	3%	4%
Asian Alone	3%	4%	4%
American Indian and Alaska Native Alone	0%	1%	1%
Black or African American Alone	1%	1%	2%
Native Hawaiian and Other Pacific Islander Alone	*	*	*
Some Other Race Alone	*	*	*

In Milwaukie, about 3,560 people identified as a race other than White Alone and over 1,942 people identified as Latino/a/x (of Any Race).

Not shown in the exhibit are the 17,449 people identifying as White, not Latino/a/x in Milwaukie.

Exhibit 33. Number of People by Race and Ethnicity, Milwaukie, 2015-2019

Source: US Census Bureau, 2015-2019 ACS, Table B03002.



Household Size and Composition

Milwaukie's household composition shows that Milwaukie had a smaller percentage of households with children than the Portland region and the state. On average, Milwaukie's households are smaller than both Clackamas County's households and Oregon's.

Milwaukie's average household size was smaller than both Clackamas County's and Oregon's.

Exhibit 34. Average Household Size, Milwaukie, Clackamas County, Oregon, 2015-2019

Source: US Census Bureau, 2015-2019 ACS 5-Year Estimate, Table B25010.

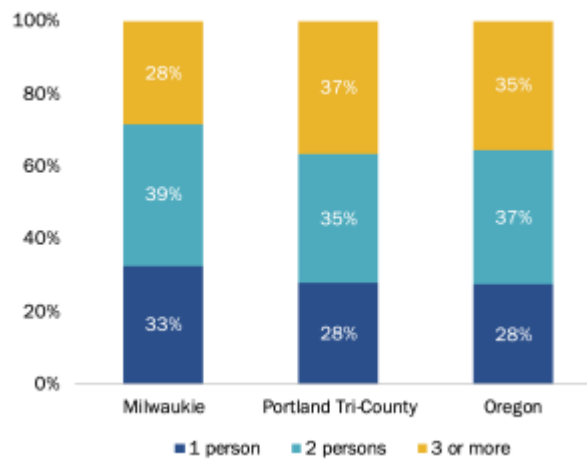


About 72% of Milwaukie's households were one and two-person households.

Milwaukie has a smaller share of households with 3 or more people than the Portland region or Oregon.

Exhibit 35. Household Size, Milwaukie, the Portland region, Oregon, 2015-2019

Source: US Census Bureau, 2015-2019 ACS 5-Year Estimate, Table B25010.

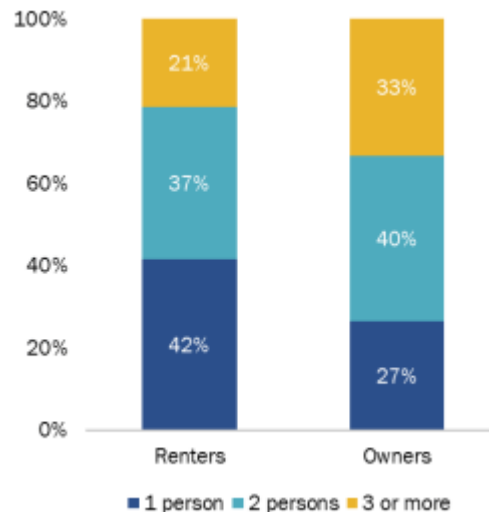


Almost half of all renter-occupied households in Milwaukie were 1-person households (42%).

The majority of owner-occupied households were 2- and 3-person households, a larger percentage than renter-occupied households (73% and 58%, respectively).

Exhibit 36. Tenure by Household Size, Milwaukie, 2015-2019

Source: US Census Bureau, 2015-2019 ACS 5-Year Estimate, Table B25009

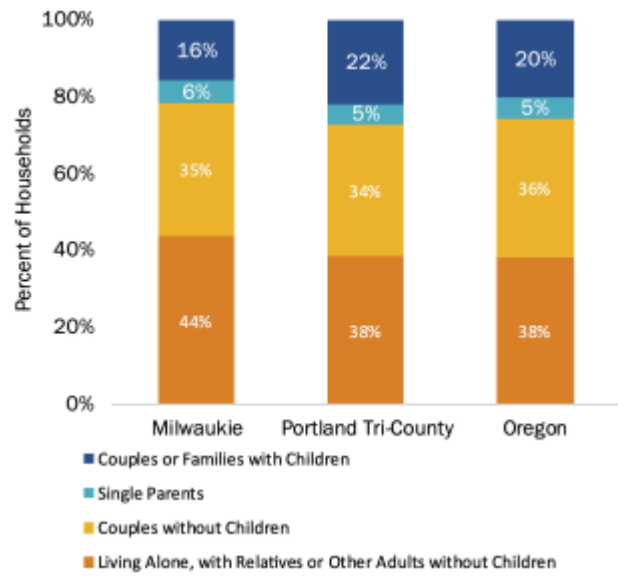


Milwaukie has a larger share of households with no children (79%) than the Portland region (72%) or State (74%).

About 16% of Milwaukie households have children, compared with 22% of the Portland region households and 20% of Oregon households.

Exhibit 37. Household Composition, Milwaukie, the Portland region, Oregon, 2015-2019

Source: US Census Bureau, 2015-2019 ACS 5-Year Estimate, Table DP02.



Income of Milwaukie Residents

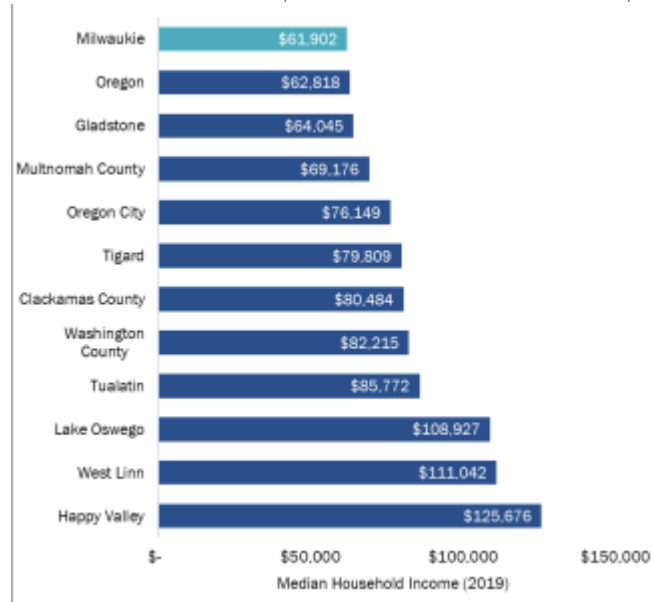
Income is a key determinant in housing choice and households' ability to afford housing. Milwaukie's median household income was substantially lower than the Clackamas County median (nearly \$18,600 lower). Adjusted for inflation, Milwaukie's household income decreased by 7% since 2000, consistent county and statewide trends. The decrease in household income (adjusted for inflation) occurred at a time when rent and housing prices in Milwaukie (and the whole region) increased substantially.

Over the 2015-2019 period, Milwaukie's median household income was below that of the county and the state.

Over this period, Milwaukie's median household income was \$61,902. Clackamas County's median household income was \$80,484 and Oregon's median household income was \$62,818.

Exhibit 38. Median Household Income, Milwaukie, Clackamas County, Oregon, Comparison Cities, 2015-2019

Source: US Census Bureau, 2015-2019 ACS 5-Year Estimate, Table B25119.

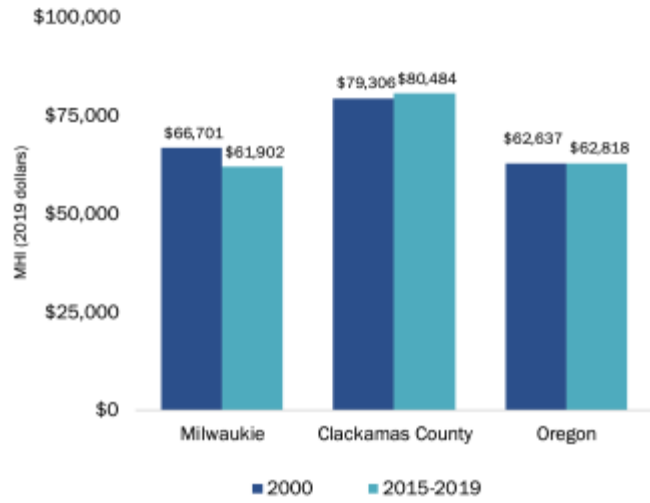


After adjusting for inflation, Milwaukie's median household income decreased by 7% from 2000 to 2015-2019.

Contrastingly, Clackamas County's and Oregon's median household income increased (by -1% and 0%, respectively).

Exhibit 39. Change in Median Household Income, Milwaukie, Clackamas County, Oregon, 2000 to 2015-2019, Inflation-Adjusted

Source: US Census Bureau, 2000 Decennial Census, Table HCT012; 2015-2019 ACS 5-Year Estimate, Table B25119.

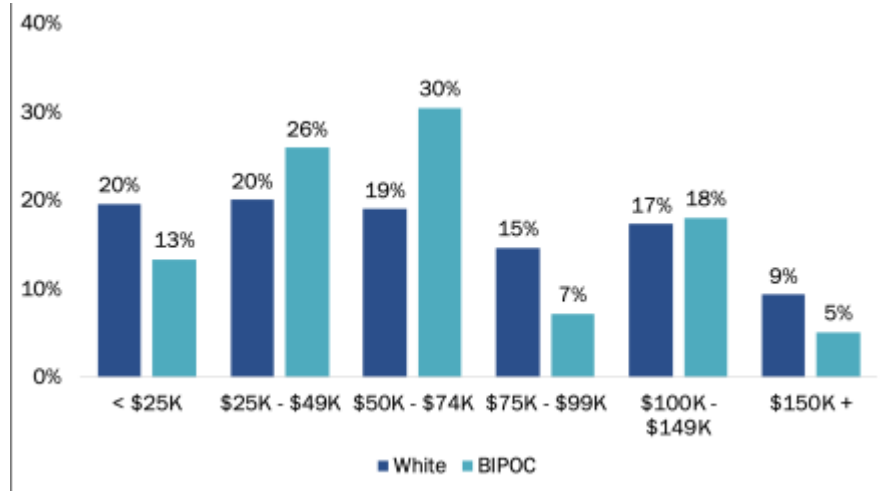


More than half of BIPOC households have household incomes below and \$74k (69%).

In contrast, White households are more consistently spread out, with 59% of White households with income below and \$74k.

Exhibit 40. Household Income, BIPOC and White Households, Milwaukie, 2015-2019

Source: ACS 5 Year Estimates, 2015-2019 Table B19001 A-I* White includes Hispanic of Latino Householders

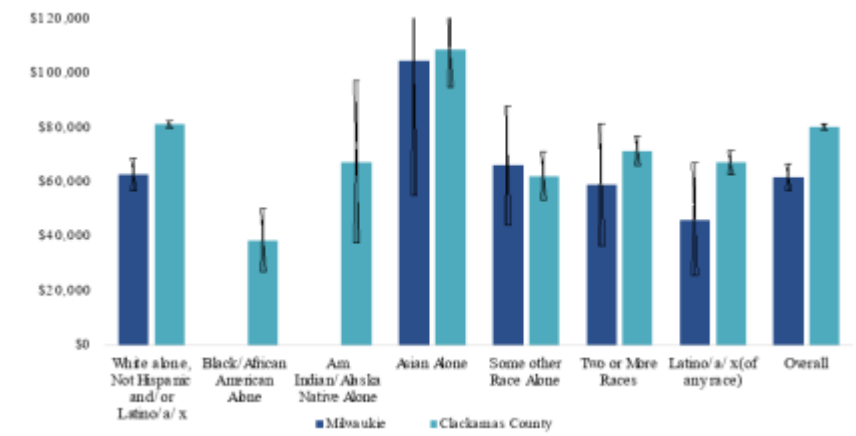


Income varies by race, with some communities of color having lower average household incomes than the overall average.

Income for Latino/a/x households (the largest community of color in Milwaukie) about \$46,280 or 75% of the overall average in Milwaukie.

Exhibit 41. Median Household Income by Race/Ethnicity of the Head of Household, Milwaukie, 2015-2019

Source: US Census Bureau, 2015-2019 ACS 5-Year Estimate, Table S1901. Note: This graph shows “whiskers” that indicate margin of error for this data. The margin of error is largest for groups with fewer people, such as Asian Alone in Milwaukie. Median family income for Portland-Vancouver-Hillsboro, OR-WA MSA was \$96,900 (US Department of Housing and Urban Development).

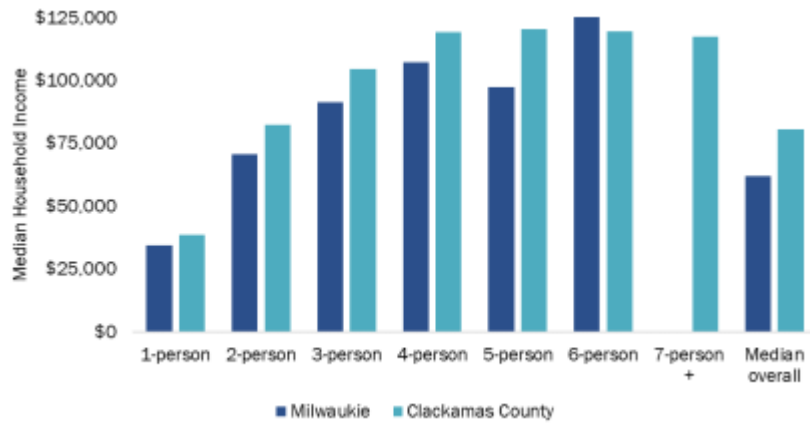


In general, larger households in Milwaukie have higher household incomes than smaller ones.

The largest increases across household sizes in income was from 1-person to 2-person income, a \$36,374 increase and 5 to 6 person households, a \$152,615 increase.

Exhibit 42. Household Income by Household Size, Milwaukie, 2015-2019

Source: US Census Bureau, 2015-2018 ACS 5-Year Estimate, Table B19019

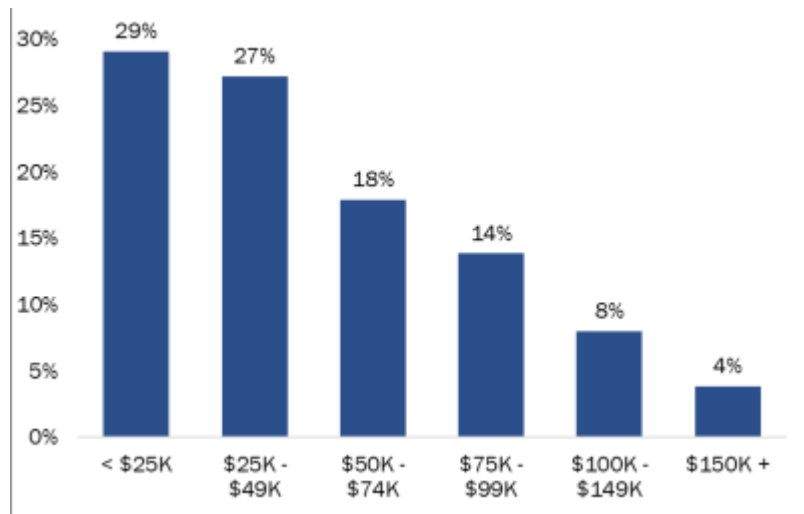


Seniors were more likely to be households with incomes at or below the average of about \$61,000.

Fifty-six percent of households with a head of household aged 65 or older earned less than \$50,000 per year, compared to the citywide average of 52% of households with an income of less than \$50,000.

Exhibit 43. Household Income by Age of Householder (Aged 65 Years and Older), Milwaukie, 2015-2019

Source: US Census Bureau, 2015-2019 ACS 5-Year Estimate, Table B19037.

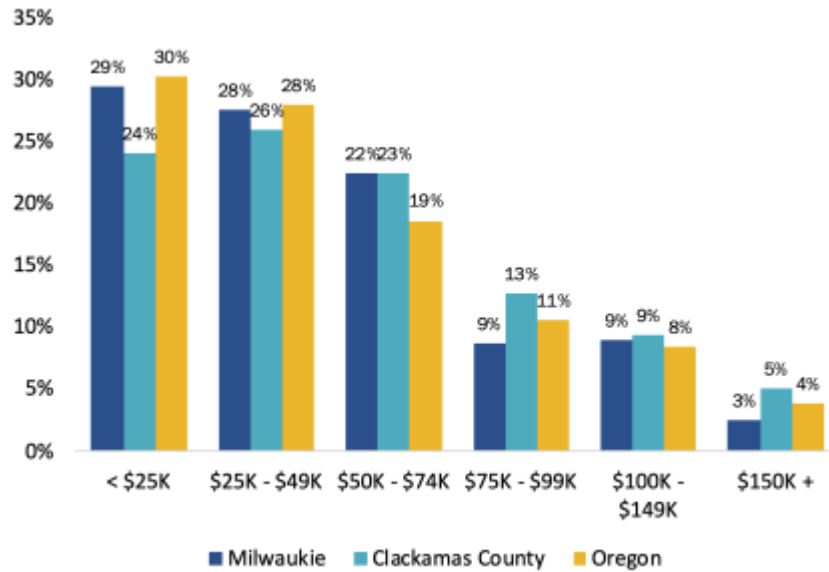


Across all regions, as incomes increased, the percentage of renter-occupied households decreased.

Almost 60% of renter-occupied households in Milwaukie have a household income under \$50,000 (57%).

Exhibit 44. Renter Household Income, Milwaukie, Clackamas County, Oregon, 2015-2019

Source: US Census Bureau, 2015-2019 ACS 5-Year Estimate, Table B25118

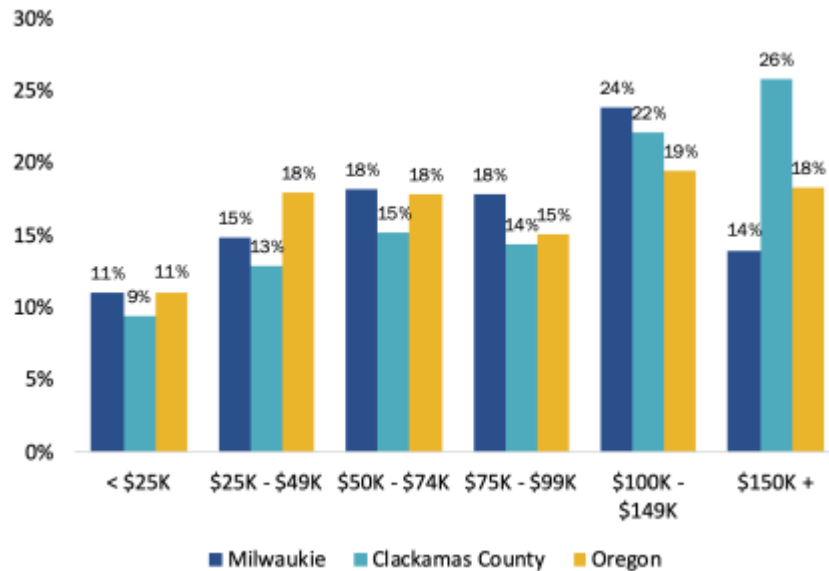


The majority of owner-occupied households have household incomes over \$50,000.

Almost 75% of owner-occupied households in Milwaukie have household incomes over \$50,000 (74%).

Exhibit 45. Owner-Occupied Household Income, Milwaukie, Clackamas County, Oregon, 2015-2019

Source: US Census Bureau, 2015-2019 ACS 5-Year Estimate, Table B25118



Commuting Trends

Milwaukie is part of the complex, interconnected economy within the Portland Metro region. Of the more than 15,000 jobs in Milwaukie, 95% of workers commute into Milwaukie from other areas, most notably from Portland, Gresham, Oregon City, Oak Grove, and Happy Valley. More than 10,000 residents of Milwaukie commute out of the city for work, many of them to Portland, Beaverton, and Tigard.

About 15,198 people work in Milwaukie. A majority of these people commute into Milwaukie for work.

About 752 people live and work in Milwaukie, accounting for about 5% of jobs in Milwaukie.

About 10,267 people live in Milwaukie but commute outside of the city for work.

Exhibit 46. Commuting Flows, Milwaukie, 2019

Source: US Census Bureau, Census on the Map.



About 5% of people who work at businesses located in Milwaukie also live in Milwaukie.

The remainder commute from Portland and other parts of the Metro.

About 7% of Milwaukie residents worked in Milwaukie.

Exhibit 47. Places where Workers at Businesses in Milwaukie Lived, 2019

Source: US Census Bureau, Census on the Map.



Exhibit 48. Places where Milwaukie Residents Were Employed, 2019

Source: US Census Bureau, Census On the Map.

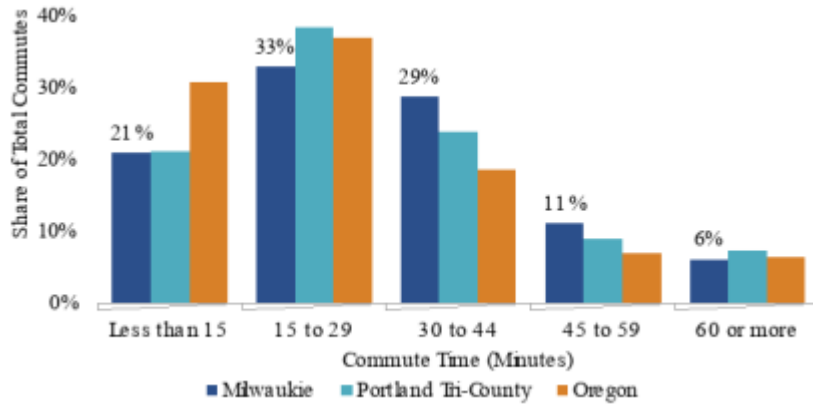


Less than a quarter of Milwaukie residents (21%) had a commute

Exhibit 49. Commute Time by Place of Residence, Milwaukie, the Portland region, Oregon, 2015-2019

Source: US Census Bureau, 2015-2019 ACS 5-Year Estimate, Table B08303.

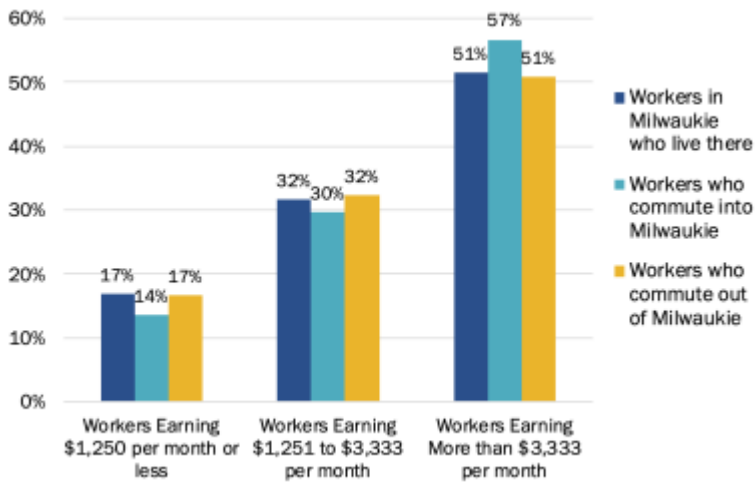
time that took less than 15 minutes.



Workers commuting into Milwaukie tended to have higher wages on average than those who lived and worked in Milwaukie or those who lived in Milwaukie but commuted out to work.

Fifty-seven percent of workers who commute into Milwaukie were earning more than \$3,333 per month.

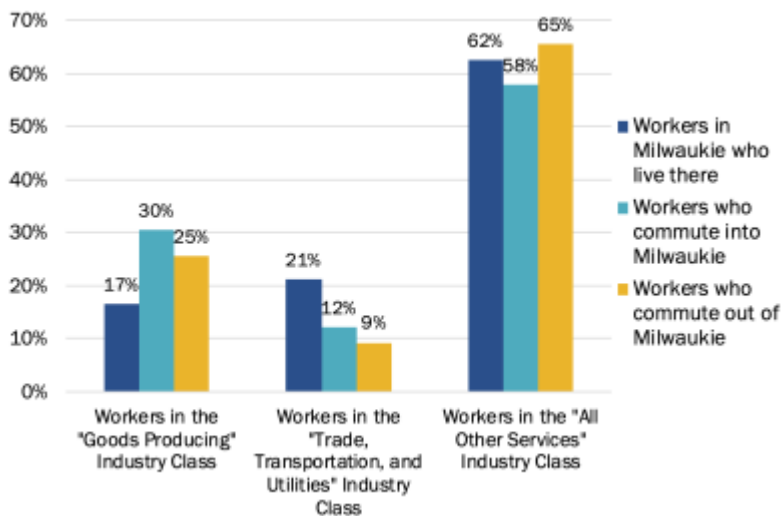
Exhibit 50. Average Wages for Commuters, Milwaukie, 2015-2019
Source: US Census Bureau, Census on the Map.



Workers commuting into Milwaukie had a higher percentage of workers in the “Good Producing” Industry Class than workers in Milwaukie who live there and workers who commute out of Milwaukie.

Workers in Milwaukie who live there had the highest percentage of workers in the “Trade, Transportation, and Utilities” Industry Class.

Exhibit 51. Commuters by Industry, Milwaukie, 2015-2019
Source: US Census Bureau, Census on the Map.



Populations with Special Needs

People Experiencing Houselessness

This section uses the following sources of information:

Point-in-Time (PIT) Count: The PIT count is a snapshot of individuals experiencing houselessness on a single night in a community. It records the number and characteristics (e.g., race, age, veteran status) of people who live in emergency shelters, transitional housing, rapid rehousing, Safe Havens, or PSH—as well as recording those who are unsheltered. HUD requires that communities and Continuums of Care (CoC) perform the PIT count during the last ten days of January on an annual basis for sheltered people and on a biennial basis for unsheltered people. Though the PIT count is not a comprehensive survey, it serves as a measure of houselessness at a given point of time and is used for policy and funding decisions.

McKinney Vento Data: The McKinney Vento Houseless Assistance Act authorized, among other programs, the Education for Homeless Children and Youth (EHCY) Program to support the academic progress of children and youths experiencing houselessness. The US Department of Education works with state coordinators and local liaisons to collect performance data on students experiencing houselessness. The data records the number of school-aged children who live in shelters or hotels/motels and those who are doubled up, unsheltered, or unaccompanied. This is a broader definition of houselessness than that used in the PIT.

Although these sources of information are known to undercount people experiencing houselessness, they are consistently available for counties in Oregon.

Gathering reliable data from individuals experiencing houselessness is difficult precisely because they are unstably housed. People can cycle in and out of houselessness and move around communities and shelters. Moreover, the definition of houselessness can vary between communities. Individuals and families temporarily living with relatives or friends are insecurely housed, but they are often neglected from houselessness data. Even if an individual is identified as lacking sufficient housing, they may be reluctant to share information. As a result, information about people experiencing houselessness in Milwaukie is not readily available.

According to HUD's 2021 Annual Homeless Assessment Report (AHAR), across the United States, the number of people experiencing *sheltered* homelessness has been decreasing since 2015, but the drop between 2020 and 2021 was steeper than in recent years.²⁰ It is likely that some of this decline is due to COVID-related precautions that resulted in fewer beds available (due to the need to have more space between beds). Other factors include people being unwilling to use shelter beds due to health risks as well as eviction moratoria and stimulus payments which may have prevented people from needing emergency shelter.

Pandemic-related disruptions to *unsheltered* houselessness counts made it difficult to determine if this population is increasing or decreasing in communities. Many communities chose not to conduct unsheltered PIT counts due to the risk of increasing COVID-19 transmission. While the communities that conducted unsheltered counts seem to indicate that this population did not increase, trends on unsheltered houselessness are known for only half of communities.

²⁰ The U.S. Department of Housing and Urban Development (2021). The 2021 Annual Homeless Assessment Report (AHAR) to Congress. Office of Community Planning and Development.

About 568 sheltered and unsheltered people were identified as experiencing houselessness in Clackamas County in 2022.

Clackamas County’s Point-in-Time Houseless count decreased by 74% from 2015 to 2022.

Exhibit 52. Number of Persons Houseless, Sheltered and Unsheltered, Clackamas County, Point-in-Time Count, 2015, 2019, and 2022

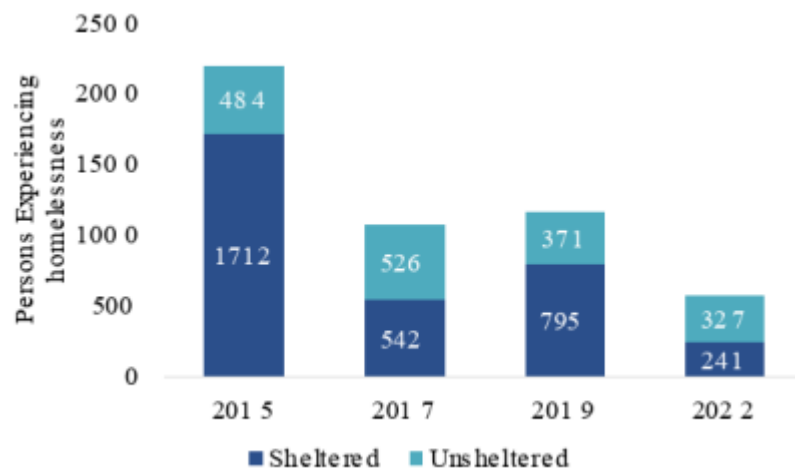
Source: Oregon Housing and Community Services.

2,196 Persons 2015 **1,166 Persons** 2019 **568 Persons** 2022

Between 2015 and 2022, the number of persons that experienced sheltered houselessness shrunk by 56%, and the number of persons that experienced unsheltered houselessness decreased by about 38%.

Exhibit 53. Number of Persons Houseless by Living Situation, Clackamas County, Point-in-Time Count, 2015, 2017, 2019, and 2022

Source: Oregon Housing and Community Services.

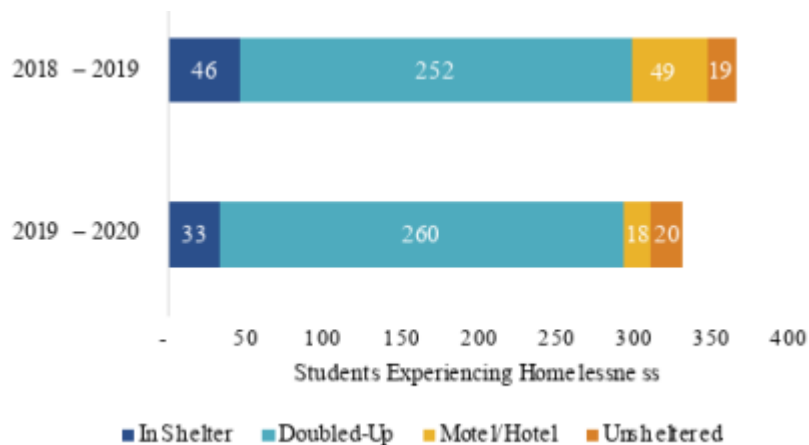


From the 2018-19 school year to the 2019-20 school year, student houselessness decreased by 10% (35 students), from 366 students in 2018-19 to 331 students in 2019-20.

Of the 331 students in 2019-20 experiencing houselessness, 71 were unaccompanied.

Exhibit 54. Students Houseless by Living Situation, North Clackamas School District, 2018 – 2019 and 2019 – 2020

Source: McKinney Vento, Houseless Student Data.

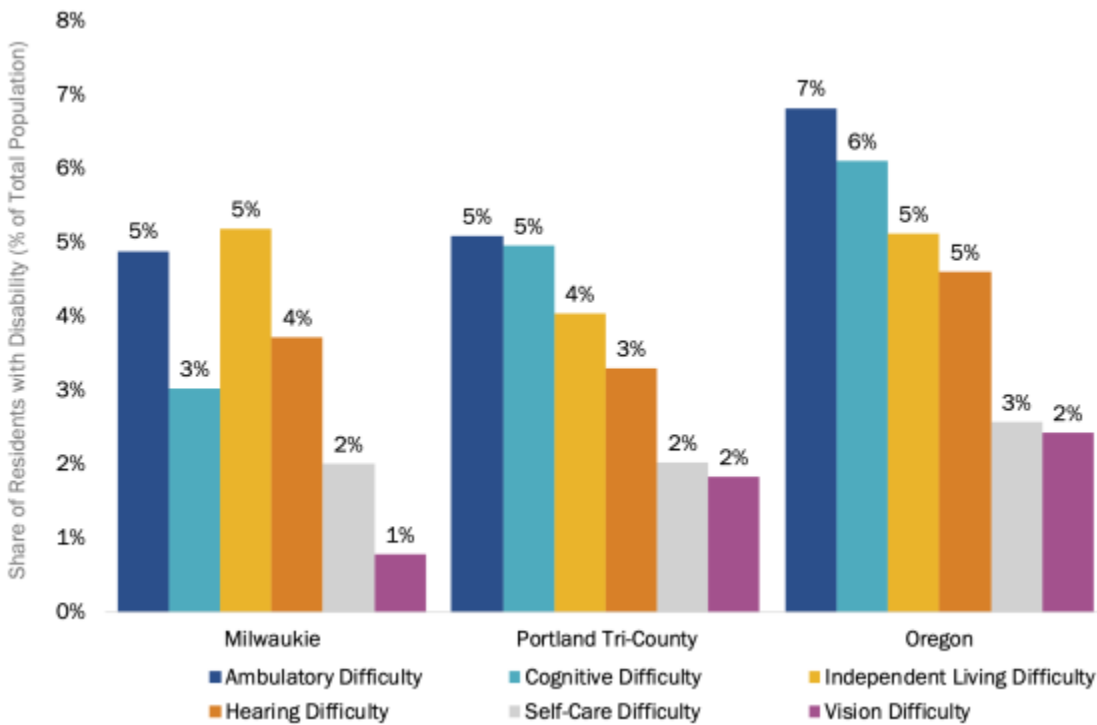


People with Disabilities

Persons with disabilities often require housing accommodations such as single-story homes or ground floor dwelling units, unit entrances with no steps, wheel-in showers, widened doorways, and other accessibility features. Limited supply of these housing options poses additional barriers to housing access for these groups. Exhibit 55 shows percentage of the population with a disability.

Exhibit 55. Persons Living with a Disability by Type and as a Percent of Total Population Milwaukie, the Portland region, Oregon, 2015-2019

Source: US Census Bureau 2015-2019 ACS, Table K201803.



Regional and Local Trends Affecting Affordability in Milwaukie

This section describes changes in sales prices, rents, and housing affordability in Milwaukie, compared to geographies in the region. Overall, Milwaukie’s median home sales price is about \$525,000 (Exhibit 56).

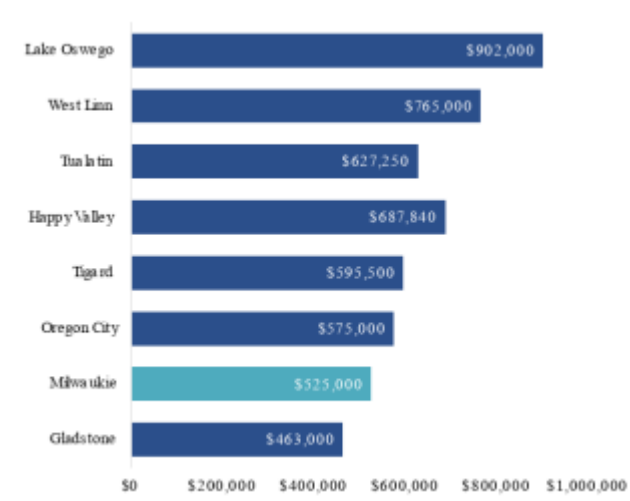
Changes in Housing Costs

Milwaukie’s median home sales price was \$525,000 in January to March of 2022.

Milwaukie’s median home sales price changed from \$178,900 in February 2012 to \$525,000, growth of about \$346,000 or 193%. This change in price is comparable to other cities in the Portland region (Exhibit 57).

Exhibit 56. Median Home Sales Price, Milwaukie and Comparison Cities, February 2022

Source: Redfin Data Center, 2022.



Milwaukie’s median home sales price was generally lower than that of other cities in the region.

Exhibit 57. Median Sales Price, Milwaukie and Comparison Cities, 2012 through 2022

Source: Redfin Data Center, 2022.

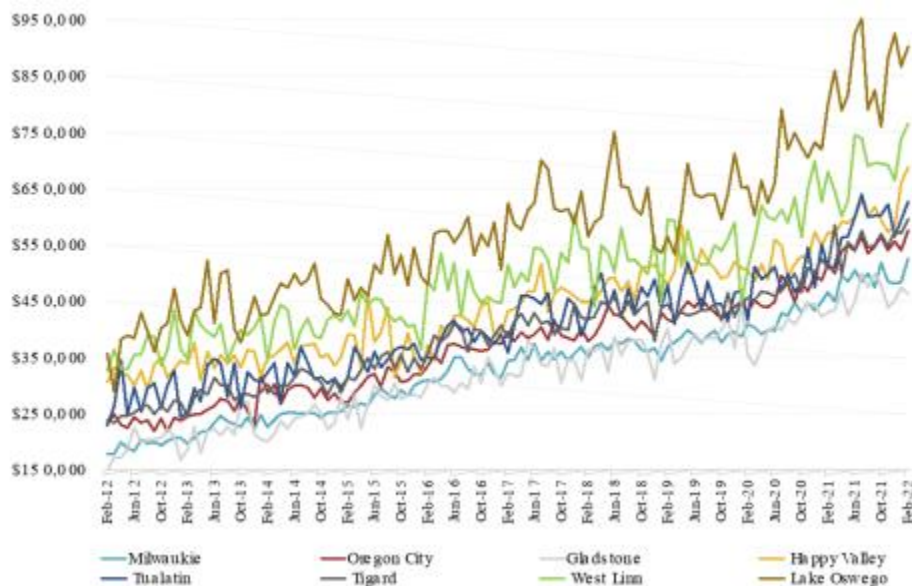
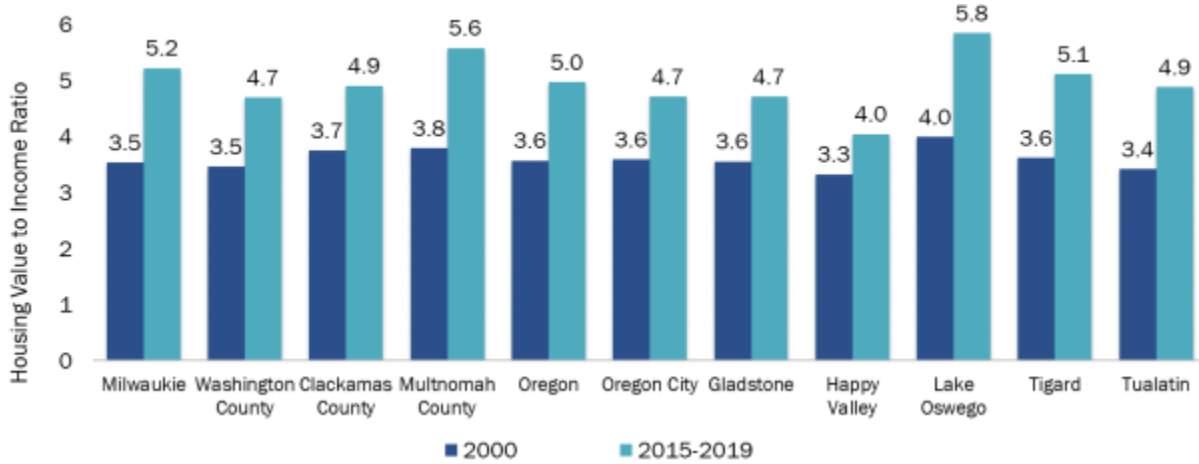


Exhibit 58 shows that, since 2000, housing costs in Milwaukie increased faster than incomes. The household-reported median value of a house in Milwaukie was 3.5 times the median household income in 2000 and 5.2 times the median household income in the 2015-2019 period.

Exhibit 58. Ratio of Median Housing Value to Median Household Income, Milwaukie, Comparison Counties, Oregon, and Comparison Cities, 2000 to 2015-2019²¹

Source: US Census Bureau, 2000 Decennial Census (Table HCT012, H085); 2015-2019 ACS (Table B19013, B25077).



Rental Costs

Multi-dwelling average asking rents were \$1,339 per unit in 2021, not including costs of utilities. The asking rents in 2021 vary from \$1,146 for a one-bedroom unit to \$1,683 for a three-bedroom unit.

The average asking price per multi-dwelling unit in Milwaukie has increased steadily over the past decade.

Between 2015 and 2021, Milwaukie's average multi-dwelling asking rent increased by about \$319 (31%), from \$1,020 per month to \$1,339 per month.

Exhibit 59. Average Multi-dwelling Asking Rent per Unit, Milwaukie, 2011 through 2021

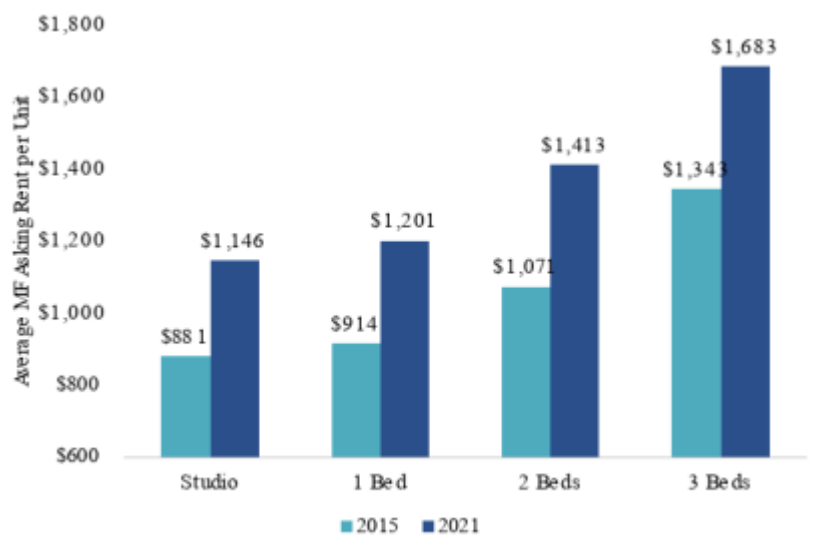
Source: CoStar.

²¹ This ratio compares the median value of housing in Milwaukie (and other places) to the median household income.



The average asking price per multi-dwelling unit in Milwaukie has increased steadily for all units, regardless of number of bedrooms.

Exhibit 60. Average Multi-dwelling Asking Rent per Unit by Number of Bedrooms, Milwaukie, 2015 and 2021
Source: CoStar.



In 2021, Milwaukie’s average multi-dwelling asking rent was \$1.65 per square foot, up from \$1.26 per square foot in 2015.

Exhibit 61. Average Multi-dwelling Asking Rent per Square Foot and Average Multi-dwelling Vacancy Rate, Milwaukie, 2010 through 2021
Source: CoStar.

In this time, Milwaukie’s multi-dwelling vacancy rate decreased from 4.7% in 2015 to 3.3% in 2021.



Housing Affordability

A typical standard used to determine housing affordability is that a household should pay no more than a certain percentage of household income for housing, including payments and interest or rent, utilities, and insurance. The Department of Housing and Urban Development’s guidelines indicate that households paying more than 30% of their income on housing experience “cost burden” and households paying more than 50% of their income on housing experience “severe cost burden.” Using cost burden as an indicator is one method of determining how well a city is meeting the Goal 10 requirement to provide housing that is affordable to all households in a community.

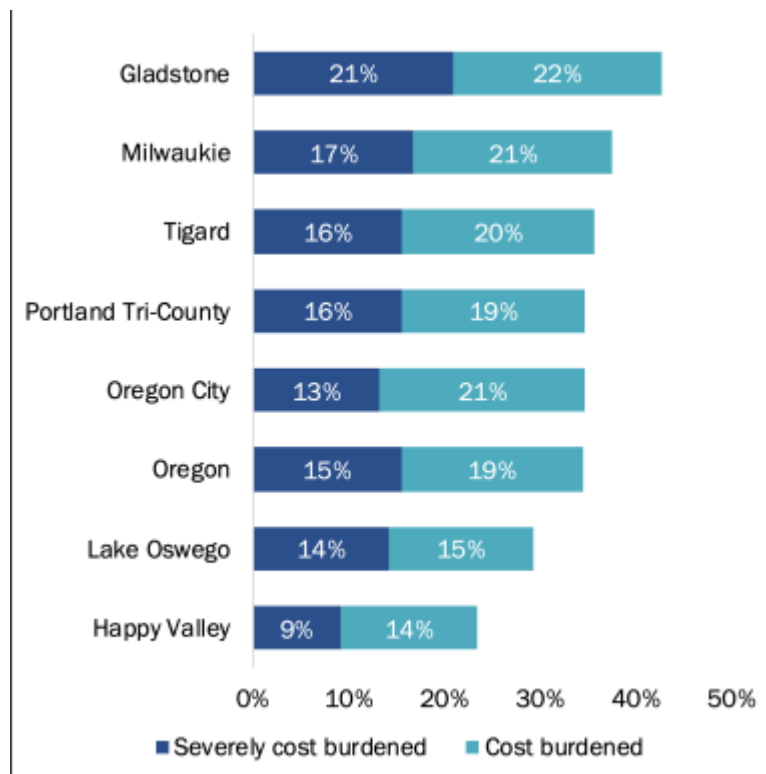
About 38% of Milwaukie’s households were cost burdened in the 2015-2019 period and 17% were severely cost burdened. In this period, about 52% of *renter* households were cost burdened or severely cost burdened, compared with 29% of homeowners. Overall, a larger share of households in Milwaukie experienced cost burden, compared to households in the Portland region and Oregon.

Overall, about 38% of all households in Milwaukie were cost burdened.

Milwaukie had a higher share of cost-burdened households compared to the Portland region and the state.

Exhibit 62. Housing Cost Burden, Milwaukie, the Portland region, Oregon, Other Comparison Cities, 2015-2019

Source: US Census Bureau, 2015-2019 ACS Tables B25091 and B25070.



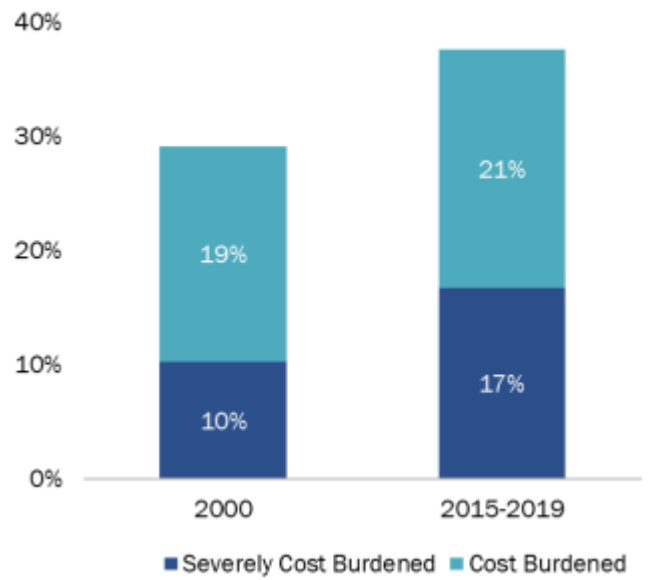
From 2000 to the 2015-2019 period, the number of cost-burdened and severely cost-burdened households

Exhibit 63. Change in Housing Cost Burden, Milwaukie, 2000 to 2015-2019

Source: US Census Bureau, 2000 Decennial Census, Tables H069 and H094 and

grew by 9% in Milwaukie.

2015-2019 ACS Tables B25091 and B25070.



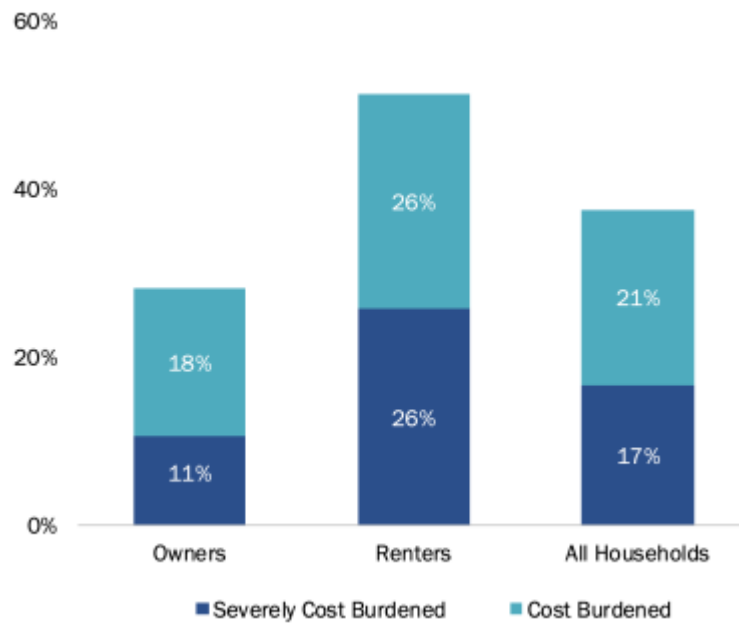
Renters are much more likely to be cost burdened than homeowners.

In the 2015-2019 period, about 52% of Milwaukie’s renters were cost burdened or severely cost burdened, compared to 29% of homeowners.

About 26% of Milwaukie’s renters were severely cost burdened (meaning they paid more than 50% of their income on housing costs alone).

Exhibit 64. Housing Cost Burden by Tenure, Milwaukie, 2015-2019

Source: US Census Bureau, 2015-2019 ACS Tables B25091 and B25070.



Cost burden is highest for the households with the lowest incomes.

Most households earning less than \$20k are cost burdened (79%), compared with 0% of households with

Exhibit 65. Cost-Burdened Renter Households, by Household Income, Milwaukie, 2015-2019

Source: US Census Bureau, 2015-2019 ACS Table B25074.

an income of \$75k or more.



A higher proportion of BIPOC owner-occupied households are cost burdened (especially severely cost burdened) than white owner-occupied households.

In contrast, a higher proportion of white renter-occupied households are severely cost burdened (43% in total vs. 34%).

Exhibit 66. Cost-Burden, by Tenure for BIPOC and White populations, Milwaukie, 2014-2018

Source: CHAS, 2014-2018, Table 9

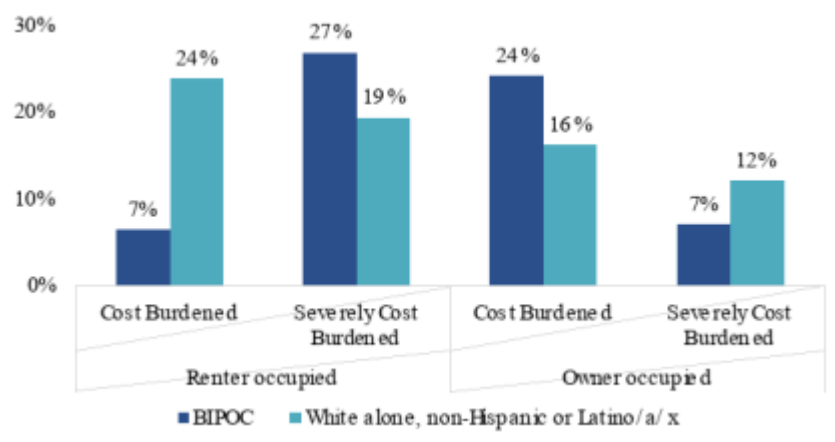


Exhibit 67 through Exhibit 69 show cost burden in Oregon for renter households for seniors, people of color, and people with disabilities.²² This information is not readily available for a city with a population as small as Milwaukie, which is why we present statewide information. These exhibits show that these groups experience cost burden at higher rates than the overall statewide average.

Renters 65 years of age and older were disproportionately rent burdened compared to the state average.

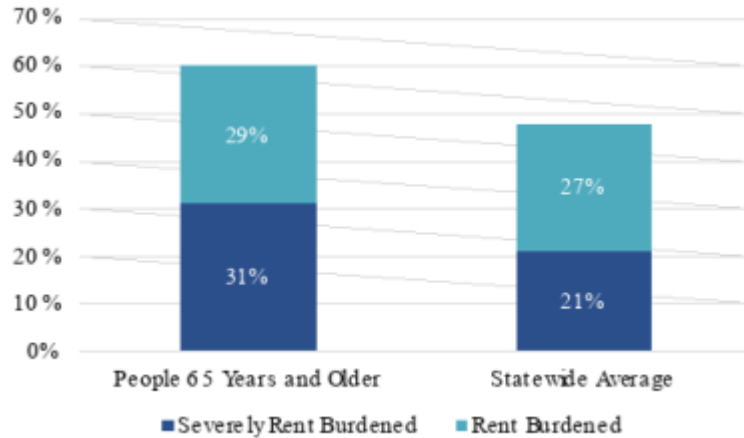
About 60% of renters aged 65

Exhibit 67. Cost-Burdened Renter Households, for People 65 Years of Age and Older, Oregon, 2018

Source: US Census, 2018 ACS 1-Year PUMS Estimates. From the Report *Implementing a Regional Housing Needs Analysis Methodology in Oregon: Approach, Results, and Initial Recommendations* by ECONorthwest, August 2020.

²² From the report *Implementing a Regional Housing Needs Analysis Methodology in Oregon*, prepared for Oregon Housing and Community Services by ECONorthwest, March 2021.

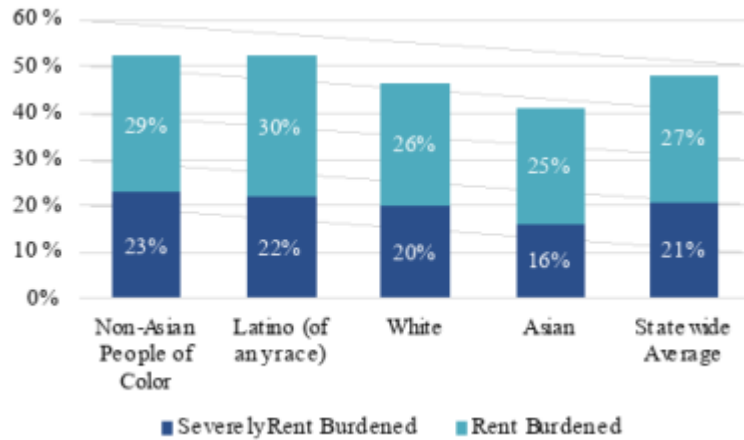
years and older were rent burdened, compared with the statewide average of 48% of renters.



Compared to the average renter household in Oregon, those that identified as a non-Asian person of color or as Latino/a/x were disproportionately rent burdened.

Exhibit 68. Cost-Burdened Renter Households, by Race and Ethnicity, Oregon, 2018

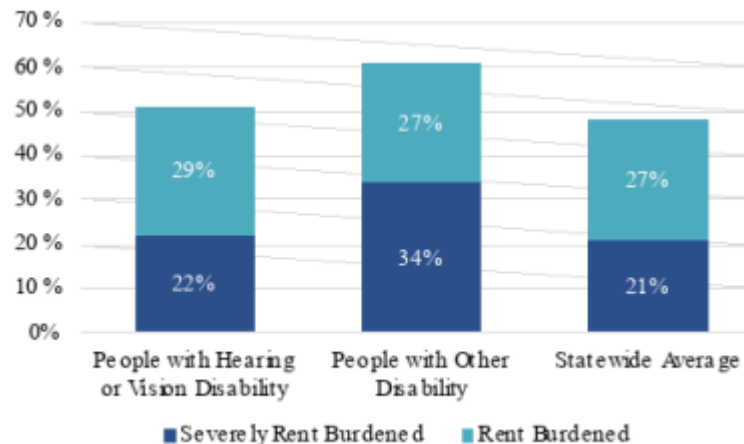
Source: US Census, 2018 ACS 1-Year PUMS Estimates. From *Implementing a Regional Housing Needs Analysis Methodology in Oregon: Approach, Results, and Initial Recommendations* by ECONorthwest, August 2020.



Renters with a disability in Oregon were disproportionately cost burdened.

Exhibit 69. Cost-Burdened Renter Households, for People with Disabilities, Oregon, 2018

Source: US Census, 2018 ACS 1-Year PUMS Estimates. From the Report *Implementing a Regional Housing Needs Analysis Methodology in Oregon: Approach, Results, and Initial Recommendations* by ECONorthwest, August 2020.



While cost burden is a common measure of housing affordability, it does have some limitations. Some important limitations are:

- A household is defined as cost burdened if the housing costs exceed 30% of their income, regardless of actual income. The remaining 70% of income is expected to be spent on nondiscretionary expenses, such as food or medical care expenses. Households with higher incomes may be able to pay more than 30% of their income on housing without impacting the household’s ability to pay for necessary nondiscretionary expenses.
- Cost burden compares income to housing costs and does not account for accumulated wealth. As a result, the estimate of how much a household can afford to pay for housing does not include the impact of a household’s accumulated wealth. For example, a household of retired people may have relatively low income but may have accumulated assets (such as profits from selling another house) that allow them to purchase a house that would be considered unaffordable to them based on the cost-burden indicator.
- Cost burden does not account for debts, such as college loans, credit card debt, or other debts. As a result, households with high levels of debt may be less able to pay up to 30% of their income for housing costs.

Another way of exploring the issue of financial need is to review housing affordability at varying levels of household income.

Fair Market Rent for a 2-bedroom apartment in Portland-Vancouver-Hillsboro, OR-WA MSA is \$1,735.

Exhibit 70. HUD Fair Market Rent (FMR) by Unit Type, Portland-Vancouver-Hillsboro, OR-WA MSA, 2021
Source: US Department of Housing and Urban Development.

\$1,416	\$1,512	\$1,735	\$2,451	\$2,903
Studio	1-Bedroom	2-Bedroom	3-Bedroom	4-Bedroom

A household must earn at least \$30.03 per hour to afford a two-bedroom unit at Fair Market Rent (\$1,735) in Portland-Vancouver-Hillsboro, OR-WA MSA.

Exhibit 71. Affordable Housing Wage, Portland-Vancouver-Hillsboro, OR-WA MSA, 2021
Source: US Department of Housing and Urban Development; Oregon Bureau of Labor and Industries.

\$30.03 per hour

Affordable housing wage for two-bedroom unit in Portland-Vancouver-Hillsboro, OR-WA MSA

That is about \$62,000 for a full-time job. About 75% of Milwaukie’s household have income below \$60,000 per year.

The Median Family Income (MFI) in the Portland region (and Clackamas County) in 2021 was \$96,900 for a household of four people. MFI is a standard used (and defined) by US Department

of Housing and Urban Development on a county-by-county basis. It is used to estimate affordable rental costs for income-restricted housing based on household size. A household earning 100% of MFI (\$96,900) can afford a monthly rent of about \$2,420 or a home roughly valued between \$339,000 and \$388,000. As Exhibit 73 shows, about 39% of Milwaukie’s households have an income less than \$48,450 (50% or less of MFI) and cannot afford a two-bedroom apartment at Portland-Vancouver-Hillsboro, OR-WA MSA’s Fair Market Rent (FMR) of \$1,735.

To afford the average asking rent of \$1,413, a household would need to earn about \$56,520 or 58% of MFI. About 40% of Milwaukie’s households earn less than \$50,000 and cannot afford these rents. In addition, about 22% of Milwaukie’s households have incomes of less than \$29,070 (30% of MFI) and are at risk of becoming houseless.

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.

Exhibit 72. 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.

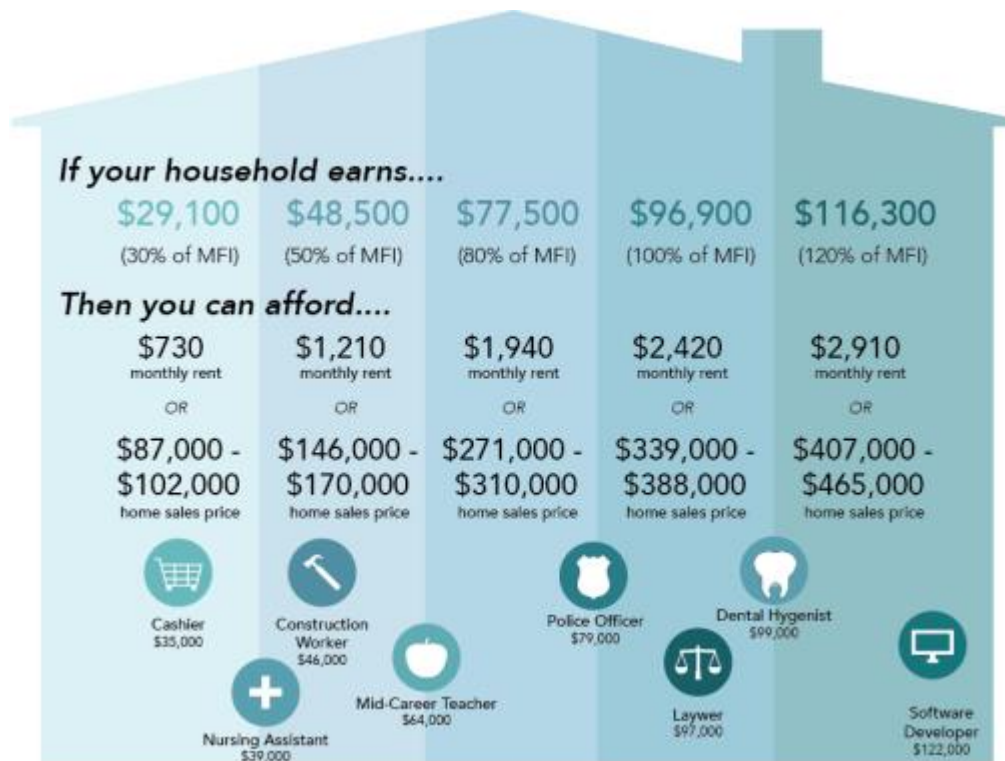


Exhibit 73 shows that 39% of Milwaukie’s households are extremely low or very low-income, with incomes below \$48,450. These households can afford monthly rent of \$1,210 or less, which is below the HUD Fair Market Rent of \$1,735 and below the market rent of for a two-bedroom

unit of \$1,413. Private housing developers generally cannot build housing affordable to households in these income groups because the rents are too low to pay for the cost of development. Newly built housing for households with these incomes is generally income-restricted affordable housing, built with government subsidy.

About 22% of Milwaukie households are low income, with incomes between \$48,000 and \$78,000. These households can afford rents of \$1,210 to \$1,940. Only the highest income households in this group can afford market-rate housing (such as HUD Fair Market Rent of \$1,735 or market rent for a two-bedroom unit of \$1,413). Private housing developers generally cannot build housing affordable to households in this income group because the rents are too low to pay for the cost of development. Newly built housing for households in this income group is less commonly built and generally has some form of government subsidy to make development financially feasible.

About 21% of Milwaukie’s households are middle income (with incomes between \$78,000 and \$116,000) and 19% are high income (with incomes above \$116,000). These households can afford rental housing in Milwaukie, and some can afford the cost of homeownership (generally households with incomes above \$116,000). Private housing developers can build most types of housing affordable to these income groups without government subsidy.

Exhibit 73. 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.

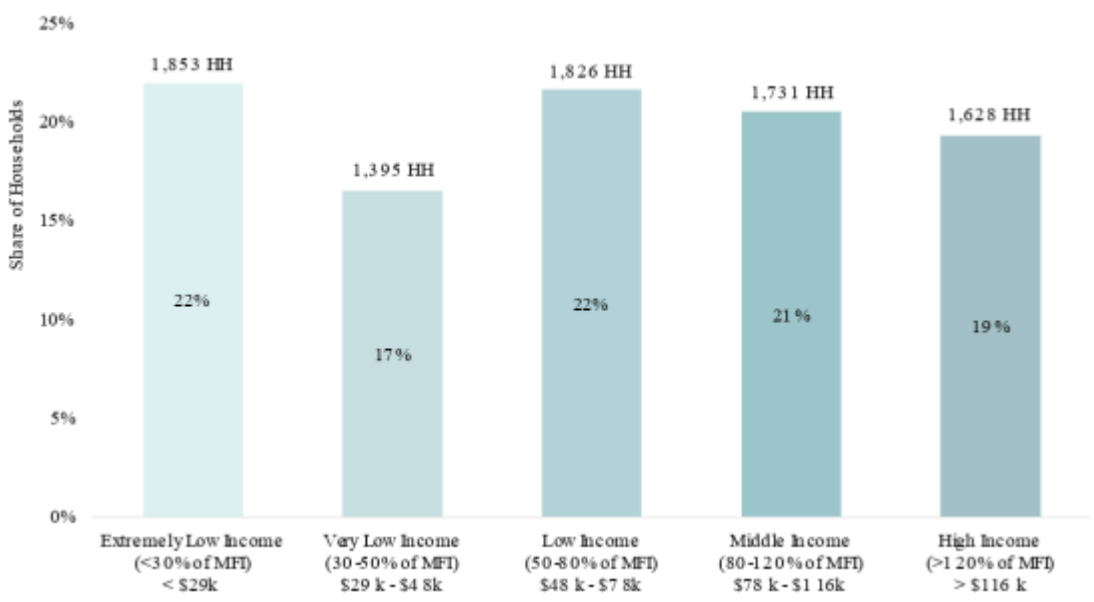


Exhibit 74 compares the number of households by income category with the number of units affordable to those households in Milwaukie. Milwaukie currently has a deficit of housing units for households earning 0-50% of the MFI (less than \$48,450 per year), resulting in cost burden of these households. Similarly, Milwaukie has a deficit of units affordable to households earning 50-80% of the MFI (\$48,450 to \$77,520) who are also cost burdened. This indicates a deficit of

more affordable housing types (such as government-subsidized housing, existing lower-cost apartments, and manufactured housing). For households earning more than 80% of the MFI, some households are renting or buying down, which means that they are occupying units affordable to lower-income households. These households could afford more costly housing but either choose to live in less costly housing or cannot find higher-cost housing that meets their needs.

Exhibit 74. Unit Affordability by Household Income, Milwaukee, 2014-2018

Source: CHAS, 2014-2018, Table 18.

Unit Affordability	Household Income			
	0-50% MFI \$0 to \$48,450	50-80% MFI \$48,450 to \$77,520	80% MFI \$77,520 +	
0-50% (Monthly housing costs of \$1,210 or less)	490	90	289	*Renting/
50-80% (Monthly housing costs of \$1,210-\$1,940)	860	655	1,525	Buying Down*
+80% (Monthly housing costs of \$1,940 or more)	770	565	3,850	

Summary of the Factors Affecting Milwaukie's Housing Needs

The purpose of the analysis thus far has been to provide background on the kinds of factors that influence housing choice. While the number and interrelationships among these factors ensure that generalizations about housing choice are difficult to make and prone to inaccuracies, it is a crucial step to informing the types of housing that will be needed in the future.

There is no question that age affects housing type and tenure. Mobility is substantially higher for people aged 20 to 34. People in that age group will also have on average, less income than people who are older, and they are less likely to have children. These factors mean that younger households are much more likely to be renters, and renters are more likely to be in multi-dwelling housing.

The data illustrates what more detailed research has shown and what most people understand intuitively: life cycle and housing choice interact in ways that are predictable in the aggregate, age of the household head is correlated with household size and income, household size and age of household head affect housing preferences, and income affects the ability of a household to afford a preferred housing type. The connection between socioeconomic and demographic factors and housing choice is often described informally by giving names to households with certain combinations of characteristics: the "traditional family," the "never-marrieds," the "dinks" (dual income, no kids), and the "empty nesters."²³ Thus, simply looking at the long wave of demographic trends can provide good information for estimating future housing demand.

Still, one is ultimately left with the need to make a qualitative assessment of the future housing market. The following is a discussion of how demographic and housing trends are likely to affect housing in Milwaukie over the next 20 years:

- **Housing affordability is a growing challenge in Milwaukie.** Housing affordability is a challenge in most of the Portland region in general, and Milwaukie is affected by these regional trends. Housing prices are increasing faster than incomes in Milwaukie and Clackamas County, which is consistent with state and national challenges. Since 2015, rental costs increased by about 31% and sales prices increased by about 98%. But incomes in Milwaukie (and the Portland region) have remained flat, with a decrease in income since 2000 when adjusted for inflation.

In addition, Milwaukie has a modest supply of multi-dwelling housing (about 25% of the city's housing stock), but over half of renter households are cost burdened (52%). Milwaukie's key challenge over the next 20 years is providing opportunities for the development of relatively affordable housing of all types, such as lower-cost single-dwelling housing, town homes, cottage housing, duplexes, triplexes, quadplexes, market-rate multi-dwelling housing, and income-restricted affordable housing

²³ See *Planning for Residential Growth: A Workbook for Oregon's Urban Areas* (June 1997).

- **Without substantial changes in housing policy, on average, future housing will look a lot like past housing.** That is the assumption that underlies any trend forecast, and one that is important when trying to address demand for new housing.

The City’s residential policies can impact the amount of change in Milwaukie’s housing market, to some degree. The City has adopted policies to allow for development of middle housing types, such as town homes, cottage housing, duplexes, triplexes, quadplexes. If the City adopts policies to increase opportunities to build multi-dwelling housing types (particularly multi-dwelling housing that is affordable to low and moderate-income households), a larger percentage of new housing developed over the next 20 years in Milwaukie may begin to address the city’s needs.

- **Where the future differs from the past, it is likely to move in the direction, on average, of smaller units and more diverse housing types.** Most of the evidence suggests that the bulk of the change will be in the direction of smaller average house and lot sizes for single-dwelling housing. This includes providing opportunities for the development of smaller single-dwelling detached homes, town homes, and multi-dwelling housing. However, the on-going impacts of the COVID-19 pandemic may trigger a reversal of these trends, if more working-aged persons transition to permanent work-from-home situations.

Key demographic and economic trends that will affect Milwaukie’s future housing needs are (1) the aging of baby boomers, (2) the aging of millennials and Generation Z, and (3) the continued growth in the Hispanic and Latino/a/x population.

- *The baby boomer’s population is continuing to age.* Household sizes decrease as this population ages. The majority of baby boomers are expected to remain in their homes as long as possible, downsizing or moving when illness or other issues cause them to move. Demand for specialized senior housing, such as age-restricted housing or housing in a continuum of care from independent living to nursing home care, may grow in Milwaukie. Given the regional concentration of hospitals and health care, Milwaukie could attract a larger share of need for these types of housing.
- *Millennials and Generation Z will continue to form households and make a variety of housing choices.* As millennials and Generation Z age, generally speaking, their household sizes will increase, and their homeownership rates will peak by about age 55. Between 2023 and 2043, millennials and Generation Z will be a key driver in demand for housing for families with children. The ability to attract millennials and Generation Z will depend on the City’s availability of renter and ownership housing that is large enough to accommodate families while still being relatively affordable. It will also depend on the location of new housing in Milwaukie as many millennials prefer to live in more urban or walkable environments.²⁴ Homeownership is

²⁴ Choi, Hyun June; Zhu, Jun; Goodman, Laurie; Ganesh, Bhargavi; Strohak, Sarah. (2018). Millennial Homeownership, Why is it So Low, and How Can We Increase It? Urban Institute. https://www.urban.org/research/publication/millennial-homeownership/view/full_report

becoming increasingly common among millennials but financial barriers to homeownership remain for some millennials and Generation Z, resulting in need to rent housing, even if they prefer to become homeowners. Housing preferences for Generation Z are not yet known, but are expected to be similar to millennials, with the result that they will also need affordable housing, both for rental and later in life for ownership. Some millennials and Generation Z households will occupy housing that is currently occupied but becomes available over the planning period, such as housing that is currently owned or occupied by baby boomers. The need for housing large enough for families may be partially accommodated by these existing units.

- *Hispanic and Latino/a/x population will continue to grow.* Hispanic and Latino/a/x population growth will be an important driver in growth of housing demand, both for owner and renter-occupied housing. Growth in the Hispanic and Latino/a/x population will drive demand for housing for families with children. Given the lower income for Hispanic and Latino/a/x households, especially first-generation immigrants, growth in this group will also drive demand for affordable housing, both for ownership and renting.

In summary, an aging population; increasing housing costs; housing affordability concerns for seniors, millennials, Generation Z, and Latino/a/x populations; and other variables are factors that support the need for smaller and less expensive units and a broader array of housing choices.

5. Housing Need in Milwaukie

Projected New Housing Units Needed in the Next 20 Years

The results of the Housing Capacity Analysis are based on (1) Metro’s official household forecast for growth in Milwaukie over the 20-year planning period, (2) information about Milwaukie’s housing market relative to Clackamas County, other the Portland region, Oregon, and nearby cities, and (3) the demographic composition of Milwaukie’s existing population and expected long-term changes in the demographics of Clackamas County.

Forecast for Housing Growth

A 20-year household forecast (in this instance for 2023 to 2044) is the foundation for estimating needed new dwelling units. The forecast for Milwaukie is based on Metro’s 2045 Household Distributed Forecast.²⁵ Exhibit 76 shows the forecast of new housing based on the Metro 2045 Distributed Forecast for both the Milwaukie city limits and the UGMA.

Exhibit 75. Forecast of Demand for New Dwelling Units, Milwaukie city limits, 2023 to 2043

Source: Metro’s 2045 Distributed Forecast. Calculations by ECONorthwest.

Year	Household Forecast Milwaukie City Limits
2023	9,559
2043	11,230
Change 2023 to 2043	
Number	1,670
Percent	17%
AA&	0.81%

²⁵ Metro’s 2045 Distributed Forecast shows that the Milwaukie city limits had 9,141 households in 2020. The forecast shows Milwaukie growing to 11,328 households in 2045, an average annual growth rate of 0.86% for the 25-year period. Using this growth rate, ECONorthwest extrapolated the forecast to 2023 and 2043 in Exhibit 75.

Housing Units Needed Over the Next 20 Years

Exhibit 76 presents a forecast of new housing in Milwaukie's city limits for the 2023 to 2043 period. This section determines the needed mix and density for the development of new housing developed over this 20-year period in Milwaukie.

Over the next 20 years, the need for new housing developed in Milwaukie will generally include a wider range of housing types and housing that is more affordable. This conclusion is based on the following information, found in the previous sections:

- Milwaukie's existing housing mix is predominately single-dwelling detached. In the 2015-2019 period, 67% of Milwaukie's housing was single-dwelling detached, 2% was single-dwelling attached, 6% was multi-dwelling housing (with two to four units per structure), and 25% was multi-dwelling housing (with five or more units per structure). Between 2010 and 2021, Milwaukie issued building permits, of which 76% were single-dwelling units (both single-dwelling detached and attached), 17% were multi-dwelling of all types, and 6% were accessory dwelling units.
- Demographic changes across Milwaukie suggest increases in demand for single-dwelling attached housing and multi-dwelling housing. The key demographic and socioeconomic trends that will affect Milwaukie's future housing needs are an aging population, increasing housing costs, housing affordability concerns for millennials, Generation Z, and Latino/a/x populations. The implications of these trends are increased demand from smaller, older (often single-person) households and increased demand for affordable housing for families, both for ownership and rent.
- Milwaukie's median household income was \$61,902, about \$18,000 lower than Clackamas County's median. Since 2000, housing costs in Milwaukie increased faster than incomes. The median value of a house in Milwaukie was 3.5 times the median household income in 2000 and 5.2 times the median household income in the 2015-2019 period.
- About 38% of Milwaukie's households are cost burdened (paying 30% or more of their household income on housing costs). About 52% of Milwaukie's **renters** are cost burdened and about 29% of Milwaukie's **homeowners** are cost burdened. Cost-burden rates in Milwaukie are similar to those in the Portland region.
- Milwaukie needs more affordable housing types for homeowners. Housing sales prices increased in Milwaukie over the last several years. Since 2015, rental costs increased by about 31% and sales prices increased by about 98%. But incomes in Milwaukie (and the Portland region) have remained flat, with a decrease in income since 2000 when adjusted for inflation.
- To afford the average asking rent of \$1,413, a household would need to earn about \$56,520 or 58% of MFI. About 40% of Milwaukie's households earn less than \$50,000 and

cannot afford these rents. In addition, about 22% of Milwaukie's households have incomes of less than \$29,070 (30% of MFI) and are at risk of becoming houseless.

- 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.
- Milwaukie needs more affordable housing types for renters. To afford the average asking rent of for a two-bedroom unit of \$1,413 a household would need to earn about \$56,520 or 58% of MFI. About 40% of Milwaukie's households earn less than \$50,000 and cannot afford these rents. In addition, about 22% of Milwaukie's households have incomes of less than \$29,070 (30% of MFI) and are at risk of becoming houseless.

These factors suggest that Milwaukie needs a broader range of housing types with a wider range of price points than are currently available in Milwaukie's housing stock. This includes providing opportunity for the development of housing types across the affordability spectrum, such as single-dwelling detached housing (e.g., small-lot single-dwelling detached units, cottages, accessory dwelling units, and "traditional" single-dwelling homes), town houses, duplexes, triplexes, quadplexes, and multi-dwelling buildings with five or more units.

Exhibit 76 shows the forecast of needed housing in the Milwaukie city limits during the 2023 to 2043 period. The projection is based on the following assumptions:

- The assumptions about the mix of housing (based on the discussion above) in Exhibit 76 are as follows. This represents Milwaukie's needed housing mix:
 - **About 40% of new housing will be single-dwelling detached**, a category which includes manufactured housing. About 67% of Milwaukie's existing housing was single-dwelling detached in the 2015-2019 period.
 - **About 5% of new housing will be single-dwelling attached**. About 2% of Milwaukie's existing housing was townhouse in the 2015-2019 period.
 - **About 20% of new housing will be duplexes, triplexes, and quadplexes**. About 6% of Milwaukie's existing housing these housing types in the 2015-2019 period.
 - **About 35% of new housing will be multi-dwelling housing (with five or more units per structure)**. About 25% of Milwaukie's existing housing were multi-dwelling in the 2015-2019 period.

The Milwaukie city limits are forecast to grow by 1,670 new dwelling units over the 20-year period, 40% of which will be single-dwelling detached housing.

Exhibit 76. Forecast of Demand for New Dwelling Units, Milwaukie city limits, 2023 to 2043
 Source: Calculations by ECONorthwest.

Variable	Milwaukie City Limits
Needed new dwelling units (2023-2043)	1,670
Dwelling units by structure type	
Single-dwelling detached	
Percent single-dwelling detached DU	40%
Total new single-dwelling detached DU	668
Townhouse	
Percent townhouse DU	5%
Total new townhouse DU	84
Duplex, Triplex, Quadplex	
Percent duplex, triplex, quadplex	20%
Total new duplex, triplex, quadplex	334
Multidwelling (5+ units)	
Percent multidwelling (5+ units)	35%
Total new multidwelling (5+ units)	585
Total new dwelling units (2023-2043)	1,670

Exhibit 77 allocates needed housing to plan designations in Milwaukie. The allocation is based, in part, on the types of housing allowed in the zoning districts of each plan designation. Exhibit 77 shows:

- **Moderate Density** land will accommodate single-dwelling detached housing, accessory dwelling units, cottage cluster housing, duplexes, triplexes and quadplexes.
- **High Density** land will accommodate Single-unit detached, duplex, triplex, quadplex, Townhouse, cottage cluster, ADU and manufactured dwelling parks.
- **Commercial Mixed-Use** land will accommodate rowhouses, multiunit, cottage cluster, mixed use, live/work dwellings.

These assumptions assume that Milwaukie will be complying with the requirements of House Bill 2001 to allow cottage housing, town houses, duplexes, triplexes, and quadplexes in zones where single-dwelling housing is allowed.

Exhibit 77. Allocation of Needed Housing by Housing Type and Plan Designation, Milwaukie city limits, 2023 to 2043

Source: ECONorthwest.

Housing Type	Plan Designations			TOTAL
	Moderate Density	High Density	Commercial Mixed Use	
Dwelling Units				
Single Dwelling Unit detached	635	33	-	668
Single Dwelling Unit attached	50	33	-	83
Duplex, triplex, quadplex	284	50	-	334
Multi Dwelling Unit (5+ units)	-	334	251	585
Total	969	450	251	1,670
Percent of Units				
Single Dwelling Unit detached	38%	2%	0%	40%
Single Dwelling Unit attached	3%	2%	0%	5%
Duplex, triplex, quadplex	17%	3%	0%	20%
Multi Dwelling Unit (5+ units)	0%	20%	15%	35%
Total	58%	27%	15%	100%

Exhibit 15 shows densities for development in Milwaukie for 2000 to 2022. Exhibit 78 shows the following densities, using the densities shown in Exhibit 15 as a base.²⁶ The densities in Exhibit 78 include an assumption that densities in Moderate and High Density zones will increase by 3%, a result of complying with House Bill 2001.²⁷

- **Moderate Density:** Densities in this designation average 5.02 dwelling units per acre.
- **High Density:** Densities in this designation average 7.82 dwelling units per acre.
- **Commercial Mixed Use:** Densities in this designation average 74.52 dwelling units per acre.

Exhibit 78. Future Density for Housing Built in the Milwaukie City Limits, 2023 to 2043

Source: ECONorthwest. Note: DU is dwelling unit.

Plan Designation	Avg. Density (DU net acre)
Moderate Density	5.02
High Density	7.82
Commercial Mixed Use	74.52

²⁶ OAR 660-024-0010(6) uses the following definition of net buildable acre. Net buildable acre “consists of 43,560 square feet of residentially designated buildable land after excluding future rights-of-way for streets and roads.” While the administrative rule does not include a definition of a gross buildable acre, using the definition above, a gross buildable acre will include areas used for rights-of-way for streets and roads. Areas used for rights-of-way are considered unbuildable.

²⁷ ORS 197.296(6) limits assumptions about increases in future density to a 3% increase based on complying with HB 2001, without additional quantifiable information about density increase. Given that the City just adopted zoning code to comply with HB 2001 earlier in 2022, such information is not yet available.

Needed Housing by Income Level

The next step in the Housing Capacity Analysis is to develop an estimate of need for housing by income and housing type. This analysis requires an estimate of the income distribution of current and future households in the community. Estimates presented in this section are based on secondary data from the Census and analysis by ECONorthwest.

The analysis in Exhibit 79 is based on Census data about household income levels for existing households in Milwaukie. Income is distributed into market segments consistent with HUD income level categories, using Clackamas County’s 2021 median family income (MFI) of \$96,900. The exhibit assumes that approximately the same percentage of households will be in each market segment in the future.

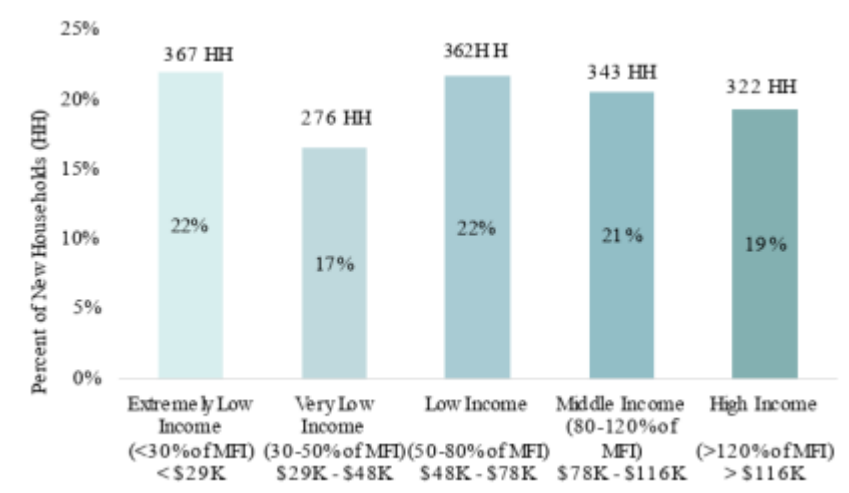
About 39% of Milwaukie’s future households will have income below 50% of Clackamas County’s median family income (less than \$48,000).

About 43% will have incomes between 50% and 120% of the county’s MFI (between \$48,000 and \$116,000).

This graph shows that, as Milwaukie’s population grows, Milwaukie will continue to have demand for housing across the affordability spectrum.

Exhibit 79. Future (New) Households, by Median Family Income (MFI) for Clackamas County (\$96,900), Milwaukie city limits, 2023 to 2043

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



Other Housing Needs

ORS 197.303, 197.307, 197.312, and 197.314 require cities to plan for government-assisted housing, farmworker housing, manufactured housing on lots and in parks, and housing for people with disabilities and people experiencing homelessness.

- **Income-restricted and government-subsidized housing.** Government subsidies can apply to all housing types (e.g., single-dwelling detached, apartments, etc.). Milwaukie allows development of government-assisted housing in all residential plan designations, with the same development standards for market-rate housing. This analysis assumes that Milwaukie will continue to allow government housing in all of its residential plan designations. Because government-assisted housing is similar in character to other housing (with the exception being the subsidies), it is not necessary to develop separate forecasts for government-subsidized housing.
- **Farmworker housing.** Farmworker housing can also apply to all housing types, and the City allows development of farmworker housing in all residential zones, with the same development standards as market-rate housing. This analysis assumes that Milwaukie will continue to allow farmworker housing in all of its residential zones. Because it is similar in character to other housing (with the possible exception of government subsidies, if population restricted), it is not necessary to develop separate forecasts for farmworker housing.
- **Manufactured and prefabricated housing on lots.** Milwaukie allows manufactured homes on lots where it allows other single-unit detached housing.
 - Milwaukie’s development code (section 19.506.4) requires that manufactured dwelling says that “Bare metal is not allowed as a roofing material and is not allowed on more than 25% of any façade of the unit.” Milwaukie may need to revise these requirements so that manufactured housing is not subject to standard that are different from single-family structures, consistent with the requirements of ORS 197.314.
 - Milwaukie development code defines prefabricated structures but does not otherwise mention prefabricated housing, an issue we recommend the City address to meet the requirements of ORS 197.314. Prefabricated housing is housing built piece-by-piece (generally in a factory) that is transported to the building site and assembled on site. Prefabricated housing includes housing built in panels or modules (called modular housing).
- **Manufactured housing in parks.** Milwaukie conditionally allows manufactured homes in parks in the R-MD and R-3 zones. OAR 197.480(4) requires cities to inventory the mobile home or manufactured dwelling parks sited in areas planned and zoned or generally used for commercial, industrial, or high-density residential development. According to the Oregon Housing and Community Services’ Manufactured Dwelling

Park Directory,²⁸ Milwaukie has 2 manufactured home parks within the city, with 65 spaces.

- ORS 197.480(2) requires Milwaukie to project need for mobile home or manufactured dwelling parks based on (1) population projections, (2) household income levels, (3) housing market trends, and (4) an inventory of manufactured dwelling parks sited in areas planned and zoned or generally used for commercial, industrial, or high-density residential development.
- Exhibit 75 shows that Milwaukie will grow by 1,670 households over the 2023 to 2043 period.
- Analysis of housing affordability shows that about 39% of Milwaukie's new households will be considered very low or extremely low income, earning 50% or less of the region's median family income. One type of housing affordable to these households is manufactured housing.
- Manufactured housing accounts for about 0.9% (about 91 dwelling units) of Milwaukie's current housing stock.
- National, state, and regional trends since 2000 showed that manufactured housing parks are closing, rather than being created. For example, between 2000 and 2015, Oregon had 68 manufactured parks close, with more than 2,700 spaces. Discussions with several stakeholders familiar with manufactured home park trends suggest that over the same period, few to no new manufactured home parks have opened in Oregon.
- The households most likely to live in manufactured homes in parks are those with incomes between \$29,000 and \$48,000 (30% to 50% of MFI), which includes 17% of Milwaukie's households. However, households in other income categories may live in manufactured homes in parks.
- National and state trends for manufactured home park closures, and the fact that no new manufactured home parks have opened in Oregon in the last 15 years, demonstrate that the development of new manufactured home parks in Milwaukie is unlikely. However, manufactured home parks provide an important opportunity for affordable housing for homeownership. Preserving existing manufactured home parks and allowing smaller manufactured units in manufactured home parks are important ways to provide opportunities for affordable, lower-cost homeownership opportunities.
- If the City had the need for a new manufactured home park over the 2023-2043 period, it would be for 16 new units (0.9% of new units) on 2 acres of land at a density of 8 dwelling units per acre. If a new manufactured home park were developed in Milwaukie, the City would have sufficient capacity to accommodate it

²⁸ Oregon Housing and Community Services, Oregon Manufactured Dwelling Park Directory, <http://o.hcs.state.or.us/MDPCRParcs/ParkDirQuery.jsp>

in zones where manufactured housing is allowed. The housing forecast includes new manufactured homes on lots and in parks in the category of single-dwelling detached housing.

- Over the next 20 years (or longer), one or more manufactured home parks may close in Milwaukie. This may be a result of manufactured home park landowners selling or redeveloping their land for uses with higher rates of return, rather than lack of demand for spaces in manufactured home parks. Manufactured home parks contribute to the supply of low-cost affordable housing options, especially for affordable homeownership.
- While there is statewide regulation of manufactured home parks closures designed to lessen the financial difficulties of closures for park residents,²⁹ the City has a role to play in ensuring that there are opportunities for housing for the displaced residents. The City's primary roles are to ensure that there is sufficient land zoned for new multi-dwelling housing and to reduce barriers to residential development to allow for the development of new, relatively affordable housing.

In addition to these required housing types, this section also addresses housing for people with disabilities and housing for people experiencing homelessness.

- **Housing for People with Disabilities.** Housing for people with disabilities can apply to all housing types, with the same development standards as market-rate housing. It can also apply to other residential/group living uses (such as nursing homes, residential care homes or facilities, or room and boarding facilities) as well as government-subsidized housing (including units that are population restricted). Broadly, housing options for people with disabilities include (1) living in housing independently (alone or with roommates/family), (2) living in housing with supportive services (e.g., with help from a live-in or visiting caregiver), or (3) living in housing in a supervised residential setting. Meeting the housing needs for people with disabilities will require addressing affordability issues, 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.
- **Housing for People Experiencing Homelessness.** Meeting the housing needs of people experiencing homelessness ranges from emergency shelter, transitional housing, and permanent supportive housing (including supportive housing with services) and improved access to an affordable unit (including rent and utility assistance). Persons experiencing homelessness or those at risk of becoming homeless will require assistance with addressing individual, complex barriers to improve long-term housing stability.

²⁹ ORS 90.645 regulates rules about the closure of manufactured dwelling parks. It requires that the landlord must give at least one year's notice of park closure and pay tenants between \$5,000 and \$9,000 for each manufactured dwelling park space, in addition to not charging tenants for demolition costs of abandoned manufactured homes.

6. Residential Land Sufficiency in Milwaukie

This chapter presents an evaluation of the sufficiency of vacant residential land in Milwaukie to accommodate expected residential growth over the 2023 to 2043 period. This chapter includes an estimate of residential development capacity (measured in new dwelling units) and an estimate of Milwaukie's ability to accommodate needed new housing units for the 2023 to 2043 period, based on the analysis in the Housing Capacity Analysis. The chapter ends with a discussion of the conclusions of the Housing Capacity Analysis.

Capacity Analysis

The buildable lands inventory summarized in Chapter 2 provides a *supply* analysis (buildable land by type), and Chapter 5 provided a *demand* analysis (population and growth leading to demand for more residential development). The comparison of supply and demand allows the determination of land sufficiency.

Milwaukie Capacity of Buildable Land

The capacity analysis estimates the development potential of vacant residential land to accommodate new housing, based on the needed densities by the housing type categories shown in Exhibit 78.

Exhibit 80 shows that **Milwaukie has 51 acres of vacant land to accommodate dwelling units**, based on the following assumptions:

- **Buildable residential land.** The capacity estimates start with the number of buildable acres in plan designations that allow residential uses outright, as shown in Exhibit 5.
 - Exhibit 80 assumes that the commercial plan designations will be able to accommodate nearly 730 dwelling units on commercial mixed-use land, consistent with housing development that occurred in commercial areas over the 2009 to 2020 period in Exhibit 15.
- **Needed densities.** The capacity analysis assumes development will occur at needed densities. Those densities were derived from the needed densities shown in Exhibit 78.
 - Exhibit 15 shows an average net density of 8.0 dwelling units per net acre for development over the 2009 to 2020 period.
 - The estimate of capacity on buildable land in Exhibit 80 uses the same average densities by plan designation in Exhibit 15, incorporated with assumptions based on the implementation of HB 2001. Commercial Mixed Use density of 74.5 dwelling units per acre is the average of historical densities in mixed use zones. Based on these assumptions, Milwaukie's development capacity is between 5.02 and 74.52

dwelling units per acre.³⁰

Exhibit 80. Estimate of Capacity on Buildable Land, Milwaukie city limits, 2023 to 2043

Source: Buildable Lands Inventory; Calculations by ECONorthwest. *Note: These acres are net acres because the buildable land inventory shows that most vacant unconstrained land

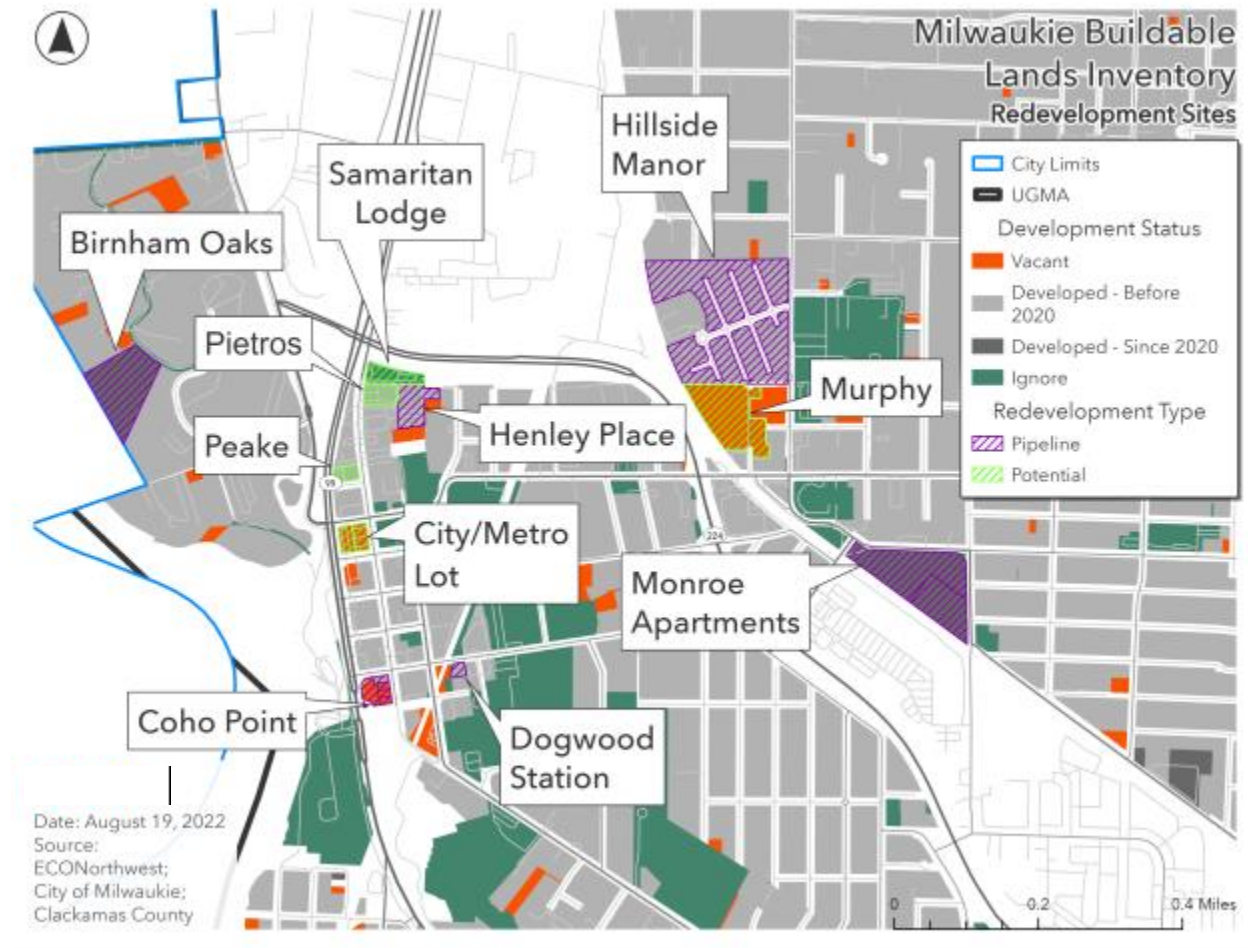
Plan Designation	Total Unconstrained Buildable Acres	Density Assumption (DU/ Acre)	Capacity (Dwelling Units)
Moderate Density	30	5.02	149
High Density	12	7.82	93
Commercial Mixed Use	10	74.52	730
Total	51	-	972

³⁰ Exhibit 80 shows that 972 new dwelling units can be accommodated on Milwaukie's 51 unconstrained buildable acres, which is 18.89 dwelling units per acre. These acres are net acres because the buildable land inventory shows that most vacant unconstrained land.

Downtown Redevelopment Analysis

Milwaukie's downtown has seen recent interest and investment, with a number of recently completed projects and additional development in the pipeline. City staff identified potential sites for mixed-use redevelopment based on local knowledge and property owner/developer interest. These sites are identified on Exhibit 81.

Exhibit 81: Potential Redevelopment Sites and Pipeline Projects in Downtown Milwaukie



Given that some of these overlap with land identified as vacant, ECONorthwest filtered the sites identified by staff to focus on those on land identified as developed. Staff provided estimated unit counts for pipeline projects based on the best available information from developers. For potential projects on other sites where less is known, ECONorthwest estimated the potential units from redevelopment based on the historic density of development in this zone (see Exhibit 80). The estimated capacity based on redevelopment in the downtown is summarized in Exhibit 82.

Exhibit 82: Downtown Mixed Use Redevelopment Capacity

	Total Units	Units from Redevelopment (Excluding vacant land)
Pipeline projects	1,262	1,202
Potential projects (at 74.5 du/ac)	609	186
Total	1,871	1,388

Summary of Development Capacity

Exhibit 83 summarizes housing development capacity based on: (1) vacant buildable land, (2) middle housing infill and redevelopment lots, and (3) mixed-use redevelopment in commercial areas. When accounting for Middle Housing Infill and Redevelopment Potential and Mixed-use Redevelopment potential, the capacity of Moderate Density and Commercial Mixed-use increases, as shown in Exhibit 83.

- Moderate Density (R-MD the zone most affected by HB 2001) adds an additional 600 to 1,600 units.
- Commercial Mixed Use (the zone most likely to experience redevelopment) then adds an additional estimated 1,388 units.

Exhibit 83. Estimate of Capacity on Buildable Land, Infill/Redevelopment and MU Redevelopment, Milwaukie city limits, 2023 to 2043

Source: Buildable Lands Inventory; Calculations by ECONorthwest. *Note: These acres are net acres because the buildable land inventory shows that most vacant unconstrained land

Plan Designation	Capacity on Vacant Land (Dwelling Units)	Middle Housing Infill and Redevelopment Potential		Mixed-Use Redevelopment Potential
		Low	High	
Moderate Density	149	600	1,600	
High Density	93			
Commercial Mixed Use	730			1,388
Total	972	600	1,600	1,388

Residential Land Sufficiency

The next step in the analysis of the sufficiency of residential land within Milwaukie is to compare the demand for housing by plan designation (Exhibit 77) with the capacity of land by plan designation (Exhibit 80), including the Middle Housing Infill/Redevelopment and Mixed-Use Redevelopment.

Exhibit 84 shows that Milwaukie the following about land sufficiency:

- Moderate Density.** Milwaukie likely has enough capacity in Moderate Density areas as a result if infill and redevelopment of missing middle housing types. If only 600 new units result from new middle housing infill and redevelopment by 2043, then Milwaukie may have a deficit of 220 dwelling units. If the high estimate of 1,600 new units result from new middle housing infill and redevelopment by 2043, then Milwaukie would have a surplus of 780 units of capacity beyond the forecast.
- High Density.** Milwaukie does not have enough capacity to accommodate housing growth in the High Density designation. Milwaukie only has 12 acres of unconstrained vacant buildable land in High Density and the development densities of 7.8 dwelling units per acre is lower than what is common in High Density areas in other cities in the Portland region.
- Commercial Mixed Use.** Milwaukie has enough capacity to accommodate housing growth in Commercial Mixed Use areas. Most of this capacity is in the form of expected redevelopment occurring in Milwaukie, as described in Chapter 2.

Exhibit 84. Comparison of Capacity of Existing Residential Land with Demand for New Dwelling Units and Land Surplus or Deficit, Milwaukie city limits, 2023 to 2043

Source: Buildable Lands Inventory; Calculations by ECONorthwest.

Plan Designation	Capacity (Dwelling Units)		Demand (Dwelling Units)	Capacity less Demand (Dwelling Units)	
	Low	High		Low	High
Moderate Density	749	1,749	969	(220)	780
High Density	93	93	450	(357)	(357)
Commercial Mixed Use	2,118	2,118	251	1,867	1,867
Total	2,960	3,960	1,670	1,290	2,290

Conclusions

The key findings and conclusions of the Milwaukie's Housing Capacity Analysis are that:

- **Milwaukie's population is forecast to grow slower than in the past.** Milwaukie's city limit is forecast to grow from 9,559 households in 2023 to 11,230 households in 2043, an increase of 1,670 households, about 83 dwelling units per year on average. This household growth will occur at an average annual growth rate of 0.81%.
- **Milwaukie's development occurred at an average of eight dwelling units per net acre over the 2000 to 2020 period.** Over the 2023 to 2043 period, if new housing develops at the same densities as over the 2000 to 2020 period, Milwaukie's housing will develop with between 5 and 74 dwelling units per acres.
- **Milwaukie is able to meet the requirement for future development at least 8 dwelling units per net acres, as required in OAR 660-007.** Overall, Milwaukie is planning for future densities of about 18.9 dwelling units per net acre,³¹ mostly as a result of the relatively high development densities achieved in Commercial Mixed-Use.
- **Milwaukie has enough capacity within city limits to accommodate the forecast of growth in some plan designations between 2023 and 2043.**
 - Milwaukie likely has enough capacity in the Moderate Density Plan Designation to accommodate growth. It seems likely that the City will have more than the estimate of 600 units of middle housing infill and redevelopment, which suggests that there is enough capacity to accommodate the forecast of growth in Moderate Density. It also seems unlikely that Milwaukie will see the high estimate of infill and redevelopment of missing middle housing (1,600 dwelling units). The amount of middle housing development in Milwaukie will depend on factors such as property owner preference for new development, financial feasibility of infill or redevelopment (which is supported in 2022 by a strong housing market), and characteristics of parcels that infill or redevelop (such as the size and configuring of existing development on individual parcels).
 - Milwaukie has a deficit of capacity to accommodate growth in the High Density Plan Designation. One reason for this is that Milwaukie has little land in this plan designation. Equally important is that Milwaukie's High Density Plan Designation is developing at relatively low densities, about 7.8 dwelling units per net acre. Milwaukie may want to identify reasons for this low development density and propose code changes to increase densities in the High Density Plan Designation.

³¹ The estimate of 18.9 dwelling units per net acre for future density is based on the estimate of vacant land, 51 acres, and expected future densities for new development. Much of this capacity is in Commercial Mixed Use areas, which have historically developed at 74.5 dwelling units per acre. Even if future development in Commercial Mixed Use areas occurs at a substantially lower density (like 20 dwelling units per net acre), Milwaukie's vacant land would still likely achieve development densities of more than 8 dwelling units per net acre.

- Milwaukie is expecting substantial multi-dwelling unit redevelopment in Commercial Mixed Use Plan Designations, which suggests that the City has sufficient capacity to accommodate expected growth in these areas. This report documents projects within the development pipeline (i.e., under development) and likely future projects.
- **Milwaukie is planning for a mix of new housing that meets the requirements of OAR 660-007.** Milwaukie’s forecast shows that 40% of new housing developed over the 20-year planning period will be single-dwelling detached housing, 5% will be townhouses, 20% will be duplex through quadplex, and 35% will be multi-dwelling with 5 or more units per structure. This mix of housing should provide opportunities for development of housing that is comparatively affordable.
- **Milwaukie’s needed housing mix is for an increase in housing affordable to renters and homeowners, with more attached and multi-dwelling housing types.** Historically, about 67% of Milwaukie’s housing was single-dwelling detached. While 40% of new housing in Milwaukie is forecast to be single-dwelling detached, the City will need to provide opportunities for the development of new single-dwelling attached housing (5% of new housing), duplexes, triplexes, quadplexes (20% of new housing), and multi-dwelling structures with 5 or more units (35% of new housing). Milwaukie is able to meet its needed housing mix based on these assumptions.
 - The factors driving the shift in types of housing needed in Milwaukie include changes in demographics and decreases in housing affordability. The aging of baby boomers and the household formation of millennials and Generation Z will drive demand for renter and owner-occupied housing, such as single-dwelling detached housing, accessory dwelling units, town houses, cottage housing, duplexes, triplexes, quadplexes, and multi-dwelling structures. These groups may prefer housing in walkable neighborhoods, with access to services.
 - Milwaukie will be complying with the requirements of House Bill 2001 to allow cottage housing, town houses, duplexes, triplexes, and quadplexes in zones where single-dwelling housing is allowed. Allowing this wider range of housing in more areas will likely result in a change in mix of housing developed over the next 20 years, especially in areas with large areas of vacant buildable land.
 - Without diversification of housing types and the development of housing affordable to households with incomes below 80% of MFI (\$78,000), lack of affordability will continue to be a problem, possibly growing in the future if incomes continue to grow at a slower rate than housing costs. About 38% of Milwaukie’s households are cost burdened (paying more than 30% of their income on housing), including a cost burden rate of 52% for renter households.

Under the current conditions, 643 new households will have incomes of \$48,450 (in 202 dollars) or less. These households often cannot afford market-rate housing, and for newly built housing to be affordable, it will need to be income-restricted government-subsidized housing. About 705 new households will have incomes

between \$48,450 and \$116,280. These households will all need access to housing that is affordable to them, which will predominantly be existing housing or newly built smaller units, such as cottage housing, duplexes, or multi-dwelling housing.

- **Milwaukie has a need for additional housing affordable to lower and middle-income households.** Milwaukie has a need for additional housing affordable to households with extremely low incomes and very low incomes, people experiencing homelessness, and households with low and middle incomes. These needs include existing unmet housing needs and likely housing needs for new households over the 20-year planning period.
 - About 39% of Milwaukie’s households have extremely low incomes or very low incomes, with household incomes below \$48,450. At most, these households can afford \$1,211 in monthly housing costs. Median gross rent in Milwaukie was \$1,173 in the 2015-2019 period and has likely increased since. Development of housing affordable to these households (either rentals or homes for sale) rarely occurs without government subsidy or other assistance. Meeting the housing needs of extremely low-income and very low-income households will be a significant challenge to Milwaukie.
 - About 43% of Milwaukie’s households have low or middle incomes, with household incomes between \$48,450 and \$116,280. These households can afford between \$1,211 to \$2,907 in monthly housing costs. Households at the lower end of this income category may struggle to find affordable rental housing, especially with growing costs of rental housing across the Portland Metropolitan region. Some of the households in this group are likely part of the 38% of all households that are cost burdened. Development of rental housing affordable to households in this income category (especially those with middle incomes) can occur without government subsidy, but the City’s zoning code will need to provide opportunities for the development of a wider range of housing types in more places to accommodate more of this type of housing.

Homeownership opportunities for households in this income category may be limited to existing housing, unless there are opportunities to build new housing at lower costs.

The *Milwaukie Housing Production Strategy* provides recommendations for actions to meet the housing needs described above and throughout this report.

Appendix A: Residential Buildable Lands Inventory Methodology

The buildable lands inventory uses methods and definitions that are consistent with Goal 10/OAR 660-008. This appendix describes the methodology that ECONorthwest used for this report, based on 2020 data. The results of the BLI are discussed in Chapter 2.

Overview of the Methodology

The general structure of this BLI analysis is based on Oregon Metro’s Buildable Land Inventory methodology. The steps and sub steps in the supply inventory are:

1. Identify vacant tax lots (and complement developed tax lots) by zoning class
2. Remove tax lots from the BLI that don’t have the potential to provide residential or employment growth capacity (e.g., parks)
3. Calculate deductions for environmental resources
4. Calculate deductions for “future streets”
5. Calculate BLI estimates (BLI includes capacity estimates for vacant and redevelopment)
 - a. Single Family Residential (SFR)
 - b. Multifamily Residential (MFR) and Mixed-Use Residential Capacity (MUR)

This BLI for Milwaukie is a 2022 update to the City’s previous BLI conducted in 2020. In order to update step 2, we used building permits since 2020 to ascertain which properties have developed since then, which directly impacts their development status and thus, whether they are included in the residential BLI.

Inventory Steps

The BLI consists of several steps:

1. Generate land base
2. Classify lands
3. Identify and Apply Constraints
4. Remove ROW

5. Verification
6. Tabulation and mapping.

Step 1: Generate “land base”

The land base for the Milwaukie residential BLI includes all tax lots in the city limits and urban growth management area in residential zones where housing development is allowed with clear and objective standards. These zones are:

Milwaukie:

- Residential
 - R-1
 - R-2
 - R-3
 - R-MD
- Residential-Business Office (R-1-B)
- Downtown Mixed Use (DMU)
- General Mixed Use (GMU)
- Neighborhood Mixed Use (NMU)
- Tacoma Station Area Mixed Use (MUTSA)

Clackamas County:

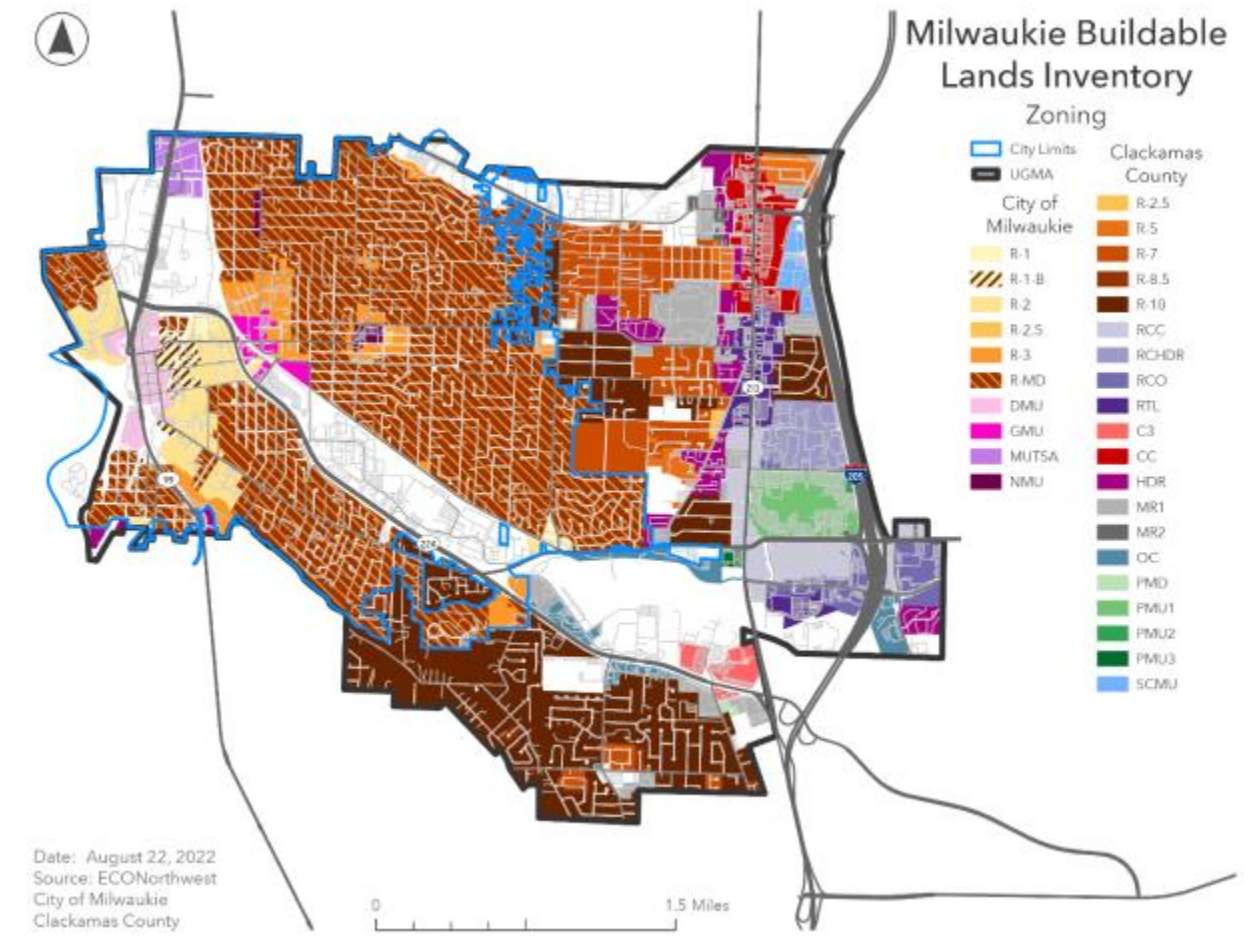
- Urban Low Density Residential
 - R-2.5
 - R-5
 - R-7
 - R-8.5
 - R-10
- Medium Density Residential
 - MR-1
 - MR-2
- Planned Medium Density Residential (PMD)
- High Density Residential (HDR)
- Regional Center High Density Residential (RCHDR)
- Planned Mixed Use
 - PMU-1
 - PMU-2
 - PMU-3
- Corridor Commercial (CC)
- General Commercial (C-3)
- Office Commercial (OC)

- Regional Center Commercial (RCC)
- Regional Center Office (RCO)
- Retail Commercial (RTL)
- Station Community Mixed Use (SCMU)

Exhibit 85 shows the residential zones included in the BLI.

Exhibit 85. Residential Land Base by Plan Designation, Milwaukie city limits and urban growth management area, 2022

Source: ECONorthwest analysis, Clackamas County, City of Milwaukie.



Step 2: Classify lands

In this step, ECONorthwest classified each tax lot with a plan designation that allows residential uses into one of three mutually exclusive categories based on development status, as defined by Metro’s BLI methodology. The rules are described below in Exhibit 86.

Exhibit 86. Rules for Development Status Classification

Development Status	Definition
Vacant	<ul style="list-style-type: none"> Any tax lot that is fully vacant (using aerial photography). A tax lot with less than 2,000 sq. ft of developed area and where this area is less than 10% of the total tax lot area. Tax lots that are 95% or more “vacant” as identified in the Metro vacant land inventory.
Developed	Land that does not meet the Vacant or Ignore development status definitions.
Ignore	Publicly owned parcels (unless intended for residential/employment development), schools, churches and social organizations, private rights-of-way, rail properties, tax lots under 1,000 sq. ft., parks open spaces, and private residential common areas.

Since this BLI is an update to a 2020 BLI, the classifying of lands occurred by spatially joining recent building permits to parcel data. Parcels that were previously vacant but had building permits that indicated new developed residential units were updated to the “Developed” development status.

Step 3: Identify and Apply Constraints

Consistent with OAR 660-008-0005(2) guidance on residential buildable lands inventories, ECONorthwest deducted certain lands with development constraints from the BLI. We used the following constraints, as listed in Exhibit 87.

Exhibit 87. Constraints to be included in BLI

Constraint	Statutory Authority	Threshold	Source
Regulatory Floodways	OAR 660-008-0005(2)	Lands within FEMA FIRM identified floodway	FEMA via National Map
100-Year Floodplain	OAR 660-008-0005(2)	Lands within FEMA FIRM 100-year floodplain	FEMA via National Map
Steep Slopes	OAR 660-008-0005(2)	Slopes greater than 25%	Oregon Metro
Title 3	OAR 660-008-0005(2)	Land within the Water Quality and Flood Management areas	Oregon Metro
Title 13	OAR 660-008-0005(2)	Land within the Upland Wildlife Habitat Quality, Riparian Wildlife Habitat Quality, or in “Areas Where nearby Activities have an impact on Resources”	Oregon Metro

These constraints, the very same as used in 2020, were applied to single-dwelling and multi-dwelling residential tax lots as follows:

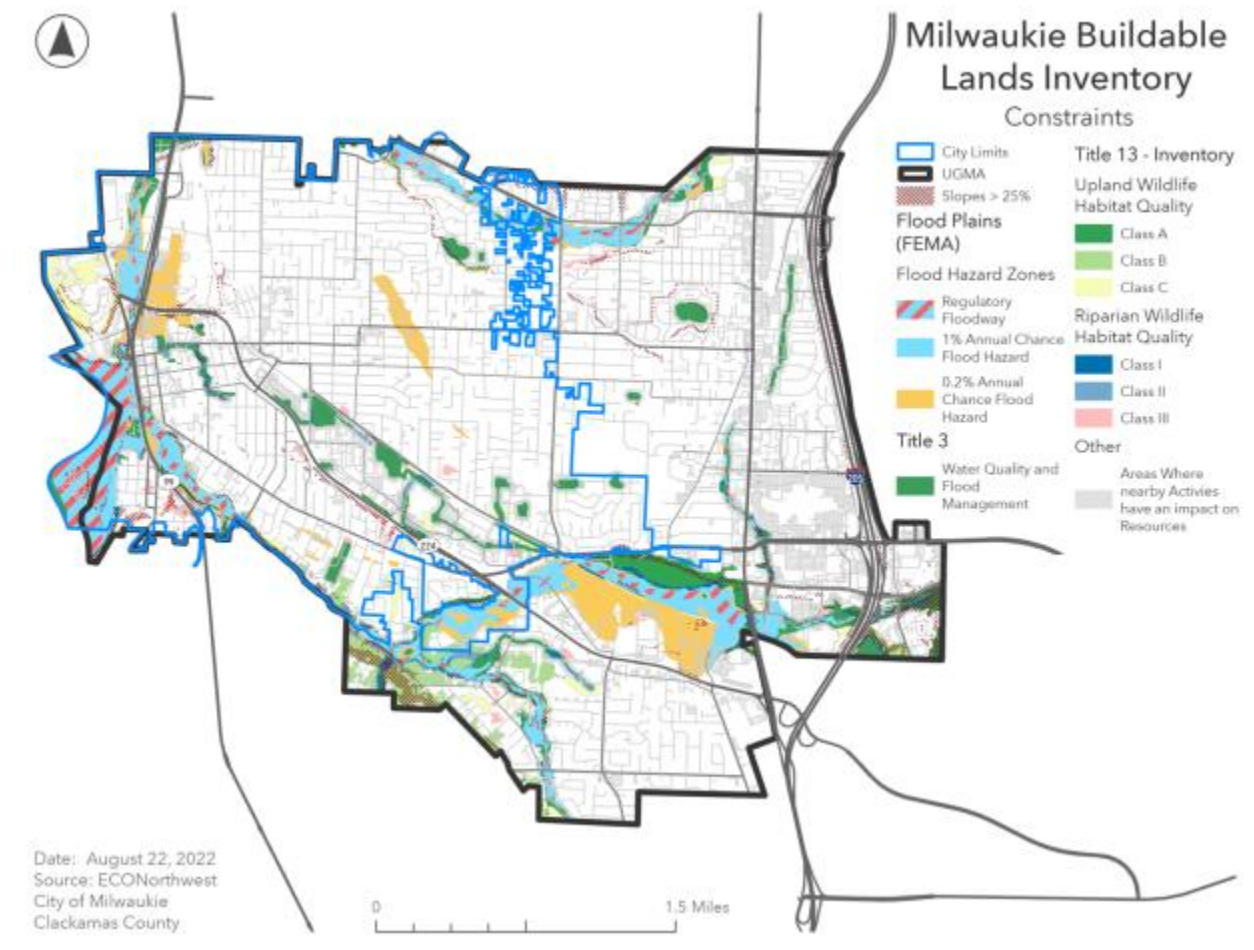
Single-dwelling residential lots removed 100% of floodways and floodplains. Slopes greater than 25% and Title 3 were treated the same with 100% removed. If tax lots where slopes greater than 25% constrained greater than or equal to 50% of said lot, a maximum capacity rule was utilized to add back units. If these slopes constrained less than 50%, it was assumed that 90% of the unconstrained area was in the BLI, essentially applying a 10% discount to vacant buildable acres. 50% of Title 13 constrained acres were removed from the BLI. At least one unit per tax lot was assumed, even if lots were fully constrained.

Multi-dwelling residential removed 100% of floodways and 50% of floodplains. Slopes greater than 25% were 100% removed. Title 3 constrained acres were 50% removed and Title 13 constrained acres were 15% removed. At least one unit per tax lot was assumed, even if lots were fully constrained.

These constraints are shown in Exhibit 88:

Exhibit 88. Residential Development Constraints, Milwaukie city limits and urban growth management area, 2020

Source: ECONorthwest analysis, Clackamas County, City of Milwaukie.



Step 4: Remove ROW

In order to consider future right-of-way developments, portions of vacant land were adjusted. 0% of tax lots under 3/8 acres was assumed for future development. For tax lots between 3/8 and one acre, 10% of the lot was assumed. For tax lots greater than one acre, 18.5% of the lot was assumed. All Industrial-zoned (IND) lots assumed a 10% proportion for all lots with that zone designation.

Step 5: Verification

ECONorthwest used a multistep verification process. The first verification step involved a “rapid visual assessment” of land classifications using GIS and recent aerial photos. The rapid visual assessment involves reviewing classifications overlaid on recent aerial photographs to verify uses on the ground. ECONorthwest reviewed all tax lots included in the inventory using the rapid visual assessment methodology.

City staff and ECONorthwest performed an additional round of verification, which involved verifying the development status determination and the results of the rapid visual assessment. ECONorthwest amended the BLI based on City staff review and a discussion of the City's comments.

Step 6: Tabulation and mapping

The results are presented in tabular and map format. We included a comprehensive plan map, the land base by classification, vacant and partially vacant lands by plan designation, and vacant and partially vacant lands by plan designation with constraints showing.

Results of the Buildable Lands Inventory

Exhibit 89 shows development status with constraints applied, resulting in buildable acres. Vacant land within these constraints is considered unavailable for development and removed from the inventory of buildable land.

Exhibit 89. Development Status with Constraints, Milwaukie city limits and UGMA, 2022

Source: ECONorthwest analysis, Clackamas County, City of Milwaukie.

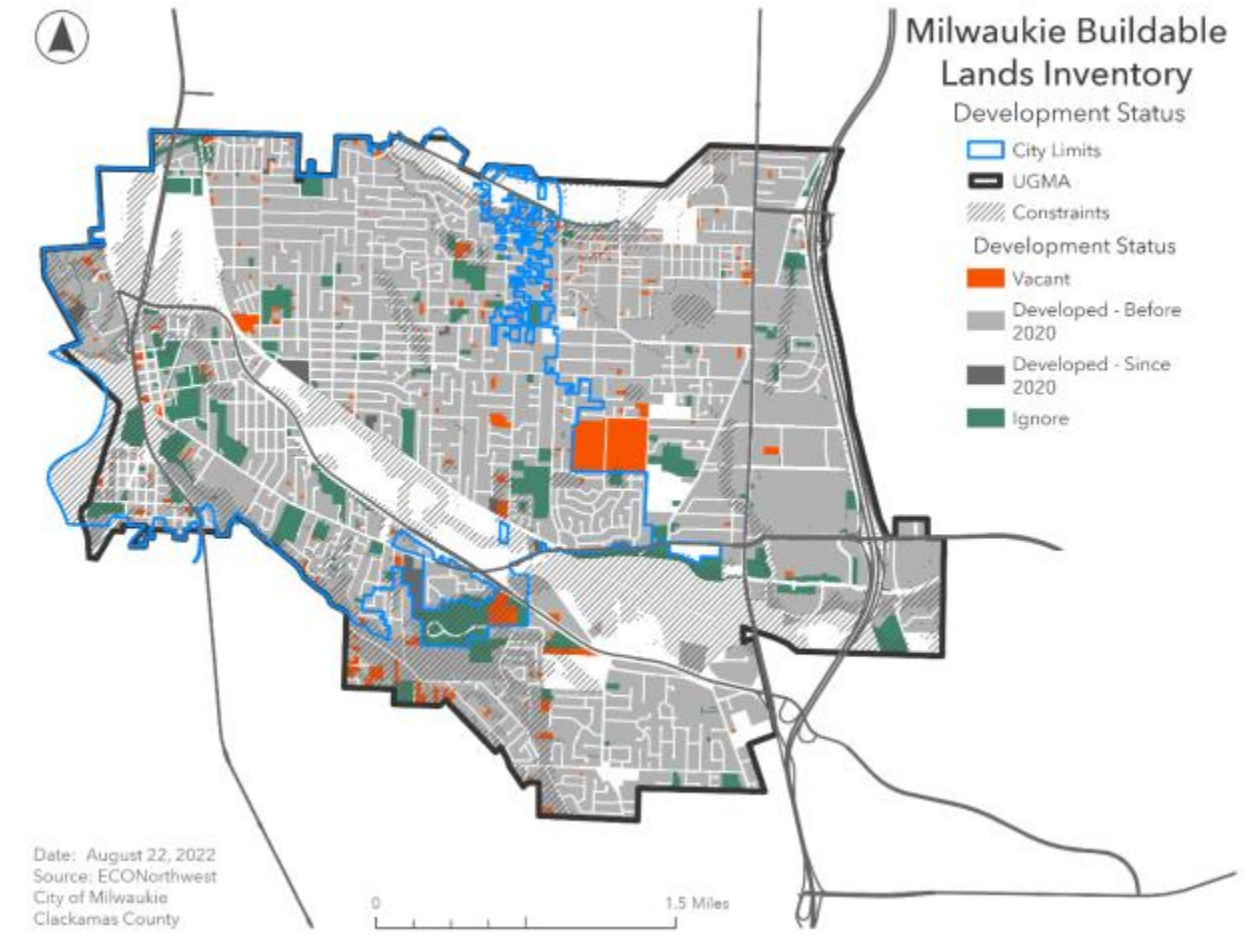


Exhibit 90 shows the total acreage of all Residential lands within the City of Milwaukie, Clackamas County, and the dual interest area, as well as total unconstrained area and net acres (with right of ways removed).

Exhibit 90. Residential Land with Constraints Applied and ROW Removed, Milwaukie city limits and UGMA, 2022

Source: ECONorthwest analysis, Clackamas County, City of Milwaukie.

Jurisdiction	Total Acres	Unconstrained Acres	Net Acres (ROW Removed)
City of Milwaukie	2,061	1,858	1,743
Vacant	69	51	46
Developed	1,699	1,579	1,506
Ignore	293	228	190
Dual Interest (in UGMA)	415	331	293
Vacant	88	78	65
Developed	299	236	215
Ignore	29	16	13
Clackamas County (in UGMA)	1,808	1,621	1,445
Vacant	30	25	23
Developed	1,646	1,500	1,341
Ignore	131	96	81
Total	4,284	3,810	3,482

Vacant Buildable Land

Exhibit 4 shows buildable acres (i.e., acres in tax lots after constraints are deducted) for vacant land by zone. Milwaukie has 51 acres of unconstrained, vacant buildable lands within its city limits. Most of that land is in the R-MD.

Exhibit 91. Buildable Acres in Vacant Tax Lots by Plan Designation and Zone, Milwaukie city limits and UGMA, 2022

Source: ECONorthwest analysis, Clackamas County, City of Milwaukie.

Jurisdiction	Vacant Land with Constraints	Unconstrained Vacant Acres
City of Milwaukie Plan Designation/ Zones	69	51
Moderate Density Designation		
R-MD	42	30
High Density Designation		
R-2	3	2
R-3	13	10
Commercial Mixed Use Designation		
DMU	4	3
GMU	7	7
MUTSA	0.5	0.0
Dual Interest (in UGMA)	88	78
R-7	61	60
R-10	26	18
Clackamas County (in UGMA)	30	24
Total	186	154

Exhibit 92 shows Milwaukie’s buildable vacant residential land for the entire city limits and urban growth management area, while Exhibit 93 shows buildable vacant land for just the city limits of Milwaukie.

Exhibit 92. Unconstrained Vacant Residential Land, Milwaukie city limits and UGMA, 2022
 Source: ECONorthwest analysis, Clackamas County, City of Milwaukie.

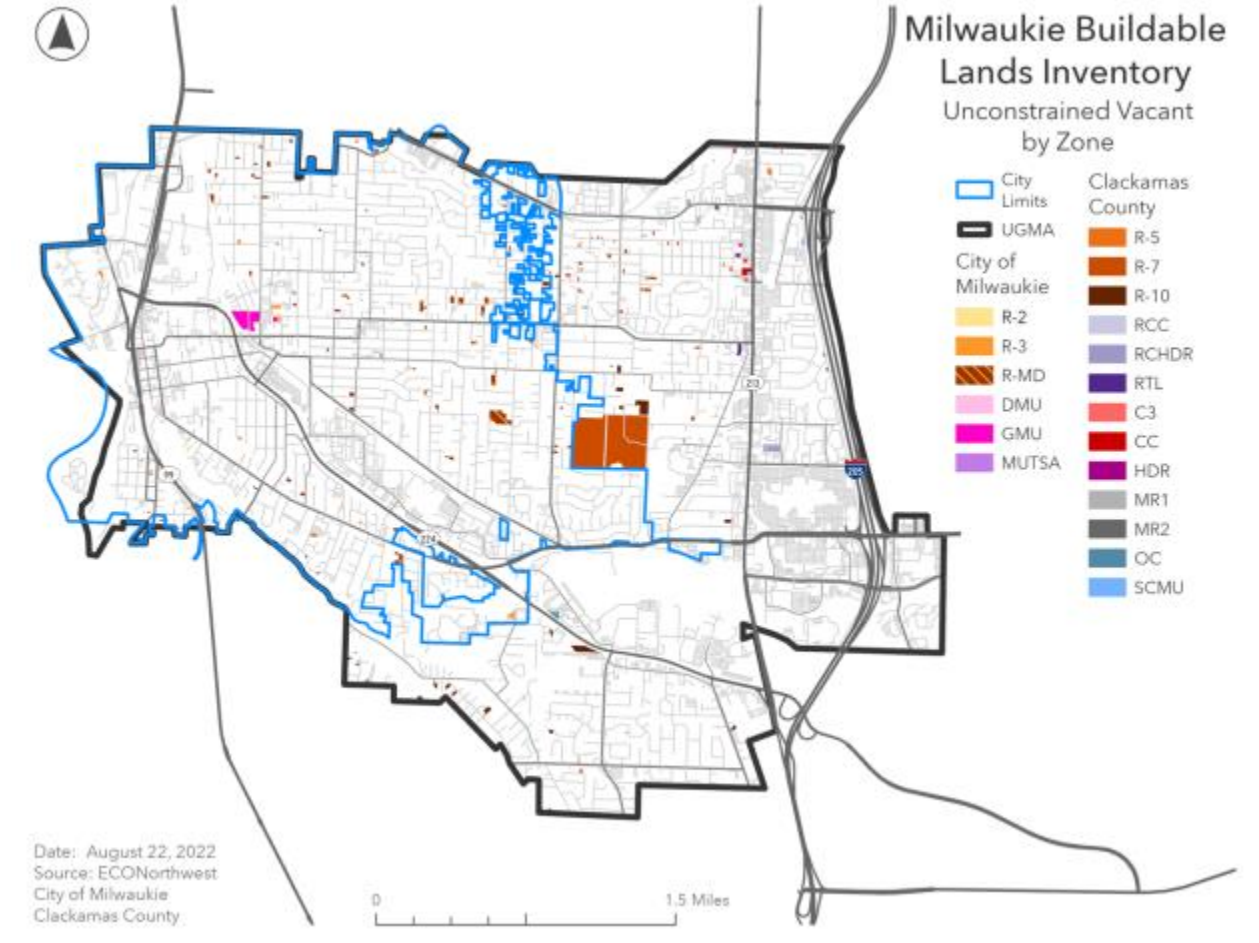
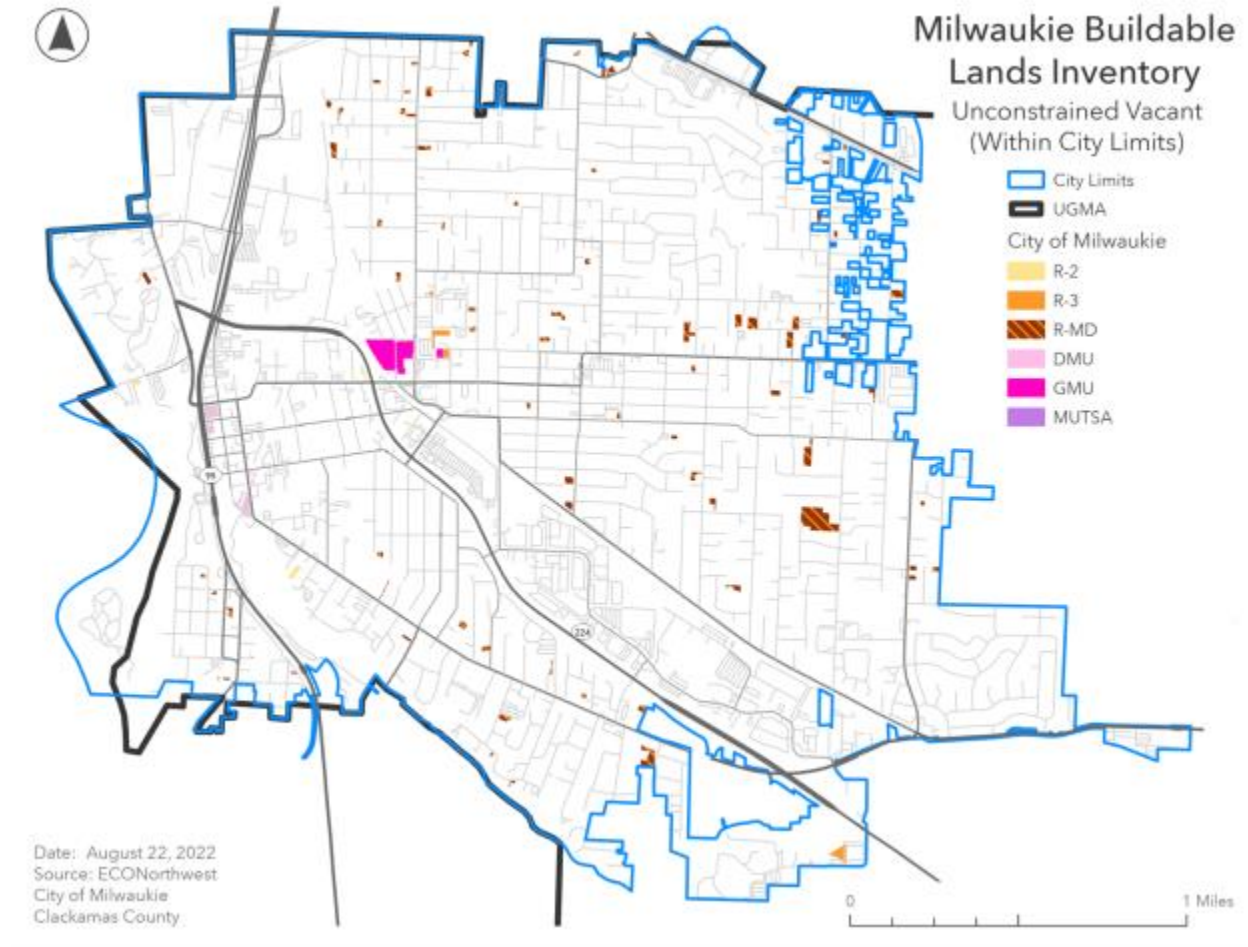


Exhibit 93. Unconstrained Vacant Residential Land, City of Milwaukie, Milwaukie city limits, 2022
Source: ECONorthwest analysis, Clackamas County, City of Milwaukie.



Appendix B: Middle Housing Infill and Redevelopment Analysis of Potential

Chapter 2 presented the summary of middle housing infill and redevelopment potential. This appendix presents the approach to the middle housing infill and redevelopment analysis, 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.³² 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.

³² 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.

Exhibit 94: Housing Prototype Assumptions

Source: ECONorthwest

Housing Type	Unit Size	Required Site Area	Sale Price	Monthly Rent
Average Single Dwelling Residential	2,180 square feet	5,000 square feet	\$663,000	–
Large Single Dwelling 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	–

Evaluating Infill and Redevelopment Potential

Infill and Redevelopment Criteria

ECONorthwest identified the criteria shown in Exhibit 95 to identify parcels that could have potential for infill and/or redevelopment. (These criteria are not mutually exclusive.)

Exhibit 95: 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.³³ For the redevelopment scenario,

³³ 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.

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).³⁴

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 94) 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 96.

Exhibit 96: 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 95, 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.

³⁴ 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.

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 97 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 97: 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 sites with access/layout limitations prevalence (see Exhibit 7, page 10).
- **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 9, page 11)
- $27 \text{ properties converted per year} \times 3.02 \text{ net new units per property} = \sim\mathbf{82}$ net new units per year

- 82 net new units per year x 20 years = **~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 98, 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 98: 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 99 shows the result of applying those 20-year estimated conversion rates for single-detached housing infill from Exhibit 98 to properties identified as likely viable for infill / redevelopment with middle housing, differentiating based on the number of potential new units.

Exhibit 99: 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.”³⁵

Results are shown in Exhibit 100, below.

Exhibit 100: 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:

³⁵ City of Portland, "Residential Infill Project, Exhibit A Findings of Fact Report", July 2020, https://www.portland.gov/sites/default/files/2020-08/exhibit_a_rip_findings_adopded1.pdf, Page 224

- 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.

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 100, 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 9, page 11)
- **~197** properties converted x **3.02** net new units per property = **~596** net new units over 20 years

Appendix C: Additional Information

This appendix includes...

Framework for a Housing Capacity Analysis

This report provides information about how the choices of individual households and the housing market in Clackamas County and Milwaukie have interacted, focusing on implications for future housing need in Milwaukie over the 2023 to 2043 period. This report and the *City of Milwaukie Housing Production Strategy* provide policy options that can influence future housing development, considering opportunities to increase access to affordable housing for lower-income communities and communities of color, as well as housing needs for all residents of Milwaukie.

Statewide Planning Goal 10

The passage of the Oregon Land Use Planning Act of 1974 (ORS Chapter 197) established the Land Conservation and Development Commission (LCDC) and the Department of Land Conservation and Development (DLCD). The Act required the Commission to develop and adopt a set of statewide planning goals. Goal 10 addresses housing in Oregon and provides guidelines for local governments to follow in developing their local comprehensive land use plans and implementing policies.

At a minimum, local housing policies must meet the requirements of Goal 10 and the statutes and administrative rules that implement it (ORS 197.295 to 197.314, ORS 197.475 to 197.490, and OAR 600-008).³⁶ Goal 10 requires incorporated cities to complete an inventory of buildable residential lands. Goal 10 also requires cities to encourage the numbers of housing units in price and rent ranges commensurate with the financial capabilities of its households.

Goal 10 defines needed housing types as “all housing on land zoned for residential use or mixed residential and commercial use that is determined to meet the need shown for housing within an urban growth boundary at price ranges and rent levels that are affordable to households within the county with a variety of incomes, including but not limited to households with low-incomes, very low-incomes and extremely low-incomes.” ORS 197.303 defines needed housing types:

- (a) Housing that includes, but is not limited to, attached and detached single-family housing and multiple family housing for both owner and renter occupancy.

³⁶ ORS 197.296 only applies to cities with populations over 25,000 outside of Metro. Milwaukie is located in the Metro UGB, so ORS 197.296 does not apply to Milwaukie.

- (b) Government assisted housing.³⁷
- (c) Mobile home or manufactured dwelling parks as provided in ORS 197.475 to 197.490.
- (d) Manufactured homes on individual lots planned and zoned for single-family residential use that are in addition to lots within designated manufactured dwelling subdivisions.
- (e) Housing for farmworkers.

DLCD provides guidance on conducting a Housing Capacity Analysis in the document *Planning for Residential Growth: A Workbook for Oregon's Urban Areas*, referred to as the Workbook.

Milwaukie must identify needs for all of the housing types listed above as well as adopt policies that increase the likelihood that needed housing types will be developed. This Housing Capacity Analysis was developed to meet the requirements of Goal 10 and its implementing administrative rules and statutes.

The Metropolitan Housing Rule

OAR 660-007 (the Metropolitan Housing rule) is designed to “assure opportunity for the provision of adequate numbers of needed housing units and the efficient use of land within the Metropolitan Portland (Metro) urban growth boundary.” OAR 660-0070-005(12) provides a Metro-specific definition of needed housing:

"Needed Housing" is defined as housing types determined to meet the need shown for housing within an urban growth boundary at particular price ranges and rent levels.

The Metropolitan Housing Rule also requires cities to develop residential plan designations:

(1) Plan designations that allow or require residential uses shall be assigned to all buildable land. Such designations may allow nonresidential uses as well as residential uses. Such designations may be considered to be "residential plan designations" for the purposes of this division. The plan designations assigned to buildable land shall be specific so as to accommodate the varying housing types and densities identified in OAR 660-007-0030 through 660-007-0037.

OAR 660-007 also specifies the mix and density of new residential construction for cities within the Metro UGB:

“Provide the opportunity for at least 50 percent of new residential units to be attached single family housing or multiple family housing or justify an alternative percentage based on changing circumstances” OAR 660-007-0030 (1).

³⁷ Government assisted (income restricted) housing can be any housing type listed in ORS 197.303 (a), (c), or (d).

OAR 660-007-0035 sets specific density targets for cities in the Metro UGB. Milwaukie's average density target is eight dwelling units per net buildable acre.³⁸

Metro Urban Growth Management Functional Plan

The Metro Urban Growth Management Functional Plan describes the policies that guide development for cities within the Metro UGB to implement the goals in the Metro 2040 Plan.

Title 1: Housing Capacity

Title 1 of Metro's Urban Growth Management Functional Plan is intended to promote efficient land use within the Metro UGB by increasing housing capacity. Each city is required to determine its housing capacity based on the minimum number of dwelling units allowed in each zoning district that allows residential development and maintains this capacity.

Title 1 requires that a city adopt minimum residential development density standards by March 2011. If the jurisdiction did not adopt a minimum density by March 2011, the jurisdiction must adopt a minimum density that is at least 80% of the maximum density.

Title 1 provides measures to decrease development capacity in selected areas by transferring the capacity to other areas of the community. This may be approved as long as the community's overall capacity is not reduced.

Metro's *2019 Compliance Report* concludes that Milwaukie is in compliance with the City's Title 1 responsibilities.

Title 7: Housing Choice

Title 7 of Metro's Urban Growth Management Functional Plan is designed to ensure the production of affordable housing in the Metro UGB. Each city and county within the Metro region is encouraged to voluntarily adopt an affordable housing production goal.

Each jurisdiction within the Metro region is required to ensure that their comprehensive plans and implementing ordinances include strategies to:

- Ensure the production of a diverse range of housing types,
- Maintain the existing supply of affordable housing, increase opportunities for new affordable housing dispersed throughout their boundaries; and
- Increase opportunities for households of all income levels to live in affordable housing (3.07.730).

³⁸ OAR 660-024-0010(6) defines net buildable acres as "43,560 square feet of residentially designated buildable land after excluding future rights-of-way for streets and roads."

Metro's 2019 Compliance Report concludes that Milwaukie is in compliance for the City's Title 7 responsibilities.

Data Used in This Analysis

Throughout this report, we used data from multiple well-recognized and reliable data sources. One of the key sources for housing and household data is the U.S. Census. This report primarily uses data from three Census sources:³⁹

- The **Decennial Census** is completed every ten years and is a survey of *all* households in the U.S. The Decennial Census collects detailed household information, such as number of people, household size, race and ethnicity, and age.
- The **American Community Survey (ACS)** is completed every year and is a *sample* of households in the U.S. The ACS collects detailed information about households, including demographics (e.g., number of people, age distribution, ethnic or racial composition, country of origin, language spoken at home, and educational attainment), household characteristics (e.g., household size and composition), housing characteristics (e.g., type of housing unit, year unit built, or number of bedrooms), housing costs (e.g., rent, mortgage, utility, and insurance), housing value, income, and other characteristics. The most up-to-date ACS data available for this report was for the 2015-2019 period.
- **Comprehensive Housing Affordability Strategy (CHAS)** is custom tabulations of American Community Survey (ACS) data from the US Census Bureau for the US Department of Housing and Urban Development (HUD). CHAS data show the extent of housing problems and housing needs, particularly for low-income households. CHAS data are typically used by local governments as part of their consolidated planning work to plan how to spend HUD funds and for HUD to distribute grant funds. The most up-to-date CHAS data covers the 2014-2018 period, which is a year older than the most recent ACS data for the 2015-2019 period.
- **Property Radar** provides real estate sales data.

This report primarily uses data from the 2015-2019 ACS for Milwaukie and comparison areas.⁴⁰ Where information is available and relevant, we report information from the 2000 and 2010

³⁹ It is worth commenting on the methods used for the American Community Survey. The American Community Survey (ACS) is a national survey that uses continuous measurement methods. It uses a sample of about 3.54 million households to produce annually updated estimates for the same small areas (census tracts and block groups) formerly surveyed via the decennial census long-form sample. It is also important to keep in mind that all ACS data are estimates that are subject to sample variability. This variability is referred to as "sampling error" and is expressed as a band or "margin of error" (MOE) around the estimate.

This report uses Census and ACS data because, despite the inherent methodological limits, they represent the most thorough and accurate data available to assess housing needs. We consider these limitations in making interpretations of the data and have strived not to draw conclusions beyond the quality of the data.

⁴⁰ Five-year 2020 ACS data was not available when this report was compiled.

Decennial Census.⁴¹ Among other data points, this report also includes data from Oregon’s Housing and Community Services Department, the US Department of Housing and Urban Development, and the City of Milwaukie.

Through this report, we attempt to bring in data about Black, Indigenous, and people of color (BIPOC) where possible in the information, to better explain disproportionate housing burdens for historically underrepresented groups. While this report attempts to make good use of the available data from the Census, it is important to acknowledge that the Census consistently undercounts BIPOC and low-income people. In developing policies, as part of the *Milwaukie Housing Production Strategy*, we will bring in feedback from underrepresented communities through outreach or additional research.

National and State Housing Trends

This appendix presents national and state housing and demographic trends that may affect housing development in Milwaukie.

National Trends⁴²

This brief summary on national housing trends builds on previous work by ECONorthwest as well as Urban Land Institute (ULI) reports, conclusions from *The State of the Nation’s Housing* report from the Joint Center for Housing Studies of Harvard University, and other research cited in this section. *The State of the Nation’s Housing* report (2021) summarizes the national housing outlook as follows:

Even as the US economy continues to recover, the inequalities amplified by the COVID-19 pandemic remain front and center. Households that weathered the crisis without financial distress are snapping up the limited supply of homes for sale, pushing up prices and further excluding less affluent buyers from homeownership. At the same time, millions of households that lost income during the shutdowns are behind on their housing payments and on the brink of eviction or foreclosure. A disproportionately large share of these at-risk households are renters with low incomes and people of color. While policymakers have taken bold steps to prop up consumers and the economy, additional government support will be necessary to ensure that all households benefit from the expanding economy.

⁴¹ The 2020 Census was completed at the end of 2020. However, extenuating circumstances brought on by the COVID-19 pandemic has led to some challenges with the data. The 2020 Decennial Census data is more limited than usual as a result of the COVID-19 pandemic. Where appropriate, this report uses 2015-2019 ACS data, rather than 2020 Decennial Census data, for up-to-date information.

⁴² These trends are based on information from (1) the Joint Center for Housing Studies of Harvard University’s publication “The State of the Nation’s Housing 2021,” (2) Urban Land Institute, “2022 Emerging Trends in Real Estate,” and (3) the US Census.

The domestic housing market sees many, interlocking challenges remaining as the world transitions from the COVID-19 pandemic. An extremely limited inventory of entry-level homes make housing unaffordable for many Americans, especially younger ones. However, the conditions for homebuying are ripe for many, resulting in strong demand in the market and increasing home sales prices to record levels. Furthermore, the costs of labor and materials to build new homes increased steeply. While current amount of new housing starts is robust, newly built homes will not make up the shortfall in residential housing in the near-term, especially for single-dwelling homes. The challenges and trends shaping the housing market are summarized below.

- **A continued bounce back in residential construction was led by an increase in single-dwelling and multi-dwelling housing starts.** After a sharp comeback in summer 2020 led by single-dwelling construction, single-dwelling housing starts fell below a 700,000-unit annual rate in April 2020 due to the COVID-19 pandemic. Following that dip, housing starts nearly doubled to a high of 1,315,000 new housing units in December 2020—marking it as the strongest month for single-dwelling homebuilding in over 13 years—with a consistent annual rate of production since then ranging from 1,061,000 to 1,255,000 units; most recently hitting 1,215,000 in February 2022. Multi-dwelling unit starts followed similar trends, reaching a 33-year high in January 2020 of more than half a million buildings with 5 units or more, then hitting a 6-year low in April 2020 of a quarter million. Since that low, multi-dwelling starts have increased 47%, reaching 501,000 units in February 2022.
- **Strong construction numbers did not alleviate the shortage of existing homes for sale.** Inventories fell from three months in December 2019 to just under two months in December 2020, well below what is considered balanced (six months), with lower-cost and moderate-cost homes experiencing the tightest inventories. While *The State of the Nation's Housing* report cited the COVID-19 pandemic as sharing some blame for these tight conditions, the larger cause was the result of underproduction of new homes since mid-2000s. Restrictive land use regulations, the cost and availability of labor, and the cost of building materials were also cited as constraints on residential development.
- **Homeownership rates slowly, but consistently, increased.** After years of decline, the national homeownership rate increased slightly from 64.4% in 2018 to 65.5% in late 2021. Trends suggest the recent homeownership increases are among householders of all age groups, with households under age 35 making up the largest proportions of this increase. About 88% of net new growth (2013 to 2019) was among households with incomes of \$150,000 or more. Significant disparities also still exist between households of color and white households, with the Black-white homeownership gap being 28.1 percentage points in early 2021 and the Hispanic-white gap at 23.8 percentage points (a 1.8 percentage point decrease from 2019).
- **Housing affordability.** Despite a recent downward trend, 37.1 million American households spent more than 30% of their income on housing (Industry standard used for assessing affordability) in 2019, which is 5.6 million more households than in 2001.

Renter households experienced cost burden at more than double the rate of homeowners (46% versus 21%) with the number of cost-burdened renters exceeding cost-burdened homeowners by 3.7 million in 2019. Affordability challenges were most likely to affect households with low incomes as 60% of renters and nearly half of homeowners earning less than \$25,000 were reported to be severely cost-burdened⁴³ in 2019, as well as one in sixth renters and one in eight homeowners earning between \$25,000 and \$49,999. Households under the age of 25 and over the age of 85 had the highest rates of housing cost burden, as well as households of color.

The Department of Housing and Urban Development's guidelines indicate that households paying more than 30% of their income on housing experience "cost burden" and households paying more than 50% of their income on housing experience "severe cost burden." Using cost burden as an indicator is one method of determining how well a city is providing housing that is affordable to all households in a community.

- **Long-term growth and housing demand.** The Joint Center for Housing Studies forecasts that, nationally, demand for new homes could total as many as 10 million units between 2018 and 2028 if current low immigration levels continue. Much of the demand will come from baby boomers, millennials, Generation Z,⁴⁴ and immigrants. The Urban Land Institute cites an increased acceptance of working from home as increasing demand in more suburban or rural environments over closer-in markets.
- **Growth in rehabilitation market.**⁴⁵ Aging housing stock and poor housing conditions are growing concerns for jurisdictions across the United States. With the median age of the US housing stock rising to 41 years in 2019 from 34 years in 2009, Americans are spending in excess of \$400 billion per year on residential renovations and repairs. As housing rehabilitation becomes the primary solution to address housing conditions, the home remodeling market has grown nearly \$20 billion in 2017, topping out at \$433 billion in 2021.

Despite trends showing growth in the rehabilitation market, rising construction costs and complex regulatory requirements pose barriers to rehabilitation. Lower-income households (who are more likely to live in older housing than higher-income households), or households on fixed incomes, may defer maintenance for years due to limited financial means, escalating rehabilitation costs. At a certain point, the cost of

⁴³ A household is considered cost-burdened if they spent 30% or more of their gross income on housing costs. They are severely cost burdened if they spent 50% or more of their gross income on housing costs.

⁴⁴ According to the Pew Research Center, millennials were born between the years of 1981 to 1996 and Generation Z were born between 1997 and 2012 (inclusive). Read more about generations and their definitions here: <http://www.pewresearch.org/fact-tank/2018/03/01/defining-generations-where-millennials-end-and-post-millennials-begin/>.

⁴⁵ These findings are copied from the Joint Center for Housing Studies. (2021). Improving America's Housing, Harvard University. Retrieved from: https://www.jchs.harvard.edu/sites/default/files/Harvard_JCHS_Improving_Americas_Housing_2019.pdf

improvements may outweigh the value of the structure, which may necessitate new responses such as demolition or redevelopment. Regardless, there is a rising urgency with the aging housing stock particularly in regard to increased disaster events caused by climate change. In 2019 spending on disaster repairs hit a record high of 10% of total rehabilitation spending and 2020 saw a record number of billion-dollar climate-related disasters.

- **Declining residential mobility.**⁴⁶ Residential mobility rates have declined steadily since 1980. Nearly one in five Americans moved every year in the 1980s, compared to one in ten Americans between 2018 and 2019. While residential mobility took a further dip in the initial stages of the COVID-19 pandemic, soon conditions emerged that encouraged homebuying, such as historically low mortgage rates, moves toward and the ensuing normalization of working from home, and a growing number of first-time Millennial buyers. Due to such conditions, existing home sales rose by more than 20% year over year from September 2020 through January 2021. These optimal buying conditions have created competition that puts an additional squeeze on the nationwide housing shortage, likely further dampening residential mobility.

Other reasons for decline in residential mobility include factors such as demographic, housing affordability, and labor-related changes. For instance, as baby boomers and millennials age, mobility rates are expected to fall, as people typically move less as they age. Harvard University's Research Brief (2020) also suggests that increasing housing costs could be preventing people from moving if they are priced out of desired neighborhoods or if they prefer to stay in current housing as prices rise around them. Other factors that may impact mobility include the rise in dual-income households (which complicates job-related moves), the rise in work-from-home options, and the decline in company-funded relocations. While decline in mobility rates span all generations, they are greatest among young adults and renters, two of the more traditionally mobile groups.

- **Changes in housing demand.** Housing demand will be affected by changes in demographics, most notably the aging of baby boomers, housing preferences of millennials and Generation Z, and growth of immigrants.
 - *Baby boomers.* In 2020, the oldest members of this generation were in their seventies and the youngest were in their fifties. The continued aging of the baby boomer generation will affect the housing market. In particular, baby boomers will influence housing preference and homeownership trends. Preferences (and needs) will vary for boomers moving through their sixties, seventies, and eighties (and beyond). They will require a range of housing opportunities. For example, "aging baby boomers are increasingly renters-by-choice, [preferring] walkable, high-energy, culturally evolved communities."⁴⁷ Many seniors are also moving to planned retirement

⁴⁶ Frost, R. (2020). "Are Americans stuck in place? Declining residential mobility in the US." Joint Center for Housing Studies of Harvard University's Research Brief.

⁴⁷ Urban Land Institute. Emerging Trends in Real Estate, United States and Canada. 2019.

destinations earlier than expected, as they experience the benefits of work-from-home trends (accelerated by COVID-19). Additionally, the supply of caregivers is decreasing as people in this cohort move from giving care to needing care, making more inclusive, community-based, congregate settings more important. Senior households earning different incomes may make distinctive housing choices. For instance, low-income seniors may not have the financial resources to live out their years in a nursing home and may instead choose to downsize to smaller, more affordable units. Seniors living in proximity to relatives may also choose to live in multigenerational households.

Research shows that “older people in western countries prefer to live in their own familiar environment as long as possible,” but aging in place does not only mean growing old in their own homes.⁴⁸ A broader definition exists, which explains that aging in place means “remaining in the current community and living in the residence of one’s choice.”⁴⁹ Some boomers are likely to stay in their home as long as they are able, and some will prefer to move into other housing products, such as multi-dwelling housing or age-restricted housing developments, before they move into to a dependent-living facility or into a familial home. Moreover, “the aging of the US population, [including] the continued growth in the percentage of single-person households, and the demand for a wider range of housing choices in communities across the country is fueling interest in new forms of residential development, including tiny houses.”⁵⁰

- *Millennials.* Over the last several decades, young adults have increasingly lived in multigenerational housing—more so than older demographics.⁵¹ However, as millennials move into their early to mid-thirties, postponement of family formation is ending, and millennials are more frequently becoming homeowners, frequently of detached, single-dwelling homes.

At the beginning of the 2007–2009 recession, millennials only started forming their own households. The number of millennials homeowners have seen an uptick over the past few years. While the overall U.S. homeownership rate slowly decreased from 2009 to 2019, the millennial homeownership rate increased from 33% in 2009 to 43% in 2019, with 6% of that growth since 2016. The age group of 35 years old and younger accounted for about 15% of the annual household growth in 2019, up from about 10% in 2018. Older millennials (those age 35–44) also accounted for a growing share of growth in homeownership.⁵² However, racial disparities also exist in

⁴⁸ Vanleerberghe, Patricia, et al. (2017). The quality of life of older people aging in place: a literature review.

⁴⁹ *Ibid.*

⁵⁰ American Planning Association. Making Space for Tiny Houses, Quick Notes.

⁵¹ According to the Pew Research Center, in 1980, just 11% of adults aged 25 to 34 lived in a multigenerational family household, and by 2008, 20% did (82% change). Comparatively, 17% of adults aged 65 and older lived in a multigenerational family household, and by 2008, 20% did (18% change).

⁵² The Joint Center for Housing Studies of Harvard University’s publication “The State of the Nation’s Housing 2021”

millennial homeownership rates, with Non-Hispanic White homeowners accounting for 53%, Hispanic homeowners for 35%, and Black homeowners for 21%.⁵³

As this generation continues to progress into their homebuying years, they will seek out affordable, modest-sized homes. This will prove challenging as the market for entry-level single-dwelling homes has remained stagnant. Although construction of smaller homes (< 1,800 sq. ft.) increased in 2019, it only represented 24% of single-dwelling units.

Millennials' average wealth may remain far below boomers and Gen Xers, and student loan debt will continue to hinder consumer behavior and affect retirement savings. As of 2022, millennials comprised 43% of home buyers, while Gen Xers comprised 22% and boomers 29%.⁵⁴ "By the year 2061, it is estimated that \$59 trillion will be passed down from boomers to their beneficiaries," presenting new opportunities for millennials (as well as Gen Xers).⁵⁵

- *Generation Z.* In 2020, the oldest members of Generation Z were in their early twenties and the youngest in their early childhood years. By 2040, Generation Z will be between 20 and 40 years old. While they are more racially and ethnically diverse than previous generations, when it comes to key social and policy issues, they look very much like millennials. Generation Z enters into adulthood with a strong economy and record-low unemployment, despite the uncertainties of the long-term impacts of COVID-19 Pandemic.⁵⁶

Gen Z individuals have only just started entering the housing market in the past few years, and with a maximum age range of 23 as of 2022, this age cohort is the smallest so far in terms of home buyers and sellers, accounting for 2% of each type. While researchers do not yet know how Generation Z will behave in adulthood, many expect they will follow patterns of previous generations.⁵⁷ A segment is expected to move to urban areas for reasons similar to previous cohorts (namely, the benefits that employment, housing, and entertainment options bring when they are in close proximity). However, this cohort is smaller than millennials (67 million vs. 72 million), which may lead to slowing real estate demand in city centers.

⁵³ "Millennials and Housing: Homeownership Demographic Research." Freddie Mac Single-Family, 2021. https://sf.freddiemac.com/content/_assets/resources/pdf/fact-sheet/millennial-playbook_millennials-and-housing.pdf.

⁵⁴ National Association of Realtors. (2020). 2020 Home Buyers and Sellers Generational Trends Report, March 2020. Retrieved from: <https://www.nar.realtor/research-and-statistics/research-reports/home-buyer-and-seller-generational-trends>

⁵⁵ PNC. (n.d.). Ready or Not, Here Comes the Great Wealth Transfer. Retrieved from: <https://www.pnc.com/en/about-pnc/topics/pnc-pov/economy/wealth-transfer.html>

⁵⁶ Parker, K. & Igielnik, R. (2020). On the cusp of adulthood and facing an uncertain future: what we know about gen Z so far. Pew Research Center. Retrieved from: <https://www.pewsocialtrends.org/essay/on-the-cusp-of-adulthood-and-facing-an-uncertain-future-what-we-know-about-gen-z-so-far/>

⁵⁷ "2021 Home Buyers and Sellers Generational Trends Report." National Association of Realtors, 2021. <https://www.nar.realtor/sites/default/files/documents/2021-home-buyers-and-sellers-generational-trends-03-16-2021.pdf>.

- *Immigrants.* Research on foreign-born populations shows that immigrants, more than native-born populations, prefer to live in multigenerational housing. Still, immigration and increased homeownership among minorities could also play a key role in accelerating household growth over the next 10 years. Current Population Survey estimates indicate that the number of foreign-born households rose by nearly 400,000 annually between 2001 and 2007, and they accounted for nearly 30% of overall household growth. Beginning in 2008, the influx of immigrants was stanching by the effects of the Great Recession. After a period of declines, the foreign-born population again began contributing to household growth, despite decline in immigration rates in 2019. The Census Bureau’s estimates of net immigration in 2021 indicate that just 247,000 immigrants moved to the United States from abroad, down from a previous high of 1,049,000 between 2015-2016.⁵⁸ As noted in *The State of the Nation’s Housing 2020* report, “because the majority of immigrants do not immediately form their own households upon arrival in the country, the drag on household growth from lower immigration only becomes apparent over time.”
- *Diversity.* The growing diversity of American households will have a large impact on the domestic housing markets. Over the coming decade, minorities will make up a larger share of young households and constitute an important source of demand for both rental housing and small homes. The growing gap in homeownership rates between White and Black/African American households, as well as the larger share of minority households that are cost burdened, warrants consideration. White households had a 74.4% homeownership rate in 2021 compared to a 43.1% rate for Black households⁵⁹. This 30-percentage point gap is the largest disparity since 1983. Although homeownership rates are increasing for some minorities, Black and Hispanic households are more likely to have suffered disproportionate impacts of the pandemic and forced sales could negatively impact homeownership rates. This, combined with systemic discrimination in the housing and mortgage markets and lower incomes relative to white households, leads to higher rates of cost burden for some groups of people. For example, of renters in arrears, Black renters account for 29% and Hispanic renters for 21%, compared to white renters at 11%. Additionally, for low-income renters earning less than \$25,000, Hispanic and Black renters faced higher cost burden rates (86 and 8 %respectively) than white renters at 80%. For low-income homeowners, 72% of Hispanics, 74% of Blacks and 84% of Asians faced cost burdens, compared to 68% of white households. As noted in *The State of the Nation’s Housing (2020)* report, “the impacts of the pandemic have shed light on the growing racial and income disparities in the nation between the nation’s haves and have-nots are the legacy of decades of discriminatory practices in the housing market and in the broader economy.”

⁵⁸ Jason Schachter, Pete Borsella, and Anthony Knapp (US Census, December 21, 2021), <https://www.census.gov/library/stories/2021/12/net-international-migration-at-lowest-levels-in-decades.html>.

⁵⁹ “Federal Reserve Economic Data: Fred: St. Louis Fed,” Federal Reserve Economic Data (Federal Reserve Bank of St. Louis), accessed April 18, 2022, <https://fred.stlouisfed.org/>.

- **Changes in housing characteristics.** The US Census Bureau’s Characteristics of New Housing Report (2020) presents data that show trends in the characteristics of new housing for the nation, state, and local areas. Several long-term trends in the characteristics of housing are evident from the New Housing Report:⁶⁰
 - *Larger single-dwelling units on smaller lots.* Between 2000 and 2020, the median size of new single-dwelling dwellings increased by nearly 10% nationally, from 2,057 sq. ft. to 2,261 sq. ft., and 14% in the western region from 2,014 sq. ft. in 1999 to 2,242 2,279 sq. ft. in 2020. Moreover, the percentage of new units smaller than 1,400 sq. ft. nationally decreased by a half, from 14% in 2000 to 7% in 2020. The percentage of units greater than 3,000 sq. ft. increased from 18% in 2000 to 23% of new single-dwelling homes completed in 2020. In addition to larger homes, a move toward smaller lot sizes was seen nationally. Between 2010 and 2020, the percentage of lots less than 7,000 sq. ft. increased from 25.5% to 34.8% of lots.

Based on national study about home buying preferences that differ by race/ethnicity, African American home buyers wanted a median unit size of 2,664 sq. ft. compared to 2,347 sq. ft. for Hispanic buyers, 2,280 sq. ft. for Asian buyers, and 2,197 sq. ft. for white buyers.⁶¹ This same study found that minorities were less likely to want large lots.

- *Larger multi-dwelling units.* Between 2000 and 2020, the median size of new multi-dwelling dwelling units increased by 4.6% nationally. In the western region, the median size increased by 3.6%. Nationally, the percentage of new multi-dwelling units with more than 1,200 sq. ft. increased from 29.5% in 2000 to 32.8% in 2020 and increased from 23.3% to 25.2% in the western region.
- *Household amenities.* Across the United States since 2013, an increasing number of new units had air-conditioning (fluctuating year by year at over 90% for both new single-dwelling and multi-dwelling units). In 2000, 93% of new single-dwelling houses had two or more bathrooms, compared to 96.8% in 2020. The share of new multi-dwelling units with two or more bathrooms decreased from 55% of new multi-dwelling units to 42.6%. As of 2020, 92% of new single-dwelling houses in the United States had garages for one or more vehicles (from 88% in 2000). Additionally, if work-from-home dynamics remain a more permanent option, then there may be rising demand for different housing amenities such as more space for home offices or larger yards for recreation.
- *Shared amenities.* Housing with shared amenities grew in popularity, as it may improve space efficiencies and reduce per-unit costs/maintenance costs. Single-room

⁶⁰ US Census Bureau, Highlights of Annual 2020 Characteristics of New Housing. Retrieved from: <https://www.census.gov/construction/chars/highlights.html>

⁶¹ Quint, Rose. (April 2014). *What Home Buyers Really Want: Ethnic Preferences*. National Association of Home Builders.

occupancies (SROs),⁶²cottage clusters, cohousing developments, and multi-dwelling products are common housing types that take advantage of this trend. Shared amenities may take many forms and include shared bathrooms, kitchens, other home appliances (e.g., laundry facilities, outdoor grills), security systems, outdoor areas (e.g., green spaces, pathways, gardens, rooftop lounges), fitness rooms, swimming pools, tennis courts, and free parking.⁶³

State Trends

In August 2019, the State of Oregon passed statewide legislation—Oregon House Bill 2001 and 2003. **House Bill 2001 (HB2001)** required many Oregon communities to accommodate middle housing within single-family neighborhoods. “Medium cities” —those with 10,000 to 25,000 residents outside the Portland metro area—are required to allow duplexes on each lot or parcel where a single-family home is allowed. “Large cities” —those with over 25,000 residents and nearly all jurisdictions in the Portland metro urban growth boundary (UGB)—must meet the same duplex requirement, in addition to allowing single-family homes and triplexes, fourplexes, town homes, and cottage clusters in all areas that are zoned for residential use. Note that the middle housing types (other than duplexes) do not have to be allowed on *every* lot or parcel that allows single-family homes, which means that larger cities maintain some discretion.

Middle housing is generally built at a similar scale as single-family homes but at higher residential densities. It provides a range of housing choices at different price points within a community.

House Bill 2003 (HB2003) envisions reforming Oregon’s housing planning system from a singular focus (on ensuring adequate available land) to a more comprehensive approach that also achieves these critical goals: (1) support and enable the construction of sufficient units to accommodate current populations and projected household growth and (2) reduce geographic disparities in access to housing (especially affordable and publicly supported housing). In that, HB 2003 required the development of a methodology for projecting *regional* housing need and required allocating that need to local jurisdictions. It also expanded local government responsibilities for planning to meet housing need by requiring cities to develop and adopt housing production strategies.

Oregon developed its *2021-2025 Consolidated Plan*, which includes a detailed housing needs analysis as well as strategies for addressing housing needs statewide. The plan concluded that

⁶² Single-room occupancies are residential properties with multiple single-room dwelling units occupied by a single individual. From: US Department of Housing and Urban Development. (2001). *Understanding SRO*. Retrieved from: <https://www.hudexchange.info/resources/documents/Understanding-SRO.pdf>

⁶³ Urbsworks. (n.d.). *Housing Choices Guidebook: A Visual Guide to Compact Housing Types in Northwest Oregon*. Retrieved from: https://www.oregon.gov/lcd/Publications/Housing-Choices-Booklet_DIGITAL.pdf

Saiz, Albert and Salazar, Arianna. (n.d.). *Real Trends: The Future of Real Estate in the United States*. Center for Real Estate, Urban Economics Lab.

the “state’s performance in accomplishing past goals has been very strong, and project areas of focus remain consistent with the current needs identified in this new five-year plan. Tenant based rental assistance, in particular, has demonstrated strong demand, as has the ongoing need for rental units (including those newly developed) which meet fair market rent standards, and community facilities. The unusual events during 2020—the COVID-19 pandemic and historical wildfire activity—tilt current needs and priorities toward housing stability efforts, as well as community health care projects and access to telehealth services.” It identified the following top needs in its Needs Assessment:⁶⁴

- The most common housing problem in Oregon is cost burden. Nearly 390,000 households pay more than 30% of their incomes in housing costs, up by 7% since the last five-year Consolidated Plan. Renters are more likely to be cost burdened. About 27% of Oregon renters households were found to be severely cost burdened. This proportion increased significantly from 2000 (19%) and disproportionate falls on persons of color in the state: more than 50% of households with persons of color are cost burdened compared to 34% of white households.
- Cost burden largely affects those with lower incomes—especially extremely low and very low-income renters, who have cost burden rates of 70 and 76%, respectively.
- According to Oregon’s Statewide Housing Plan for 2019-2023, more than 85,000 units affordable to extremely low-income households (making less than 30% AMI) are needed to meet demand and more than 26,000 units affordable to moderate income households, making 50% to 80% AMI are needed to meet demand. This is down from the previous gap of 102,500 units in the 2016-2021 Plan.

By income range and special need, the estimated needs of Oregon households include the following:

- Extremely low-income families—those earning incomes below the poverty level—total nearly 182,000 households in Oregon. Those with unmet housing needs will grow by 10,000 over the next five years.
- Low-income families—those earning incomes between the poverty level and the median income—total 261,000 in Oregon. Their needs will grow by much less (8,300 additional households) over the next five years.
- Elderly households (62+) total nearly 905,381 and live in 526,675 households. Of these households, 23% have unmet housing needs. Those with unmet housing needs are expected to grow by 7,000 households by 2025. Many of these needs will take the form of home accessibility modifications, home repairs, and home health care, as seniors make up a large share of residents who live alone and who have disabilities. Frail elderly

⁶⁴ These conclusions are copied directly from the report, Oregon’s 2021–2025 Consolidated Plan. Retrieved from: <https://www.oregon.gov/ohcs/development/Documents/conplan/2021-2025%20Action%20Plan/State-of-Oregon-2021-2025-Consolidated-Plan-Final-with-appendices.pdf>.

(defined as an elderly person who requires assistance with three or more activities of daily living) total 61,518 residents.

- Oregon residents with disabilities total 581,000 and occupy 428,000 households. By 2025, these households with needs will grow by nearly 12,000.
- More than 300,000 persons in Oregon struggled with substance abuse challenges before the COVID-19 pandemic occurred, and these needs have grown during the pandemic. Oregonians who have ever had mental health challenges total 757,000 with 172,000 having serious mental health challenges.
- Approximately 178,000 residents 18 and older in Oregon have experienced some type of domestic violence, dating violence, sexual assault and/or stalking by an intimate partner in the previous year. In the most severe cases, these victims must leave their homes—an estimated 4,200 residents who are victims of domestic violence in Oregon require housing services each year.
- Nearly 16,000 people were identified as experiencing houselessness in Oregon in 2019, an increase of 13% since 2017. Two in three are unsheltered.
- Nearly 17,000 households live in substandard housing, based on Census surveys of housing units lacking complete plumbing or kitchen facilities. The number of households in substandard housing decreased by 4% compared to the 2021-2025 plan.
- Approximately 29,000 households live in units that are either overcrowded or severely overcrowded. The number of households in overcrowded conditions increased by 19% since the last plan. For housing to be considered affordable, a household should pay up to one-third of their income toward rent, leaving money left over for food, utilities, transportation, medicine, and other basic necessities.

As part of the Consolidated Plan’s Stakeholder perspective, activities to address urgent housing needs selected by the greatest number of respondents were:

- Housing activities that result in more rental units for households with income below 60% of AMI and households with incomes between 60% and 80% of AMI; emergency shelters for people who are houseless; and transitional housing for people moving out of houselessness;
- Repurposing vacant buildings for affordable housing; and
- Affordable and accessible housing for people with disabilities.
- In 2022, minimum wage in Oregon⁶⁵ was \$12.75, compared to \$14.00 in the Portland metro and \$12.00 for nonurban counties.

⁶⁵ The 2016 Oregon Legislature, Senate Bill 1532, established a series of annual minimum wage rate increases beginning July 1, 2016, through July 1, 2022. Retrieved from: <https://www.oregon.gov/boli/whd/omw/pages/minimum-wage-rate-summary.aspx>

Oregon developed its *Statewide Housing Plan 2019-2023* in 2019.⁶⁶ The Plan identified six housing priorities to address in communities across the state over the 2019 to 2023 period (summarized below). In January 2022, Oregon Housing and Community Services (OHCS) released a summary of their progress.⁶⁷ The following section includes summaries and excerpts from their status report:

- **Equity and Racial Justice.** *Advance equity and racial justice by identifying and addressing institutional and systemic barriers that have created and perpetuated patterns of disparity in housing and economic prosperity.*

OHCS continued to build relationships, tools, and connections to further its equity and racial justice focus. OHCS continued to gather and update Culturally Specific Organization (CSO) list, tracking funding received by CSOs. OHCS developed customized tools for equity and racial analysis and got ready to start equity and inclusion training for OHCS staff and committee chairs

- **Houselessness.** *Build a coordinated and concerted statewide effort to prevent and end houselessness, with a focus on ending unsheltered houselessness of Oregon's children and veterans.*

The Homeless Services Section (HSS) made progress in demonstrating increased Housing Stability with 26,940 households paid out via the Oregon Emergency Rental Assistance Program. Additional staffing and funding (\$100 million) were secured in order to build a program of eviction prevention. OHCS developed a dashboard to provide transparency into processing, equity, and capacity issues related to houselessness. OHCS executed grant agreements with HSS providers to deliver strategic housing stability services for those that have not been able to access supports. Work is ongoing to enter more partnerships with new investments in eviction prevention.

- **Permanent Supportive Housing.** *Invest in permanent supportive housing (PSH), a proven strategy to reduce chronic houselessness and reduce barriers to housing stability.*

OHCS funded and/or created 915 of their 1,000 PSH-unit targets. In addition, 416 of the 916 supportive home units were funded with PSH resource. Other accomplishments were developing a compliance and monitoring plan for PSH, distribution of service funds, outreach to partners to ensure PSH resource information is reaching tribal and rural partners, and a hiring staff to support the PSH program.

- **Affordable Rental Housing.** *Work to close the affordable rental housing gap and reduce housing cost burden for low-income Oregonians.*

⁶⁶ This section uses many direct excerpts from the OHCS Statewide Housing Plan 2019-2023. Oregon Statewide Housing Plan. <https://www.oregon.gov/ohcs/Documents/swhp/SWHP-Report-Y1-Summary.pdf>

⁶⁷ This section uses many direct excerpts from the OHCS Statewide Housing Plan, Year 3 Quarter 1 Update September 2021 Report to HSC. Oregon Statewide Housing Plan, Status Reports. <https://www.oregon.gov/ohcs/Documents/swhp/01-07-2022-JAN-SWHP-Quarterly-Summary.pdf>

OHCS funded and/or created 18,329 affordable rental homes of their 25,000-home target. OHCS developed internal tools such as a reporting matrix for analysis of sub-contracts and an incorporated Compliance Policy and conducted community outreach with a tribal housing workgroup rules committee. OHCS also conducted a survey to get initial feedback on key program topics and projected changes, along with additional outreach on related issues.

- **Homeownership.** *Provide more low and moderate-income Oregonians with the tools to successfully achieve and maintain homeownership, particularly in communities of color.*

OHCS assisted 1,187 households in becoming successful homeowners, part of its target to assist a total of 6,500 homes. OHCS made strides in double the number of homeowners of colors in its homeownership programs. OHCS launched new programs to support homeownership, including lending programs. In order to align programs with the needs of communities of color, OHCS developed relationships with underrepresented organizations, maintained addressing the needs of Communities of Color as a focus in its programmatic frameworks, and regularly shared and encouraged training opportunities with its team.

- **Rural Communities.** *Change the way OHCS does business in small towns and rural communities to be responsive to the unique housing and service needs and unlock the opportunities for housing development.*

OHCS focused on developing a better understanding of rural community needs and increasing rural capacity to build more affordable housing. OHCS hired a program manager for rural communities and delivered funding for multiple direct awards, increased funding for CSOs, and updated its Land Acquisition Program to include new funding amounts and set asides. OHCS funded and/or created 2,158 units in rural communities out of a total of 2,543 units in the 5-year goal, or 85% of its target.

Impacts of Racism on Housing Opportunities in Clackamas County

Within Oregon and Clackamas County, historical policies affected and continue to affect availability of housing for BIPOC. These include (but are not limited) to the following governmental policies.

- **Racial exclusion and discrimination** in Oregon predate the ratification of the 14th amendment, the Chinese Exclusion Act, the Civil Rights Movement, and its statehood. Oregon's historical discriminatory practices are not isolated to one particular racial or ethnic group; rather, they embodied European exceptionalism, ensured Anglo-American dominance, and provided white settlers and residents with advantages over non-white settlers. While some of these practices took place hundreds of years ago, others were carried well into the twentieth century, creating lasting impacts on the communities they targeted. These practices have shaped what Oregon's communities look like today.
- **Neighborhood Segregation and Housing Biases** exhibited in Redlining, or the denial of services—including financial—based on race or ethnicity, was carried out in Oregon

until the 1990s, long after the Fair Housing Act of 1968 was passed. In Clackamas County, private sellers, lending institutions, and real estate developers utilized racial covenants and exclusionary zoning to establish and maintain segregated neighborhoods in the early twentieth century. Some of these exclusionary communities would go on to become the county's most affluent areas.⁶⁸

- **Exclusionary zoning** was used by Clackamas County to ensure its image of affluence. With the passage of Oregon Senate Bill 212 (1919), cities were allowed to create and enforce land use ordinances and form planning commissions. Twenty years later, Clackamas County became deeply involved in the planning process, regulating industrial zones and establishing limitations for housing density and restrictions against multi-dwelling development.⁶⁹
- **Economic inequalities**, following the Great Recession, among non-White communities became further pronounced. Black people experienced unemployment rates double that of White people following the downturn while Native Americans had an unemployment rate 70 percent higher.⁷⁰ Milwaukie and Clackamas County have a considerable amount of work to do to address the historical inequalities, through development of new policies that support integrating equity into their decision-making systems.

⁶⁸ Portland State University. 2019. *Invisible Walls: Housing Discrimination in Clackamas County, HST 4/595, Public History Seminar: Understanding Residential Segregation in Oregon*

⁶⁹ Portland State University. 2019. *Invisible Walls: Housing Discrimination in Clackamas County, HST 4/595, Public History Seminar: Understanding Residential Segregation in Oregon*

⁷⁰ Bates, L.K., A., Curry-Stevens, and Coalition of Communities of Color. 2014. *The African American Community in Multnomah County: An Unsettling Profile*. Portland, OR: Portland State University; Curry-Stevens, A., A. Cross-Hemmer, and Coalition of Communities of Color. 2011. *The Native American Community in Multnomah County: An Unsettling Profile*. Portland, OR: Portland State University.