



CITY OF MILWAUKIE

PLANNING COMMISSION MINUTES

City Hall Council Chambers
10722 SE Main Street
www.milwaukieoregon.gov

December 13, 2022

Present: Lauren Loosveldt, Chair
Joseph Edge, Vice Chair
Greg Hemer
Robert Massey
Jacob Sherman
Amy Erdt
Joshua Freeman

Staff: Ryan Dyar, Assistant Planner
Laura Weigel, Planning Manager

Absent: NA

(00:14:01)

1.0 Call to Order — Procedural Matters*

Chair Loosveldt called the meeting to order at 6:30 p.m., read the conduct of meeting format into the record, and Native Lands Acknowledgment.

Note: *The information presented constitutes summarized minutes only. The meeting video is available by clicking the Video link at <http://www.milwaukieoregon.gov/meetings>.*

(00:15:07)

2.0 Planning Commission Minutes

October 11, 2022, minutes were approved with a 7-0 vote.

3.0 Information Items

Laura Weigel notified the Commission that City Council reviewed the High-Density Residential Zones Consolidation Work on December 6th. **Weigel** explained that City Council moved to approve the change from 3 zones to 1 zone with a 4-1 vote. **Weigel** noted a second and final reading will occur with City Council on December 20th. **Weigel** announced that Commissioner Massey will become City Councilor and a new Planning Commissioner will begin in 2023.

(00:17:45)

4.0 Audience Participation

No information was presented for this portion of the meeting.

(00:18:14)

5.0 Community Involvement Advisory Committee (CIAC)

Laura Weigel provided information and timelines regarding the follow-up items from the joint CIAC, and Neighborhood District Associations (NDAs) meeting held October 11th.

1. Land Use 101 Training – To be held in-person, Spring 2023. This training will include development project timeline, clarification around Planning Commission's role and an informational slide deck that can be shared online.
2. NDA Quarterly Communication– Staff will begin sending quarterly updates on significant development projects to the NDA beginning in 2023.
3. Public Testimony Guidance – Planning Department and City Attorney to create user-friendly guidance, Spring 2023. Guidance to be reviewed with the CIAC.
4. NDA Land Use Application Response Tool – Planning staff will create a document to outline optional steps that NDA members can take to provide input on Land Use Applications.
5. TriMet Concept Plan – Any concerns and/or questions can be directed to Kelly Brooks, Assistance City Manager.

Chair Loosveldt asked Weigel how best for the CIAC to track the progress of the follow-up items. **Weigel** agreed to update the CIAC in the beginning of February 2023 and then more formal presentation by the end of the 1st quarter of 2023.

Commissioner Hemer announced the Linwood NDA has a few projects in preapplication. **Hemer** commended Brett Kever, Senior Planner, for the communication and assistance he provided to the Land Use Chair, regarding the projects. **Hemer** encouraged staff to continue to advocate for developers to present to the NDAs during the preapplication time. **Hemer** thanked staff for their excellent customer service.

(00:25:47)

6.0 Hearing Items

6.1 VR-2022-009, DEV-2002-003, Alpha Stone Works (Rick Canfield, Representative) 2107, 2149, and 2171 SE Moores St.

Ryan Dyar shared the staff report, applicant is requesting a variance to three standards in the Milwaukie Municipal Code (MMC); two are design standards for newly constructed street-facing facades in the Tacoma Station Mixed-Use Zone (MUTSA), and one is a site-design-related setback standard for development where no setback is required in the underlying base zone. **Dyar** reviewed the existing site and the type of zoning adjacent to the applicant. **Dyar** stated the proposal is to add an additional 2,400 sq ft manufacturing warehouse to the existing property.

Dyar explained that the applicant has proposed to address some of the non-conformities on the site by improving the non-conforming parking situation. **Dyar** detailed the MMCs impacted by the variance request: MMC 19.312.7.A.1, MMC 19.312.7.A.4 and MMC 19.504.4. **Dyar** provided an overview of the Discretionary Relief Criteria (MMC 19.911.4.B.1) applicable to a variance request.

Dyar explained the impacted North Milwaukie Innovation Area (NMIA) Design Standards are ultimately about creating an attractive pedestrian environment. **Dyar** elaborated that due to the location of the proposed addition and the existing built environment, staff believes that forgoing these design standards will have no impact on the surrounding properties. **Dyar** said that separation for fire safety, the perceived purpose of the distance from the property line standard in MMC 19.504.4, can be addressed through the building code. **Dyar** also explained that the standard is lacking in historical context and that staff are looking to remove it from the code entirely. **Dyar** shared that they only received one public comment. **Dyar** noted that staff recommend the approval of the requested conditional use and reviewed the decision options for the Commission.

Commissioner Hemer asked the applicant to confirm that there will be no removal of trees on the property. **Rick Canfield**, applicant, stated no removal of trees unless asked to do so.

Vice Chair Edge shared that the proposed changes bring the site into further compliance and after reviewing the conditions of approval and findings, a recommendation for approval is appropriate.

VR-2022-009, DEV-2002-003, Alpha Stone Works Manufacturing Warehouse, was approved by a 7-0 vote with the findings and conditions of approval presented in the staff report.

(00:50:10)

7.0 Work Session Items

7.1 Draft Housing Capacity Analysis (HCA)

Laura Weigel shared that staff have been working with the Housing Capacity Technical Committee (HCTC) over the last six months and that Vice Chair Edge represents the Planning Commission on the HCTC. **Weigel** explained the draft Housing Capacity Analysis (HCA) has been shared and discussed with the HCTC. **Weigel** noted the HCA will give a better understanding of the housing needs in Milwaukie. **Weigel** said the Housing Production Strategy (HPS) is the second part of the process which outlines strategies to meet the housing need and it will be presented later.

Beth Goodman, Project Director, ECONorthwest, explained to the Commission that she will be sharing the factual basis for estimating the housing need in

Milwaukie. **Goodman** reviewed how the City has made affordable housing important to Milwaukie: Council Goal, Community Vision, Comprehensive Plan and the Milwaukie Housing Affordability Strategy Action Plan. **Goodman** reviewed the important questions that must be answered when creating an HCA and HPS:

- How much growth in 20 years
- Where is the buildable land
- Does Milwaukie have enough residential land to accommodate expected growth
- What policies are needed to meet Milwaukie's housing needs

Goodman reviewed the components of the project and the HCA components:

- Developable Land
- Characteristics of residents
- Housing market and affordability
- Expected Growth

Goodman shared the project schedule and the outline of tasks. **Goodman** explained that Milwaukie's current housing stock is primarily comprised of single dwelling detached housing and about a quarter of the housing stock is multi-dwelling. **Goodman** explained home ownership rates have remained stable and rental housing stock is more diverse for renters. **Chair Loosveldt** asked **Goodman** about the data dates. **Goodman** explained 2020 data was not available at the start of the project. **Goodman** stated she used the data from American Communities Survey, which is data from 2015-2019. **Goodman** reviewed issued building permit data and noted fiscal year 2022 included permits for 250 multi-dwelling units. **Goodman** clarified that about 650 additional units are in various stages of development but have not been permitted. **Goodman** noted that the average units permitted per year is 51.

Goodman offered information related to the demographics of Milwaukie's residents. **Goodman** pointed out that those age 20-39, make up the largest increase of residents since 2010. **Goodman** explained that the population forecast depicts that individuals over the age of 60 are expected to increase the fastest. **Goodman** said the average household size in Milwaukie is smaller than the average Oregon household and speculated that Milwaukie's younger population growth may mean households without children. **Goodman** said the largest determinant of housing access is income and in Milwaukie, the median household income is \$61,902. **Goodman** related that the fastest growing population of color in Milwaukie is the Latino/a/x community. **Goodman** noted that Latino/a/x households tend to be multigenerational and have more children at home which are factors to consider when developing a housing.

Goodman explained that most people that live in Milwaukie work outside of Milwaukie and people that work in Milwaukie do not live in Milwaukie. **Goodman** shared that a typical goal of a Housing Strategy is to create more housing opportunities that encourage those that work in Milwaukie to also live in

Milwaukie. **Goodman** acknowledged that because Milwaukie is near Portland that there will be many commuters. **Goodman** reviewed median house sale data for the region and noted that Milwaukie is more affordable than most of its surrounding areas but that Milwaukie's median house sales price, from 2012 to 2021 has increased by almost 200%. **Goodman** explained rental costs increased by 31% since 2012 and increases in household income have been very minor. **Goodman** elaborated that rent increases have continued to increase at a faster rate than income. **Vice Chair Edge** asked Goodman about vacancy rates. **Goodman** said a healthy vacancy rate is about 5% to 7% and that the current vacancy rate in Milwaukie is 2%-3%. **Goodman** stated a low vacancy rate is directly impacted by a lack of housing production in development.

Goodman explained housing affordability and noted median household income vs. median home sale price and average monthly rent. **Goodman** noted that taking into consideration median family income allows for a discussion around a spectrum of housing needs. **Goodman** shared that often affordable housing is only affordable to those households with an above average median family income. **Goodman** reminded the Commission that the cost of utilities is a factor when looking at the housing affordability. **Goodman** elaborated on housing affordability and noted that affordable housing for lower income households is typically developed as income restricted housing and developed with state and federal resources. **Goodman** clarified that about 40% of Milwaukie residents are at or below 30-50% of Median Family Income (MFI) and therefore can only afford income restricted housing. **Goodman** noted that workforce housing also includes the full spectrum of <30% of MFI through 80-120% of MFI.

Commissioner Sherman noted that new construction housing in the city is selling for well over \$700,000. **Sherman** asked staff if the Construction Excise Tax applies to single dwelling builds. **Weigel** stated she was unsure and would find the answer to Sherman's question. **Commissioner Hemer** asked how historical housing information is factored into the analysis. **Hemer** gave the example of purchasing a home for a great deal less many years ago while also being at a low-income level. **Hemer** noted that in his example a person with a low MFI would still be better off now since they purchased their home at a low price many years ago. **Goodman** explained the term buying down and confirmed the HCA took into consideration people that can afford more housing but either choose to live in less costly housing or cannot find higher-cost housing that meets their needs. **Goodman** reviewed housing affordability by income levels and noted the housing market cannot produce income-restricted, subsidized affordable housing, and often does not produce middle income affordable housing (also called workforce housing) without subsidy. **Goodman** reviewed the concept of cost burden and noted close to 40% of Milwaukie residents are cost burdened. **Goodman** shared that about 52% of Milwaukie's renters were cost burdened or severely cost burdened compared to 29% of homeowners.

Goodman discussed housing need as it relates to differing groups: people experiencing homelessness, racial or ethnic groups, people over 65 years of age,

and people with disabilities. **Goodman** explained these groups of people have a higher cost burden and less income than the overall average. **Goodman** reviewed the point in time count of houselessness for Clackamas County and pointed out the numbers are generally an underestimate. **Goodman** noted that 89% of the people experiencing houselessness have an income below 30% MFI, are unable to afford market-rate housing and need additional supports. **Goodman** shared MFI data by race and ethnicity noting that Latino/a/x is Milwaukie's largest community of color and is a population that has less income and more cost burden. **Goodman** said unique housing needs related to race and ethnicity consist of access, non-discriminatory practices, and housing that accommodates cultural needs like multi-generational housing. **Goodman** presented information specific to people 65 and older and noted, more than 50% of this population, has income below \$50,000. **Goodman** explained this population also struggles with finding affordable housing and may also experience a disability that requires looking for housing that is accessible and/or meets specific needs related to their disability. **Goodman** said that nearly 17% of Milwaukie's population has one or more disabilities and clarified that not all seniors have disabilities and not all people with disabilities are seniors.

Goodman recapped the capacity for new housing in Milwaukie; capacity takes into consideration buildable land inventory, density analysis and infill and redevelopment analysis. **Goodman** shared a map depicting vacant buildable land within Milwaukie. **Goodman** said most of the land in Milwaukie is developed. **Goodman** reviewed the City's work related to House Bill 2001 and the eligible parcels included in the middle housing analysis. **Goodman** explained the infill/redevelopment potential vs production. **Goodman** noted the various factors that are considered when looking at viable infill/redevelopment and concluded roughly 1,256 parcels are the most viable for this type of housing production. **Goodman** summarized that middle housing production over the next 20 years could be between 600 and 1,600 units.

Commissioner Freeman asked who would initiate middle housing development. **Goodman** explained that it would be the owner of the lot initiating the process and often the owner sells a piece of their land to a developer. **Commissioner Massey** asked about the 600 to 1,600 range of units. **Goodman** explained the 600 number was reached by applying the Portland Duplex Conversion rate to Milwaukie. **Goodman** noted that there was only two years of data to use related to viable properties converted based on recent Milwaukie infill; this data provided for an estimate of potentially 1,200 net new units over the next 20 years. **Goodman** elaborated that a real estate analysis was used to examine the rate of property sales and conversion in a comparable neighborhood, where middle housing production has been happening for a longer period, that data concluded that Milwaukie may develop upwards of 1,600 new units of middle housing. **Commissioner Sherman** commented that macroeconomic factors will impact production numbers. **Commissioner Hemer** shared that there are a proposed 108 affordable housing units in the preapplication phase. **Commissioner Erdt** asked about the impact to population density. **Goodman**

said the population will increase some but not enough to fundamentally reshape Milwaukie. **Goodman** said that over a 20-year period it may look different depending on housing production. **Goodman** explained that a Housing Capacity Analysis is required by the state every 6 years and more data will be available to project the rate of housing development.

Goodman continued with reviewing the redevelopment potential in mixed-use areas. **Goodman** shared the potential of 1,388 new dwelling units if all redevelopments in the pipeline and are built. **Commissioner Erdt** asked if these units would all be rentals. **Weigel** stated it would be highly likely although some units might be condos. **Goodman** recapped the number of potential units related to the capacity of vacant land, infill potential of middle housing and mixed-use redevelopment potential. **Goodman** shared her analysis of Milwaukie's land sufficiency and pointed out the deficits and surpluses related to plan designation and potential policy questions that impact the housing production strategy.

Commissioner Erdt advocated for a direction that encourages more owner-occupied dwellings for low-income individuals and families. **Goodman** explained supporting homeownership for lower-income households is expensive and equally important is to have affordable housing for people working lower wage jobs. **Commissioner Sherman** noted that data from the HCA would be beneficial for supporting a more comprehensive conversation related to the Transportation System Plan. **Sherman** discussed possible changes to system development charges to help incentivize smaller units and noted the rent increases in the community. **Commissioner Massey** inquired about the timing of making big decisions based on incomplete data. **Weigel** explained some decisions will need to be made as required by the state and then in 6 years a reanalysis will be done to see if strategies are successful. **Chair Loosveldt** asked about revisiting data sets on an ongoing basis. **Weigel** stated that a deep dive on the data will not happen until the 6-year mark and that the focus will be on the tools available to the City to move things forward and the funds available to support housing production. **Goodman** clarified that the Housing Production Strategy (HPS) will also require ongoing data collection, monitoring and reporting on the different strategies.

Commissioner Erdt asked about requiring landlords to report on occupancy. **Goodman** responded that there is no lever in place that would support the collection of this data, but vacancy trends can be viewed on different platforms. The Commission discussed potential policy changes that could impact vacancy rates. **Commissioner Sherman** asked about high density zones not performing well. **Weigel** noted that allowing single dwelling development in high density zones contributes to low density. **Commissioner Hemer** suggested inviting Land Use Chairs to the Planning Commission meeting when comprehensive presentations are given. **Hemer** requested to share the HCA with the Land Use Chairs. The Commission agreed to inviting the Land Use Chairs to the March Housing Productions Strategy presentation. **Chair Loosveldt** asked **Vice Chair**

