



# Oregon

Tina Kotek, Governor

## Department of Land Conservation and Development

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November 30, 2023

Laura Weigel, Planning Manager  
6101 SE Johnson Creek Blvd  
Milwaukie, OR 97206  
Sent via e-mail



### RE: Review of City of Milwaukie Housing Production Strategy

Dear Planning Manager Weigel,

On August 1, 2023, the Department of Land Conservation and Development (DLCD or Department) received a submittal from the City of Milwaukie notifying the department of the adoption of the City's Housing Production Strategy (HPS). Per Oregon Administrative Rules (OAR) 660-008-0055(3), the Department posted the City's HPS for a 45-day public comment period on August 2, 2023. Upon the close of the public comment period on September 16, 2023, the department did not receive public comment on the City's HPS.

Per OAR 660-008-0055(7) and ORS 197.291 (6), the Department must review the City's submittal to determine whether to:

1. Approve the Housing Production Strategy Report;
2. Approve the Housing Production Strategy, subject to further city review and actions as recommended by the Department; or
3. Remand the Housing Production Strategy for further modification as identified by the Department.

The Department is required to complete this review and issue a decision within 120 days of the city submittal. In the case of the City of Milwaukie's Housing Production Strategy, the department must make a final decision by November 30, 2023. Per ORS 197.291 (7), the Department's decision is final and may not be appealed.

*Based on the department's review of the City of Milwaukie's Housing Production Strategy against the applicable review criteria established in OAR 660-008, the department **approves the City's Housing Production Strategy Report with one (1) condition of approval as described below.***

#### **Department Findings based on OAR 660-008-0050**

**(1) Contextualized Housing Need – A contextualization and incorporation of information from the most recent Housing Capacity Analysis that describes current and future housing needs in the context of population and market trends.**

The City of Milwaukie's Housing Capacity Analysis (HCA) and Housing Production Strategy were conducted at the same time. Between both reports, they include all elements

necessary to be compliant with OAR-660-008-0050(1). Chapter 3 “Historical and Recent Development Trends” and Chapter 4 “Demographic and Other Factors Affecting Residential Development in Milwaukie” of the city’s HCA includes demographic and socio-economic characteristics of the city, housing market conditions, and affordability metrics. Chapter 2 “Unmet Housing Need in Milwaukie” of the HPS draws from this analysis to describe the city’s unmet housing need and connects these unmet housing needs with strategies to address those needs under Chapter 3 “Strategies to Meet Future Housing Need” of the HPS report. Chapter 1 “Introduction” and Appendix C of the HPS describes the stakeholder engagement (qualitative data) that informed and further contextualized the existing housing conditions from the quantitative analysis performed under the HCA.

In particular, the key groups of community members with unmet housing need in Milwaukie include underserved communities, lower-income households, people in state and federal protected classes. Key groups with acute unmet housing needs include seniors; Black people, Indigenous people, and People of Color (BIPOC); people with disabilities; and people experiencing homelessness.

Chapter 3 “Strategies to Meet Future Housing Need” of the HPS discusses housing tenure and the report’s analysis of its strategies consistently integrates tenure into its assessments. This chapter also includes a summary of how the adopted actions are intended to address the particular housing needs of the city and how the strategies collectively work together to meet the entirety of the city’s identified housing needs. Appendix B “Existing Policies and Barriers to Development” of the HPS reviews the city’s implementation actions over the last five years, many of which originated from the Milwaukie Housing Affordability Strategy (MHAS) report. This appendix also reviews the city’s existing and expected barriers to the development of needed housing, including funding, land, staff capacity, and strategic partner capacity. Lastly, Appendix F “Summary of Recent City Housing Policies and Actions” of the HPS further details the measures already adopted and actions already taken in pursuit of needed housing in the city and at the charge of the city’s existing Comprehensive Plan and MHAS.

**(2) Engagement – A Housing Production Strategy Report must include a narrative summary of the process by which the city engaged Consumers of Needed Housing and Producers of Needed Housing, especially with regard to state and federal protected classes. A city may conduct engagement for a Housing Production Strategy concurrent with other housing planning efforts within the city including, but not limited to, a Housing Capacity Analysis, Consolidated Plans for Community Development Block Grant Entitlement Communities, and public engagement for Severely Rent Burdened Households as described in OAR 813-112-0010.**

The city of Milwaukie pulled from a variety of engagement work completed in past housing related planning projects including the city’s Comprehensive Plan, Milwaukie Housing Affordability Strategy (MHAS), and Community Vision as outlined in Appendix C “Stakeholder Involvement” of the HPS. The city also conducted engagement as part of the HPS process outlined in Appendix C “Stakeholder Involvement” of the HPS report. The

engagement program that was part of the development of the HPS contained various engagement tactics including committee meetings with technical experts, decision makers and equity champions, online surveys, and stakeholder interviews.

OAR 660-008-0050 (2)(c) requires the inclusion of “A description of how the information from stakeholders influenced implementation of Housing Production Strategies adopted by the city...” In the engagement summary in Appendix C of the HPS, feedback and broad insights into how this feedback shaped strategy selection, particularly in the context of the engagement program during the development of the HPS, were provided. However, this crucial information was absent for the engagement programs related to previous housing planning initiatives, such as the city's Comprehensive Plan, Milwaukie Housing Affordability Strategy, and Community Vision projects.

DLCD identified that overarching themes derived from collective engagement efforts, spanning both past and those integrated into the development of the HPS, are indeed reflected in the chosen strategies. However, the report lacked explicit details on how these themes were directly linked to the individual strategies. It required additional research and inference by DLCD staff to establish connections between the identified engagement themes and the specific strategies themselves. Regrettably, neither the strategy descriptions nor the engagement summary explicitly articulated how the themes from engagement informed the selection of the strategies. This gap in information poses a challenge for a comprehensive understanding of the direct influence of stakeholder input on the adoption of Housing Production Strategies by the city.

Nevertheless, it is evident that a considerable number of the chosen strategies align with overarching themes identified through community engagement. These themes encompass enhancing affordability, utilizing financial incentives to bolster production, mitigating development obstacles, and implementing supportive housing stabilization programs. These strategies effectively address the concerns pinpointed through the engagement process.

In the context of this evaluation, DLCD concludes that OAR 660-008-0050 (2)(c) is satisfied. However, there is a recommendation for future HPSs to establish a clearer connection between community engagement programs, both past and present, and the strategies chosen. This should be done in a way that doesn't necessitate DLCD staff interpretation or additional research, ensuring a more transparent and direct correlation between stakeholder input and the selected strategies in future reports.

OAR 660-008-00050 (2)(d) requires “An evaluation of how to improve engagement practices for future housing engagement efforts conducted by the city.” This requirement serves as a crucial step in enabling the city to evaluate and refine its engagement processes, thereby providing valuable insights for ongoing housing planning endeavors. Appendix C

“Stakeholder Involvement” includes this important reflection and therefore DLCD finds that OAR 660-008-00050 (2)(d) is met.

**(3) Strategies to Meet Future Housing Need – A Housing Production Strategy Report must identify a list of specific actions, measures, and policies needed to address housing needs identified in the most recent Housing Capacity Analysis. The strategies proposed by a city must collectively address the next 20-year housing need identified within the most recent Housing Capacity Analysis and contextualized within the Report as provided in section (1). A Housing Production Strategy Report may identify strategies including, but not limited to, those listed in the Housing Production Strategy Guidance for Cities published by the Commission under Exhibit B.**

In total, the city proposes to implement 10 strategies to meet the city's identified housing needs. These strategies are summarized in Chapter 3 “Strategies to Meet Future Housing Need”, Appendix D “Details of Each Action”, and Appendix E “Evaluation: Achieving Fair and Equitable Housing Outcomes”. Collectively these chapters largely satisfy the requirements set forth in OAR 660-008-0050(3).

In Chapter 3 of the report, the city evaluates each strategy by the rationale for inclusion, the city's role in implementation, estimated magnitude of impact toward meeting housing need, housing tenure of community served, and income of community served, detailed in Exhibit 9 of the report, and excerpted below. The strategies range in these categories: serving low to middle incomes, centering the city, and working with other lead partners, expecting small to large impacts on needed housing production, and supporting needed housing production from various angles. This chapter outlines the city's adoption and implementation timelines as contextualized by the city's actual processes and current statuses on each item. Additionally, this chapter does exemplary work in identifying and evaluating funding sources and potential partners to support each strategy. This level of analysis prepares the city for a strong return on its HPS, focusing on strategies that have certain or potential identified funding sources and partners to support success in producing the city's Needed Housing. Appendix D expands on each of the evaluation criteria and adds more description, context, and definition of terms for each strategy in the HPS, further strengthening the city's intentionality and preparation to bring these strategies to implementation.

**Exhibit 9. Evaluation of Actions in HPS**

Note: Cells with gray shading indicate items that the City has already adopted but are critical to implementation of the HPS.

Action	Rationale	City Role	Potential Impact on Development Cost or Unit Production	Complexity to Administer	Tenure	Most Likely Affordability Level Targeted
A. Develop a Land Bank Strategy and Partnerships to Support Affordable Housing Development	Reduce land costs	Lead	Small to Large	High	Both	80% MFI and below
B. Reduced SDCs or Planning Fees	Reduce development costs	Lead	Small	Medium	Both	80% MFI and below
C. Multiple-Unit Limited Tax Exemption Program	Reduce development costs	Lead	Small to Moderate	Medium	Rental	80% MFI and below
D. Increase Capacity in the HDR Zone	Increase housing diversity	Lead	Moderate to Large	Medium	Both	Any
E. Evaluate Incentives for Affordable Housing Development such as Density Bonuses	Reduce development costs	Lead	Moderate	Low	Both	60% MFI and below
F. Develop Pre-Approved Plan Sets for ADUs and Middle Housing Typologies	Increase housing diversity	Lead	Small to Moderate	Low	Both	Any
G. Develop Housing Options and Services to Address And Prevent Houselessness	Provide Financial Assistance	Partner	Small to Moderate	High	Rental	60% MFI and below
H. Revolving Loan Fund for Homeownership Assistance	Provide Financial Assistance	Partner	Small to Moderate	Medium	Both	120% MFI and below
I. Urban Renewal/Tax Increment Finance (TIF)	Critical to funding affordable housing actions	Lead	Moderate to Large	High	Both	120% MFI and below
J. Construction Excise Tax	Critical to funding affordable housing actions	Lead	Small to Large	Medium	Both	120% MFI and below

Appendix E of the HPS report includes a strategy-by-strategy assessment of the benefits to and burdens on historically marginalized communities that may result from the HPS implementation. Additionally, where burdens or potential burdens are foreseen, the report proposes mitigation efforts that the city can employ to decrease the likelihood and severity of these burdens. While the benefits are largely discussed via income strata, the table does include several benefits and potential burdens to federally protected classes and historically marginalized communities where identified.

Finally, although the Housing Production Strategy (HPS) categorizes each strategy based on the estimated potential magnitude of impact, there is a notable absence of estimates regarding the anticipated number of housing units to be created through the implementation of each strategy. Additionally, the report lacks a specified timeframe over which the HPS is expected to generate actual impacts on Needed Housing in the city. As the implementation of the Oregon Housing Needs Analysis program progresses, it is recommended that the city incorporates these essential estimates in future Housing Production Strategies, where feasible. This inclusion would provide a more comprehensive understanding of the expected outcomes and timelines associated with the strategies outlined in the HPS, contributing to enhanced transparency and effectiveness in housing planning efforts.

**(4) Achieving Fair and Equitable Housing Outcomes – A Housing Production Strategy Report must include a narrative summarizing how the selected Housing Production Strategies, in combination with other city actions, will achieve equitable outcomes with regard to the following factors:**

- (a) Location of Housing**
- (b) Fair Housing**
- (c) Housing Choice**
- (d) Housing Options for People Experiencing Homelessness**
- (e) Affordable Homeownership and Affordable Rental Housing**
- (f) Gentrification, Displacement, and Housing Stability**

DLCD commends the city for its Housing Production Strategy, recognizing the extensive housing planning efforts reflected in the city's Community Vision, Comprehensive Plan, and Milwaukie Housing Affordability Strategy (MHAS) projects that have informed the HPS. The city's commitment to ongoing updates to the HPS, considering all housing planning efforts within the city, is duly acknowledged. In Appendix F of the HPS report, titled "Summary of Recent City Housing Policies and Actions," the integration of the city's Comprehensive Plan (specifically Chapter 7, "Housing") and MHAS into each outlined strategy is thoroughly detailed. Exhibit 16 provides a comprehensive overview, outlining each policy supporting the strategies in the HPS report, including the status of these policies during the HPS development. The city acknowledges that not all MHAS policies were incorporated into the HPS, leading to the introduction of Exhibit 17, designed to outline and record these omitted policies, ensuring they remain a focal point during HPS updates.

In Appendix E, titled "Evaluation: Achieving Fair and Equitable Housing Outcomes," the assessment of existing city actions, programs, partnerships, and proposed HPS strategies is examined in the context of the six fair and equitable housing outcomes outlined in OAR 660-008-0050(4). The city appropriately acknowledges that this evaluation is a brief summary and not an exhaustive examination of how each action addresses these outcomes. While DLCD acknowledges alignment with the criteria set forth in OAR 660-008-0050(4), DLCD expresses the expectation of a more comprehensive examination. While the response meets minimum expectations, DLCD had anticipated a deeper analysis and consideration of the direct and indirect impacts of each strategy on various vulnerable populations, relative to the six factors contributing to fair and equitable outcomes. This level of exploration and analysis will be expected in future HPS updates.

Upon a more thorough review of Chapter 7 "Housing" of the city's Comprehensive Plan, DLCD finds that the outlined goals (excerpted below) align with the six factors for achieving fair and equitable housing outcomes. However, these goals, as well as some associated policies, were not captured in Exhibit 16 of the HPS report. This represents a missed opportunity to establish stronger connections between these overarching city-wide goals and how they further advance the HPS intent to achieve fair and equitable outcomes concerning the six factors. Recognizing the importance of articulating these goals and policies from the outset of HPS creation, DLCD recommends that future HPS reports explicitly identify the goals and policies from Chapter 7 of the city's Comprehensive Plan and include these

elements in future analysis for how these, in conjunction with HPS strategies, will advance fair and equitable housing outcomes in relation to the six factors.

## 7 HOUSING GOALS & POLICIES

### OVERARCHING SECTION 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.

#### GOAL 7.1 - EQUITY

Enable and encourage housing options that meet the needs of all residents, with a specific focus on uplifting historically disenfranchised communities and eliminating disparities for populations with special needs or lower incomes.

#### GOAL 7.2 - AFFORDABILITY

Provide opportunities to develop housing that is affordable at a range of income levels.

#### GOAL 7.3 - SUSTAINABILITY

Promote environmentally and socially sustainable practices associated with housing development and construction.

#### GOAL 7.4 - LIVABILITY

Enhance the ability of Milwaukie's neighborhoods to meet community members' economic, social, and cultural needs, and promote their contributions to health, well-being, and universal access and design.

**(5) A Housing Production Strategy Report must include the following additional elements:**

**(a) A description of any opportunities, constraints, or negative externalities associated with adoption of the elements of proposed Housing Production Strategies;**

In Chapter 3 “Strategies to Meet Future Housing Need” of the HPS report, Exhibit 10 presents a multi-factor implementation consideration analysis that includes the risks associated with each of the ten Housing Production Strategies. Many risks identified relate to funding sources, other infrastructural impacts, and the dependency on

successful partnerships. The additional factors for analysis are long-term affordability considerations, city staffing implications, and funding implications, all of which highlight both opportunities and constraints as applicable to each Housing Production Strategy. Additionally, Exhibit 15 in Appendix E of the HPS report includes an analysis of the potential benefits and burdens associated with the proposed strategies. This assessment is informative, and the city should consider the risks, benefits, and burdens carefully to ensure that the implementation of strategies align with the HPS, MHAS, and Comprehensive Plan goals. Overall, the city has selected strategies that diversify and balance risks, opportunities, constraints, and negative externalities across the range of approaches in support of a strong collective outcome upon implementation.

**(b) A description of actions that the city and other stakeholders must take to implement the proposed Housing Production Strategies;**

Exhibit 12 in Chapter 3 “Strategies to Meet Future Housing Need” of the HPS report includes a table of potential partners associated with each specific strategy and Appendix D describes the city and partner roles and responsibilities for each strategy. As the City proceeds into implementation, the city should share Exhibit 12 with each of the identified partner and work to develop a more detailed implementation plan.

**(c) If the Housing Production Strategy Report is the first produced under this division, a description of how the city will measure strategy implementation and progress;**

The city includes both Exhibit 13 in Chapter 3 and Appendix A in the report describing the manner in which the city will track and monitor progress of each strategy including annual monitoring and information provided to the City Council.

***Condition of Approval #1:*** DLCD is particularly interested in how the City will monitor the implementation of the proposed strategies on an annual basis as described in Exhibit 13. DLCD requests that, at the time the city submits its three-year, mid-cycle Housing Production Strategy report to the department under OAR 660-008-0060, the city provides all annual monitoring summaries to the department. These annual summaries are not required as part of the submittal under OAR 660-008-0060 and therefore will not be used to make any final approval decisions. Rather, DLCD is interested in these summaries for informational and educational purposes.

**(d) If the Housing Production Strategy Report is not the first produced under this section, a summary of strategies that the city has previously adopted and implemented, and a reflection on the efficacy of each implemented strategy; and**

Not applicable.

**(e) A copy of the city's most recently completed survey to meet the requirements of ORS 456.586.**

The City of Milwaukie submitted a survey to meet the requirements of ORS 456.586 to DLCD on 12/23/2021 and attached it in Appendix G with the submitted HPS.

We truly appreciate the dedication and hard work the city has invested in the development of the HPS. Our commendations go out to the city for their ongoing commitment to ensuring fair and equitable housing options and outcomes. We are eager to continue our partnership with the city in the future as we work together toward this shared goal.

Please feel free to contact Senior Housing Planner, Mari Valencia Aguilar, at 503-930-9739, or at [mari.valencia-aguilar@dlcd.oregon.gov](mailto:mari.valencia-aguilar@dlcd.oregon.gov) if you have any questions or need further assistance.

Sincerely,

A handwritten signature in black ink, appearing to read 'Ethan Stuckmayer', with a stylized, flowing script.

Ethan Stuckmayer  
Housing Division Manager, Department of Land Conservation and Development

Cc: Brenda Bateman, DLCD  
Kirstin Greene, DLCD  
Kelly Reid, DLCD  
Ingrid Caudel, DLCD  
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