



Work Session

WS

Milwaukie City Council

COUNCIL WORK SESSION

City Hall Council Chambers, 10501 SE Main Street
& Zoom Video Conference (www.milwaukieoregon.gov)

AGENDA

JANUARY 7, 2025

Council will hold this meeting in-person and by video conference. The public may come to City Hall, join the Zoom webinar, or watch on the [city's YouTube channel](#) or Comcast Cable channel 30 in city limits. For Zoom login visit <https://www.milwaukieoregon.gov/citycouncil/city-council-work-session-363>.
Written comments may be delivered to City Hall or emailed to ocr@milwaukieoregon.gov.

Note: agenda item times are estimates and are subject to change.

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1. **Affordable Housing Incentives Code – Discussion** (4:00 p.m.)

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Staff: Laura Weigel, Planning Manager, and
Vera Kolas, Senior Planner

2. **Adjourn** (5:00 p.m.)

Scheduling Note. Council will adjourn the work session early to convene a brief regular session. After the regular session, Council will hold a Goal Setting Town Hall. For more information on these meetings visit www.milwaukieoregon.gov/meetings.

Meeting Accessibility Services and Americans with Disabilities Act (ADA) Notice

The city is committed to providing equal access to public meetings. To request listening and mobility assistance services contact the Office of the City Recorder at least 48 hours before the meeting by email at ocr@milwaukieoregon.gov or phone at 503-786-7502. To request Spanish language translation services email espanol@milwaukieoregon.gov at least 48 hours before the meeting. Staff will do their best to respond in a timely manner and to accommodate requests. Most Council meetings are broadcast live on the [city's YouTube channel](#) and Comcast Channel 30 in city limits.

Servicios de Accesibilidad para Reuniones y Aviso de la Ley de Estadounidenses con Discapacidades (ADA)

La ciudad se compromete a proporcionar igualdad de acceso para reuniones públicas. Para solicitar servicios de asistencia auditiva y de movilidad, favor de comunicarse a la Oficina del Registro de la Ciudad con un mínimo de 48 horas antes de la reunión por correo electrónico a ocr@milwaukieoregon.gov o llame al 503-786-7502. Para solicitar servicios de traducción al español, envíe un correo electrónico a espanol@milwaukieoregon.gov al menos 48 horas antes de la reunión. El personal hará todo lo posible para responder de manera oportuna y atender las solicitudes. La mayoría de las reuniones del Consejo de la Ciudad se transmiten en vivo en el [canal de YouTube de la ciudad](#) y el Canal 30 de Comcast dentro de los límites de la ciudad.

Executive Sessions

The City Council may meet in executive session pursuant to Oregon Revised Statute (ORS) 192.660(2); all discussions are confidential; news media representatives may attend but may not disclose any information discussed. Final decisions and actions may not be taken in executive sessions.

COUNCIL STAFF REPORT

To: Mayor and City Council
Emma Sagor, City Manager

Reviewed: Joseph Briglio, Assistant City Manager

From: Laura Weigel, Planning Manager
Vera Kolas, Senior Planner

Subject: **Affordable Housing Incentives Code**

Date Written: Jan. 2, 2025

ACTION REQUESTED

Council is asked to participate in a briefing for discussion. Staff requests feedback from Council on draft code amendments related to affordable housing incentives – see Attachment 1 for full text.

HISTORY OF PRIOR ACTIONS AND DISCUSSIONS

[October 15, 2024](#): Council discussed Oregon Senate Bill 1537 ([SB 1537](#)) where staff introduced the idea of using the legislation’s language for the proposed affordable housing incentives.

ANALYSIS

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.

Approach

Staff are 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 many from [SB 1537](#), including variances to setbacks, lot coverage, and minimum design standards (see Attachment 1 for the draft language).

The code language proposes a variety of incentives for qualifying developments of at least three dwelling units, organized as a package of variance requests to existing land use regulation and design and development standards for housing development. As with SB 1537, 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) 19.1006, that would reduce the timeframe for a decision from 120 days to 100 days.

- Qualifying developments must be designed and constructed so that at least:
 - Twenty (20) percent of the total number of proposed dwelling units are for low-income households, as defined by the United States Department of Housing and Urban Development (HUD) (80% of area median income (AMI) or below); or
 - Ten (10) percent of the total number of proposed dwelling units are for very low-income households, as defined by HUD (50% AMI or below); or

- Fifty (50) percent of the total number of proposed dwelling units are for qualifying residents (i.e. senior, veteran, etc.) and/or a mix of affordability at or below 120% area median income (workforce housing) as determined by HUD (120% AMI or below); and
- Comply with all applicable provisions of this title.
- For housing developments where 100% of the total number of proposed dwelling units are for low-income households as defined by HUD (80% AMI or below), the incentives are increased by an additional 10% (10 percentage points) over the stated amount. This would include a building height bonus of one story or 12 feet for qualifying developments.
- 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 in the following manner:
 - Projects with City Funding—Thirty (30) Years. Projects receiving a direct financial contribution or other financial incentives from the city, or a density bonus and at least one other concession or incentive as provided by Subsection 19.511.C above, must maintain the availability of income-restricted units for a minimum of thirty (30) years, and must enter into a development agreement, or show adequate legal proof of restriction/affordability covenant, with the city stipulating said retention; or
 - Projects Receiving Density Bonus Only –Thirty (30) Years. Projects that receive a density bonus as the only incentive from the City must maintain the availability of income restricted units for a minimum of thirty (30) years.
 - Projects Receiving Single Incentive (not a density bonus) – Thirty (30) Years. Projects that receive a single incentive from the City must maintain the availability of income restricted units for a minimum of thirty (30) years.

Key Question

1. Does Council agree with this code-based approach, and the recommended incentives, for affordable housing?

BUDGET IMPACT

None.

CLIMATE IMPACT

As with the middle housing code, implementation of regulations allowing a more efficient pattern of development provides opportunities for more walkability/bikeability and compact development patterns. This can lead to less dependence on motor vehicles, more transit opportunities, and more efficient use of available infrastructure.

EQUITY IMPACT

Removing barriers to development of housing is a key component of the city's housing production strategy. More importantly, the city consistently looks for ways to incentivize development of housing that is income-restricted to provide even more opportunities to make affordable housing possible. Providing incentives for affordable housing like the ones suggested here – requiring approval of variances to many types of development and design standards – will streamline the land use review process while increasing flexibility for developers. The entire city benefits from having a wide variety of housing types at many price levels, but most importantly are those with fewer resources.

WORKLOAD IMPACT

While the proposed amendments may result in more variance applications, they can be absorbed into the department's current planning workplan.

COORDINATION, CONCURRENCE, OR DISSENT

None.

STAFF RECOMMENDATION

Adopt code amendments related to affordable housing incentives that would include the provisions of SB 1537 – but apply them only to affordable housing.

ALTERNATIVES

None.

ATTACHMENTS

1. Proposed code amendment (underline/strikeout)

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 Bonus and 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. In order to be eligible for an adjustment and other incentives provided by this section, a proposed residential project must:

1. Consist of three or more dwelling units;
2. Be designed and constructed so that at least:
 - a. Twenty (20) percent of the total number of proposed dwelling units are for low income households, as defined by HUD (80% AMI or below); or
 - b. Ten (10) percent of the total number of proposed dwelling units are for very low-income households, as defined by HUD (50% AMI or below); or
 - c. Fifty (50) percent of the total number of proposed dwelling units are for qualifying residents (i.e. senior, veteran, etc.) and/or a mix of affordability at or below 120% area median income (workforce housing) as determined by HUD (120% AMI or below); and
 - d. Comply with all applicable provisions of this title.
3. For housing developments where 100% of the total number of proposed dwelling units are for low income households as defined by HUD (80% AMI or below), the incentives identified in subsection C below are increased by an additional 10% (10 percentage points) over the stated amount. An increase of one story or 12 ft in building height is permitted as part of this section.

C. Types of Variances and Incentives Allowed. A residential project that satisfies all applicable provisions of this chapter is entitled to apply for the following incentives. The housing developer must provide evidence showing that the adjustment is necessary to make the housing units economically feasible, including compliance with the specific approval criteria in Subsection E. 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 (MMC 19.1006):
 - a) Minimum side or rear yard setbacks: 10% variance
 - b) Common area, minimum landscaping, or open space: reduction of up to 25%
 - c) Minimum lot area: up to 10% reduction in lot size
 - d) Minimum lot width or depth: up to 10% reduction in lot width or depth
 - e) Maximum lot coverage: up to 10% over the base maximum
 - f) For manufactured dwelling parks, middle housing, multi-unit residential, and mixed-use residential:
 - i. Bike parking: minimum number of spaces (0.5 spaces/dwelling required) and location of spaces
 - ii. Max. building height (except cottage clusters): allows additional maximum 1 story or 20 ft, whichever is less.
 - iii. Max. density: 25% above the base maximum
 - iv. Prohibition on ground-floor residential in the Downtown Mixed Use Zone (DMU): must be allowed except for one building face that abuts the street
 - v. Prohibition on ground-floor of nonresidential active uses that support the residential use in the Downtown Mixed Use Zone: lobbies, community rooms, exercise rooms, offices, day care, etc.
2. The following variances to design standards will be reviewed via an expedited Type II review process:
 - a) Façade articulation
 - b) Inclusion of a minimum of 3 detailed design features in MMC 19.505.1.C.4
 - c) Total window area: up to 30% variance; minimum 12% required
3. Qualifying multi-unit residential developments (not mixed-use developments) proposed in the DMU zone will be reviewed for compliance with MMC 19.505.3 – Multi-Unit Housing.
4. Other Incentives. A qualifying residential project may also request other regulatory incentives or concessions proposed by the developer or the City that will result in identifiable cost reductions.

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 in the following manner:

1. Projects with City Funding—Ninety-nine (99) Years. Projects receiving a direct financial contribution or other financial incentives from the City, or a density bonus and at least one other concession or incentive as provided by Subsection 19.511.C above, 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 of Milwaukie stipulating said retention; or
2. Projects Receiving Density Bonus Only — Ninety-nine (99) Years. Projects that receive a density bonus as the only incentive from the City must maintain the availability of income restricted units for a minimum of ninety-nine (99) years.
 3. Projects Receiving Single Incentive (not a density bonus) – Ninety-nine (99) Years. Projects that receive a single incentive from the City must maintain the availability of income restricted units for a minimum of ninety-nine (99) years.

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, particularly for road, sewer, and water capacity.

1. Approval Criteria. In addition to the findings required for the approval criteria for Type II variances identified in MMC 19.911.4.A, the approval of the incentives by the review body or City designee must also comply with the following approval criteria:

- b. The approval of the requested incentives will result in a number of dwellings that can be accommodated by existing and planned infrastructure capacities;
- c. The approval of the requested incentives will result in a project that will not have a verifiable adverse impact to City services;
- d. Adequate evidence exists to indicate that the development of the property in compliance with the permit would result in the provision of affordable housing in a manner consistent with the purpose and intent of this section;
- e. There are sufficient provisions to guarantee that the dwelling units would remain affordable in the future.

2. 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.

AFFORDABLE HOUSING INCENTIVES

City Council Work Session
January 6, 2025

Joseph Briglio, Assistant City Manager
Laura Weigel, Planning Manager
Vera Kolas, Senior Planner



Housing Production Strategy

- Adopted in May 2023
- Identifies 8 new strategies to:
 - Support development of new affordable housing
 - Preserve existing affordable housing
 - Stabilize households at risk of displacement
 - Help address homelessness



PURPOSE

This code package implements the HPS strategy to:

- Evaluate Incentives for Affordable Housing Development such as Density Bonuses
 - Density bonuses and other incentives allow for more housing units to be built than allowed by zoning, if the proposed project provides a certain number of affordable units



PURPOSE

- Code-based approach to address housing supply and affordability
- Consolidates all incentives into one new code section
- Code incentives include some provisions identified in SB 1537
 - Up to 10 distinct variances
 - Expedited Type II review



QUALIFYING DEVELOPMENTS

Qualifying developments must be designed and constructed so that at least:

- **10% of units: 50% AMI or below; or**
- **20% of units: 80% of AMI or below; or**
- **50% of units are for qualifying residents (i.e. senior, veteran, etc.) and/or a mix of affordability at or below 120% AMI or below**
- Where **100%** of the total number of proposed dwelling units are **80% AMI or below**, the **incentives are increased** by an additional **10%**



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 for at minimum of 99 years.



LIST OF VARIANCES

For all developments (including single dwelling units)

Side/rear setbacks: 10% reduction

Common area/landscaping/open space: 25% reduction

Min. Lot area: 10% reduction

Min. Lot width/depth: 10% reduction

Max. Lot coverage: 10% increase

- Multi-unit development in the DMU reviewed with multi-unit standards, not Downtown Design Standards.



LIST OF VARIANCES

All development (excluding single dwelling units)

Bike parking: number/location

Max. Building ht: 1 story or 20 ft (except cottage cluster)

Max. Density: 25% increase

Ground-floor residential allowed in DMU

Ground-floor non-residential support uses allowed in DMU

- Multi-unit development in the DMU reviewed with multi-unit standards, not Downtown Design Standards.



LIST OF VARIANCES

Design Standards

- Façade articulation
- Include a minimum of 3 detailed design features
- Total window area: 30% variance; 12% required



SUMMARY OF APPROVAL CRITERIA

Developer must provide evidence that the variance(s) is necessary to make the development feasible and meet the following criteria:

- Type II variances approval criteria related to impacts
- Dwellings that can be accommodated by existing and planned infrastructure capacities;
- A project that will not have a verifiable adverse impact to City services;
- Result in the provision of affordable housing in a manner consistent with the purpose and intent of this section;
- Provisions to guarantee that the dwelling units would remain affordable in the future.



REVIEW PROCESS

- Expedited Type II review: 100 days
- Priority processing by all city departments, including review and inspections during the construction process.



KEY QUESTION

Does Council agree with the code-based approach, and the recommended incentives, for affordable housing?



CONTACT Us

Vera Kolas, Senior Planner

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MAXIMUM DENSITY

- For single detached dwellings, maximum density applies during land division only.
 - Density standards tagged to lot size
 - Would require variance to min. lot size in a subdivision
- City must allow variance to max. density (only in single dwelling and multi-dwelling units) to qualify for exemption
 - Benefit when compared to bulk variance applications

