



CITY OF MILWAUKIE

Milwaukie Code Proposed Amendments: Affordable Housing Code Incentives

July 2025

Primary Land Use File #ZA-2025-003

The city's [Housing Production Strategy \(HPS\)](#) identifies a variety of action steps to increase housing development in Milwaukie, including evaluating incentives for affordable housing development.

Staff is proposing a new code section that would aggregate all code-based affordable housing incentives to centralize information for prospective applicants. The proposed code language includes eligibility requirements for qualifying developments and specific incentives, including variances to setbacks, lot coverage, and certain minimum design standards. The goal is to remove barriers to residential development that includes income-restricted units.

The proposed code includes a variety of incentives for qualifying developments that are middle housing, multi-unit, or mixed-use residential, organized as a package of variance requests to existing land use regulations and design and development standards for housing development. The proposal would limit variance applications to no more than 10 distinct variances to these standards. The proposed review process for these variances is an expedited Type II review already included in [Milwaukie Municipal Code \(MMC\) 19.1005](#), that would reduce the timeframe for a decision from 120 days to 100 days.

Key code provisions:

- Qualifying developments must be designed and constructed so that at least:
 - Fifty percent (50%) of the total number of proposed dwelling units are restricted to households earning 60% - 80% Area Median Income (AMI) or below; or

- Forty percent (40%) of the total number of proposed dwelling units are restricted to households earning 40% - 60% AMI or below; or
 - Thirty percent (30%) of the total number of proposed dwelling units are restricted to households earning 30% - 40% AMI or below; or
 - Twenty percent (20%) of the total number of proposed dwelling units are restricted to households earning less than 30% AMI; and
 - Comply with all applicable provisions of the affordable housing incentives code.
- A development can use one of the following additional incentives:
 - For housing developments where 100% of the total number of proposed dwelling units are restricted to low-income households as defined by HUD (80% AMI or below), the incentives are increased by an additional 10 percentage points over the stated amount. This would include a building height bonus of one story or 12 feet for qualifying developments. OR
 - For housing developments where 100% of the total number of proposed dwelling units are homeownership units and are eligible for the incentives as defined in Subsection 19.511.B, the incentives identified in this subsection are increased by an additional 10% (10 percentage points) over the stated amount. This increase does not apply to building height. Homeownership developments must use a community land trust model, shared equity, or similar model, that can ensure continued affordability and compliance monitoring.
- Summary of code incentives:
 - Ability to package up to 10 distinct variances into one application
 - Application processed in an expedited Type II review process (100 days)
 - Specific reductions available to:
 - Minimum setbacks, open space/landscaping, lot area, width, and depth
 - Minimum required bike parking
 - Maximum lot coverage increased
 - Additional allowances related to development in the DMU zone:
 - Multi-unit development in the DMU zone reviewed under 19.505.3, rather than downtown code
 - Allowance for dwelling units on ground floor
 - Townhouse developments - the allowed number of consecutive townhouses increased to six from four

- Continued Affordability
 - The land use permit application for the residential project must include the procedures proposed by the developer to maintain the continued affordability of the income-restricted units.
 - Ownership developments: Developments must maintain the availability of income-restricted units for a minimum of sixty (60) years, and must enter into a development agreement, or show adequate legal proof of restriction/affordability covenant, with the city to ensure retention; or
 - Rental developments: Developments must maintain the availability of income-restricted units for a minimum of ninety-nine (99) years, and must enter into a development agreement, or show adequate legal proof of restriction/affordability covenant, with the city to ensure retention.
- Affordable housing projects will be given priority over other types of projects during permit and land use review and during the inspection process.

Amendments to the following code sections are proposed.

Municipal Code - Title 19 Zoning Ordinance

- Chapter 19.500 - SUPPLEMENTARY DEVELOPMENT REGULATIONS
 - Section 19.511 Affordable Housing Incentives (NEW)
- Chapter 19.900 - LAND USE APPLICATIONS
 - Section 19.911.3.B Type II Variances

Please contact Vera Kolas, Senior Planner with the City of Milwaukie Planning Department, at 503-786-7653 or koliasv@milwaukieoregon.gov with questions or comments about the proposed code amendments and/or the code adoption process.

Reader Guide

Commentary

A commentary section precedes each section of code amendments. The commentary provides a non-technical summary of the proposed amendments and highlights proposed policy changes. The commentary section is labeled as commentary and presented in Comic Sans font (the same font of this sentence).

Amendments

Unless otherwise noted in the document, underlined text is proposed text, and ~~strike through~~ text is existing code language proposed for deletion.

Standards shown in [brackets] are those that still require Planning Commission discussion and direction. **Explanatory comments not included in amendments shown in red text and [bracketed italic gray highlight].**

Context/Surrounding Code

The chapter, section, and subsection for the proposed code amendments are listed for reference in this document. Line breaks, like the one below, between subsequent amendments indicate that there is intervening text within the section or subsection that is not included in this document.

Please be advised that this document shows only sections of code for which amendments are proposed, along with limited surrounding sections for context. It does not include all sections of the Milwaukie Municipal Code.

Underline/Strikeout Amendments

CHAPTER 19.500 SUPPLEMENTARY DEVELOPMENT REGULATIONS

19.511 AFFORDABLE HOUSING INCENTIVES

A. Purpose.

The purpose of this section is to offer incentives to developers for providing housing that is affordable to the types of households and qualifying residents identified in subsection B (Eligibility for Incentives), below. Affordable housing incentive requests of this chapter can be made concurrently as part of a land use permit application, as applicable.

B. Eligibility for Incentives.

To be eligible for an adjustment and other incentives provided by this section, a proposed residential project must meet the following requirements:

1. Development must be middle housing, mixed-use residential, or multi-unit residential;
2. Middle housing, multi-unit, and mixed-use residential development must be designed and constructed so that at least:
 - a. Fifty percent (50%) of the total number of proposed dwelling units are restricted to households earning 60% - 80% Area Median Income (AMI) or below;
 - or
 - b. Forty percent (40%) of the total number of proposed dwelling units are restricted to households earning 40% - 60% AMI or below; or
 - c. Thirty percent (30%) of the total number of proposed dwelling units are restricted to households earning 30% - 40% AMI or below; or
 - d. Twenty percent (20%) of the total number of proposed dwelling units are restricted to households earning less than 30% AMI; and
 - e. Comply with all applicable provisions of this title.
3. Where the calculation of the number of affordable units does not result in a whole number, the result will be rounded up to the nearest whole number.
4. The income restricted units must be reasonably dispersed throughout the development, must contain on average the same number of bedrooms as the market rate units in the development, and must be compatible with the design of the market rate units in terms of size, appearance, materials, and finish quality.

C. Types of Variances and Incentives Allowed.

A residential project that satisfies all applicable provisions of this section is entitled to apply for the following incentives. A variance application may ask for no more than a total of 10 distinct variances between the development and design standards identified below. For the purposes of this section, multiple instances of the same variance type will be considered one distinct variance.

1. The following variances to development standards will be reviewed via an expedited Type II review process pursuant to Section 19.1005:
 - a. Minimum side yard setbacks: 40% reduction.
 - b. Minimum front, rear, street side yard setbacks: 25% reduction; 50% reduction for middle housing except cottage clusters.
 - c. Common area, minimum landscaping, or open space: reduction of up to 25%.
 - d. Minimum lot area: up to 25% reduction.
 - e. Minimum lot width or depth: up to 10% reduction.
 - f. Maximum lot coverage: up to 10 percentage points increase over the base maximum.
 - g. Bike parking: a reduction to the minimum number of long-term and short-term spaces (0.5 spaces/dwelling required for each) and location of spaces.
 - h. Maximum building height: for multi-unit and mixed-use residential developments, allowance of up to an additional 20 ft.
 - a) In the Downtown Mixed Use (DMU) and the General Mixed Use (GMU) zones, this bonus is in addition to allowable height bonuses for developments where 50% of the total number of proposed dwelling units are restricted to households earning no more than 60% AMI.
 - b) In the GMU zone, a qualifying development that elects to use the allowable height bonuses is not subject to the Type III review identified in Subsection 19.911.7.
 - i. Maximum density: none.
 - j. In the DMU: ground-floor residential units are allowed on all streets.
 - k. In the DMU: nonresidential active uses that support the residential use, such as lobbies, community rooms, exercise rooms, offices, day care, etc., are allowed on the ground floor.
 - l. Townhouse developments: the allowed number of consecutive townhouses that share a common wall is increased to six (6).
2. The following variances to design standards will be reviewed via an expedited Type II review process (Section 19.1005):
 - a. Façade articulation: full adjustment to the standard.
 - b. Inclusion of a minimum of three (3) detailed design features in Subsection 19.505.1.C.4. rather than 5.
 - c. Total window area: reduction of up to 30%; minimum 12% required.
3. A development can use one of the following additional incentives:
 - a. For housing developments where 100% of the total number of proposed dwelling units are for low-income households as defined by the federal department of Housing and Urban Development (HUD) as 80% AMI or below, the incentives identified in this subsection are increased by an additional 10% (10 percentage points) over the stated amount. This increase does not apply to building height.
OR
 - b. For housing developments where 100% of the total number of proposed dwelling units are homeownership units and are eligible for the incentives as defined in

Subsection 19.511.B, the incentives identified in this subsection are increased by an additional 10 percentage points over the stated amounts. This increase does not apply to building height. Homeownership developments must use a community land trust model, shared equity, or similar model, that can ensure continued affordability and compliance monitoring.

4. Other Incentives.

- a. Qualifying multi-unit residential-only developments (not mixed-use developments) proposed in the DMU zone will be reviewed for compliance with Subsection 19.505.3 (Multi-Unit Housing).
- b. This section does not prohibit developers of qualifying affordable residential projects from requesting other regulatory incentives or concessions from the City.

D. Continued Affordability.

The land use permit application for the residential project must include the procedures proposed by the developer to maintain the continued affordability of the income-restricted units. Developments receiving a direct financial contribution or other financial incentives from the City or utilizing any of the incentives provided in this subsection, must maintain the availability of income-restricted homeownership units for a minimum of 60 years and of income-restricted rental units for a minimum of 99 years. Developers must enter into a development agreement or provide legal proof of restriction/affordability covenant with the City of Milwaukie to ensure retention. This should also include the monitoring and verification process that will be utilized throughout the duration of the affordability term to ensure the appropriate income levels are being certified for prospective renters or buyers.

E. Processing of Incentive Requests.

Proposed incentive requests must be included as part of the land use application or permitting materials required for the residential project by this title, including the application of all relevant criteria.

- 1. Approval Criteria. The approval of the incentives by the review body or City designee must also comply with the following approval criteria:
 - a. The approval criteria for Type II variances identified in Subsection 19.911.4.A; and
 - b. There are sufficient provisions to guarantee that the dwelling units will remain affordable in the future as required.
 - c. Evidence has been provided to show compliance with Subsection 19.511.B.4.

F. Priority Processing of Affordable Housing Projects.

A residential project that satisfies all applicable provisions of this section will be given priority over other types of projects and permits by all City departments in the processing of land use permit and building permit applications, and in inspections of the project during the construction process.

CHAPTER 19.900 LAND USE APPLICATIONS

19.911 VARIANCES

19.911.3 Review Process.

B. Type II Variances

Type II variances allow for limited variations to numerical standards. The following types of variance requests ~~shall~~ will be evaluated through a Type II review per Section 19.1005:

~~11. For any middle housing development, except townhouses and cottage clusters, that includes at least one dwelling unit that is affordable that meets the exemption standards as defined in Section 3.60.050, the minimum setbacks in Table 19.301.4 may be reduced to the following:~~

- ~~a. Front yard: 10 ft~~
 - ~~b. Rear yard: 10 ft~~
 - ~~c. Side yard: 5 ft~~
 - ~~d. Street side yard: 10 ft~~
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