TESTIMONY ON THE RESIDENTIAL INFILL PROJECT FOR S.E. HENRY STREET

After attending the November 1, 2016 meeting in City Council Chambers to hear the Planning Department advise Commissioners on the residential infill proposals, I am more concerned than ever how this proposal will unfairly and dangerously impact my block, which is the dead end street on SE Henry just east of SE 52nd.

I have additional general comments on the overall proposal, which includes issues raised by the Commissioners present at the meeting as well as my own research. They will be sent separately.

CONCERNS FOR AN INFILL OVERLAY ON DEAD END STREETS:

Last Spring, the Portland City Council voted against upzoning the R5 lots on my dead end block on SE Henry Street (east of SE 52nd) from R5 to R2.5 during the Comprehensive Plan Process due to public safety risks. **Dead end streets are inherently dangerous because there is only one way out.** In an emergency, whether fire, gas explosion, or a violent standoff, people need to have a safe route for evacuation. That can be problematic on a dead end street depending on the location of the emergency. If a fire, explosion, or violent event occurs near the beginning of the street, those closer to the dead end may become trapped.

For this reason, dead end streets should be treated differently than through streets (and are, in fact, treated differently in the City Code). The longer a dead end street is, the more dangerous it becomes. Also, dead end streets that have more dwellings put more people at risk. This is why the fire code and rights of way chapters in the City Code address dead end streets as follows:

1. The International Fire Code, the State of Oregon fire code, codes for Multnomah County and cities surrounding Portland require a fire apparatus turnaround on dead end streets longer than 150 feet. For some reason the City of Portland requires it only on dead end streets longer than 300 feet. Streets longer than 300 feet in Portland are not in compliance with the Fire Code if they do not have a turnaround that meets the standards stipulated in the code.
2. Also in the Code, the Rights-Of-Way Chapter 33.654.110 says: "Dead-end streets should generally not exceed 200 feet in length, and should generally not serve more than 18 dwelling units." (see https://www.portlandoregon.gov/bps/article/53453 & https://www.portlandoregon.gov/bds/article/239318 & https://www.portlandoregon.gov/bds/article/239316.)
3. Also at the beginning of this chapter, 33.654.010 says: "These regulations protect the public health and safety by ensuring safe movement and access for emergency and service vehicles." **This is a public safety issue.**

The street is already at maximum density because it exceeds the 18 dwelling units recommended in 33.654.110. It also exceeds the recommended 200 feet in length of 33.654.110, and at 475 feet, is over 300 feet in length without a fire apparatus turnaround. It does not meet the Fire Code. The City Council agreed last spring that more density should not be added to this street by upzoning from R5 to R2.5.

With the Residential Infill Overlay this wise decision of the Council will be overturned. An overlay does not look at site specific issues and creates unintended consequences. On my street, an overlay would increase the public safety risk by adding too many new dwelling units and therefore more people. Currently the number of dwellings on this street is 30 (17 R2 units plus 13 R5 units), which almost doubles the recommendation of 18 dwelling units. Current code allows 1 ADU per R5 lot, which increases the potential to 43 units on this dead end street. **This Residential Infill Overlay would add the potential for an additional 13 more living units for a total of 56, which is more than 3 times the recommendation of 18 dwelling units on a dead end street.** That is totally unacceptable.

According to the economic analysis presented by Tyler Bump at the City Council Meeting on November 1 and a subsequent conversation with him afterwards, property in Woodstock valued at around $325,000 or less is more at risk for being demolished and replaced with duplexes. The modest homes on this dead end block of SE Henry are in that market value category ($325,000 or less) because two older homes around the corner just recently sold for under that price. On SE Henry Street, the demolition and resulting high density is a very likely outcome of this Infill Overlay because of the residual land values for the properties here. The City can't assume it won't happen and ignore this situation.

I am attaching a petition signed by 15 residents of the R5 lots on this street, representing 9 of the 13 R5 lots. Our street asks the Council to not exacerbate the public safety hazard on this dead end block of SE Henry Street. With the flag lots as well as duplexes, triplexes, and fourplexes that already exist on this street, we have enough infill. We can't take anymore. More middle housing infill will drastically change the character of our street and increase the public safety risk.

SOLUTIONS: If the City Council decides to go ahead with this Residential Infill Overlay, **dead end streets such as mine need to be exempt. This could be done when writing the code in 2017.** Dead end streets are consistently treated differently in the Code already because of the public safety issues inherent in them. Any new Code written for this Residential Infill Overlay should reflect these public safety issues for dead end streets, especially ones that do not meet the fire code and exceed Code recommendations. This should be part of your instructions to the Planning Staff if you vote to go ahead with the Residential Infill Project.

Arlene Williams

5401 SE Henry Street
Portland, OR 97206

We do not support the Residential Infill concept at this point. It does restrict the size of new homes, but it encourages demolitions and threatens to alter the character of single family R5 neighborhoods, essentially designating them R2.5 without going through the zoning process. Though smaller scale housing is important, there needs to be a mechanism that will restrict the influx of duplexes and triplexes so they don't overwhelm whole blocks (some is good, too much is bad). There is no such mechanism in this set of proposals.

Our block, SE Henry Street just east of 52nd, is a perfect example of how this proposal can go wrong. We already have 3 duplexes, 2 fourplexes, 1 triplex, and 3 flag lots. That should be enough, and the City Council agreed, voting last spring to not rezone the remaining R5 lots on this block to R2.5 because it would increase density on a dead end street that does not meet the fire code and only has one way out. This set of proposals would overturn that decision according to the conceptual map, adding the potential for 26 more living units on this block on top of the 30 already built for a total of 56 (18 units are recommended for dead end streets, 33.654.110.B). There is nothing in the proposal to guard against adding too much density to this block or any other block in the City being considered for this indirect rezoning effort.

	Name	Address
1	Beatrice Rector	5310 SE Schiller St #C Portland, OR 97206
2	Amy Miller	5312 SE Henry St Portland, OR 97206
3	Aurelia Leroux	5316 SE Henry St Portland, OR 97206
4	KEN UNWIN	5430 SE HENRY ST PORTLAND, OR 97206
5	Juanita Huffman	Juanita Huffman ~~5424~~ SE Henry St 97206
6	[illegible]	5407 SE Henry St Portland OR 97206
7	Lois Taylor	5434 SE Henry St
8	JESSICA HEARN	5407 SE Henry St Portland, OR 97206
9	Joshua Hearn	5407 SE Henry St. Portland, OR 97206

CONTINUED ON NEXT PAGE

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	Name	Address
10	Alison Olsav	5433 SE Henry St Portland OR 97206
11	David Olsav	5433 SE Henry St Portland OR 97206
12	PETER J ADAMS	5401 SE HENRY ST PORTLAND OR 97206
13	April Haberly	5412 SE Henry St Portland OR 97206
14	Arlene Williams	5401 SE Henry St Portland OR 97206
15	Reanna Ferguson	5404 SE Henry St. Portland, OR 97206
16		
17		
18		

TESTIMONY ON THE RESIDENTIAL INFILL PROJECT

After attending the November 1, 2016 meeting in City Council Chambers to hear the Planning Department advise Commissioners on the residential infill proposals, I have the following general comments concerning:

1. Using an overlay versus doing rezoning
2. The financial costs to the City for the increased stress on public resources
3. The inequity in the demolition potential depending on relative affluence of neighborhood
4. Lack of balancing mechanisms to mediate the amount of infill block by block

1) <u>Overlays versus Rezoning</u>: I was glad to see Commissioner Fritz question the staff about the actual need for these recommendations to accommodate the 123,000 new living units projected in the Comprehensive Plan. The staff made clear that the Comprehensive Plan adequately addresses the need already. This RIP plan therefore is not necessary, but it is seen by Planning Staff as a way to provide more flexibility in the housing types available to fulfill the need for those 123,000 new living units.

As several Commissioners commented, why is an overlay being used to make these radical changes instead of the traditional rezoning process, effectively rezoning huge areas in Portland? It is not appropriate to use a broad overlay instead of actually using the rezoning process. A broad overlay will not address appropriateness of infill in certain circumstances whether for site hazards, infrastructure issues, school capacity, and public safety issues. This broad overlay proposal will also have unintended consequences that the Planning Staff is not highlighting (see 3).

<u>2) The financial costs to the City for the increased stress on public resources:</u> Another issue is the potential for creating more units than the anticipated 123,000 living units that need to be built since that needed capacity is already available in the Comprehensive Plan. This could strain existing city resources: schools, police, fire, streets, sewer capacity, and transit capacity. How is this going to be financed? Taxes? Development fees? **Before voting for this Infill Proposal, a plan for financing improvements beyond the Comprehensive Plan needs to be made**.

<u>3) Inequity in demolition potential:</u> Tyler Bump explained during his presentation and in questioning afterwards that the economic analysis projects that there will be a 10% decrease in demolitions because of the reduction of the scale in housing allowed city-wide. He also said that the analysis shows that the most likely lots to have demolitions are the historically narrow lots because they can be more profitable for redevelopment. When it comes to demolitions of single family homes to be replaced by duplexes however, the analysis shows that the effect will not be equal across all areas of the proposed overlay. Essentially, those areas where the cost of property is less could see demolition for duplexes, while those areas where the market values of existing homes are higher (so residual land values will be too low to make a profit) may see far fewer demolitions for duplexes because the land cost will be too high (though they may still see internal conversions of existing homes).

The wealthier, more upscale areas are less at risk of seeing fewer duplex redevelopments, while those areas with more modest homes will take the brunt of these demolitions. Already, the relatively affluent

West hills seem to be escaping much of the impact of these alternative housing proposals. As Commissioner Fish pointed out, the proposed overlay areas take in most of the East side within the boundary of the 205 freeway as opposed to the West side which has drastically fewer affected neighborhoods. According to this economic analysis, even on the East side we will see additional inequity with the least affluent areas prone to the most upheaval, potentially changing the character of those neighborhoods dramatically based on lack of affluence. And all this will occur for these less affluent neighborhoods without a proper rezoning process. This is a major unintended consequence that would make Portland look very bad on the equity scale.

4) Lack of balancing mechanisms to mediate the amount of infill block by block: What is **missing** from this "Missing Middle Housing" Proposal is **balance**. These proposals leave the effects completely up to the market. As we see in #3 above, the economic analysis shows that a change in Neighborhood Character will more likely occur in the least affluent areas. Streets and blocks that are now single family homes could essentially become R2.5 zones, losing that single family character. There is nothing in the proposal to stop this even though one of the goals of the Residential Infill Proposal is to maintain neighborhood character while allowing for some mix of housing types. **The proposal fails to create any means to ensure that single family blocks are not completely taken over by duplexes.**

There are ways to mitigate this by limiting the number of duplexes allowed on a block by using dwelling unit caps. There is precedent for this in the City Code. The Rights-of-Way, Chapter 33.654.110 of the Planning and Zoning Code and also the Land Division Approval Criteria speak to limiting dwelling units on dead end streets to 18 dwelling units. This shows that criteria can be set up in the Code to help limit the number of dwelling units on a street, or perhaps a block. It is not an outrageous idea. (see https://www.portlandoregon.gov/bps/article/53453 & https://www.portlandoregon.gov/bds/article/239318.)

Another possibility, drawing again on the Code, is the allowance for duplexes on corner lots. You could modify this allowance in the code to allow it to be shifted to any lot on the two adjacent lots, but only one time. This would allow only a maximum of 4 lots per block to be demolished and turned into duplexes. This is more restrictive than my first idea, but it would incentivize the retention of existing homes if you allow internal conversions of existing homes anywhere on that same block.

CONCLUSION TO GENERAL COMMENTS: Without finding some limiting factor to make sure demolition doesn't consume whole blocks, the vocabulary of "Residential Infill" and "creating a mix of housing types" is absolutely meaningless, especially for less affluent neighborhoods where property values are lower and the character of neighborhoods could be lost to overdevelopment of duplexes. Where historically narrow lots exist, it promises to change neighborhood character no matter where the neighborhood. These broad proposed overlays will rezone a majority of the city without any attention being paid to individual site concerns such as infrastructure and public safety, and give a green light to changes with hidden unintended consequences. This is too much, too fast.

Arlene Williams

5401 SE Henry Street, Portland OR 97206

16 November 2016

Council Clerk, cctestimony@portlandoregon.gov
Mayor Charlie Hales, mayorcharliehales@portlandoregon.gov
Commissioner Amanda Fritz, Amanda@portlandoregon.gov
Commissioner Nick Fish, nick@portlandoregon.gov
Commissioner Steve Novick, novick@portlandoregon.gov
Commissioner Dan Saltzman, dan@portlandoregon.gov

Re: Residential Infill Concept Report

On behalf of the Multnomah Neighborhood Association, I urge you to reject the "housing opportunity zoning" overlay, not only for all single-family residential zones, but for most of the "neighborhood centers and corridors" as well. Neighborhoods need an opportunity to have effective input on where multiplexes should go. I urge you to test pilot this overlay in the four neighborhoods that want it, while developing plan district for neighborhood centers and corridors whose single-family residential character would be totally imperiled by the plan.

Also, we believe that the approach to this middle housing initiative is backwards—passing a resolution before seeing the complete plans for implementations goes against the norm in Portland.

We are disturbed by the false dichotomy set up by the emergence of "A Home for Everyone," whose mantra is "I [heart/love] Housing Options," as if neighborhoods didn't also want a home and a Portland for everyone. It's questionable that the middle housing policy and this overlay would provide that—the multiplexes would be expensive and likely out of the reach of truly "affordable housing." Thank you for your consideration.

Martie Sucec. Chair

Multnomah Neighborhood Association

16 November 2016

Council Clerk, cctestimony@portlandoregon.gov
Mayor Charlie Hales, mayorcharliehales@portlandoregon.gov
Commissioner Amanda Fritz, Amanda@portlandoregon.gov
Commissioner Nick Fish, nick@portlandoregon.gov
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Martie Sucec. Chair

Multnomah Neighborhood Association

TERRY PARKER
P.O. BOX 13503
PORTLAND, OREGON 97213-0503

Subject: Parking and Infill Testimony to the Portland City Council, November ~~9~~ 16,2016

Some of the residents in the Eastmorland Neighborhood near the golf course have complained about cars parked in front of their homes when people take Max to go downtown. How would they like it if those cars were there 24/seven? Yet with a broad brush stroke of opportunity overlay zones allowing properties to be divided into narrow lots that don't require off-street parking, and with large apartment complexes being built in adjacent mixed-use zones without on-site parking, storing cars long term on the street is precisely what BPS is proposing for nearly the entire inner eastside. Raised by numerous participants at the infill open houses, the City continues to ignore this issue.

Off street parking needs to be required for all residences, including for infill on narrow lots and properties with multiple dwellings. This is an equity issue as it relates to existing home owners where the context of single family home neighborhood fabric includes driveways and garages. It's also an accessibility issue. Residential streets - especially narrow streets - are safer for all users including motorists, bicyclists, emergency vehicles, delivery and sanitation trucks when sight lines are unobstructed, and when there is room for vehicles going in the opposite direction to pass each other. What is not needed is a child chasing a ball and darting out into the street from behind a line of parked cars.

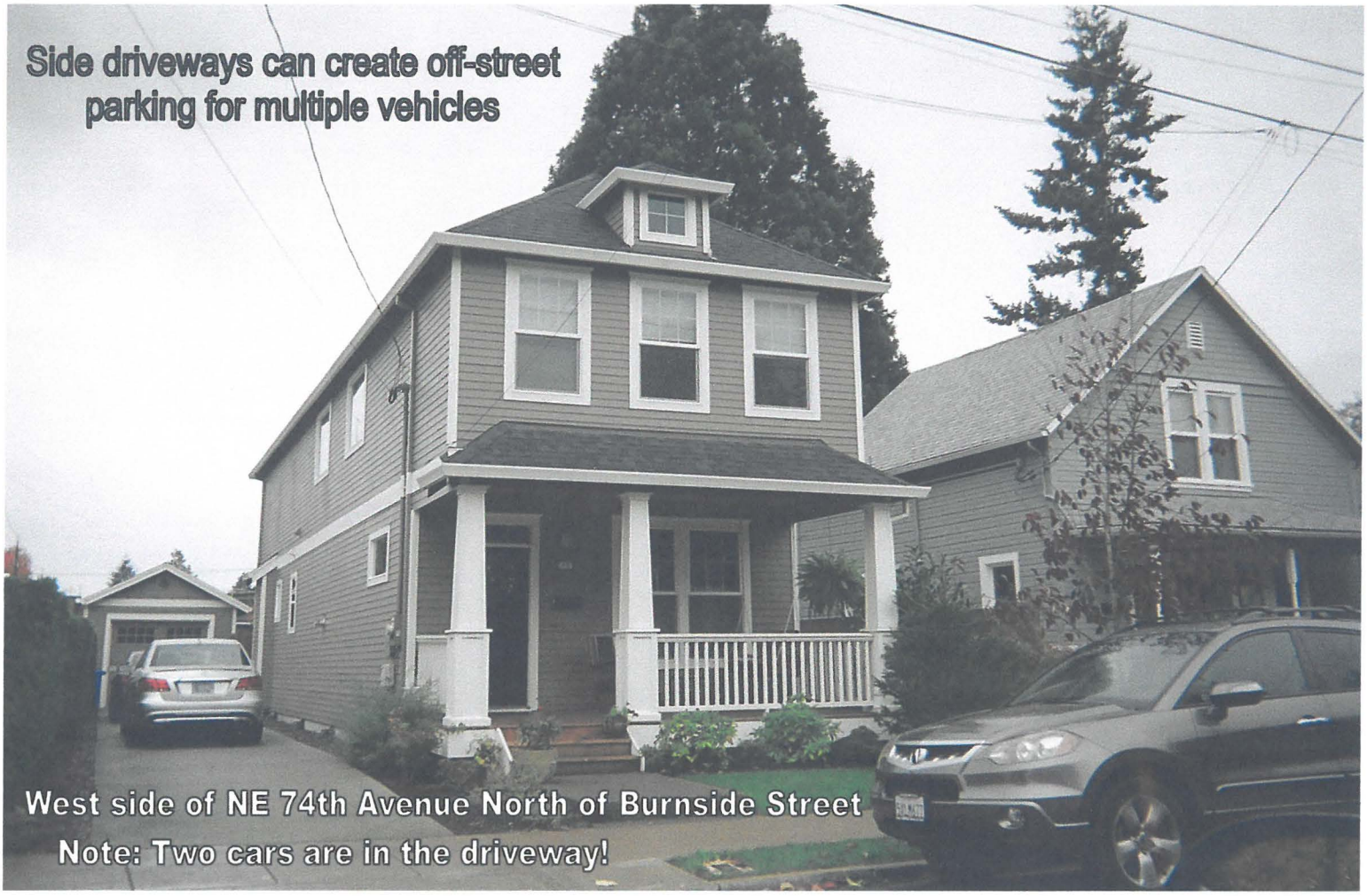
Front loading garages on narrow lots need to be optional to a required off-street parking place. If the garage door is required to have windows and be made weatherproof coupled with the allowance of an 18 foot parking pad between the sidewalk and the house being counted as the off-street parking, the garage could also be utilized as a bonus room. On the flip side, tuck under garages need to be tightly regulated in that all to often they encourage taller, out of scale development and plain Jane cookie cutter big box houses unbefitting to neighborhoods that have their own uniqueness, history and stage of development.

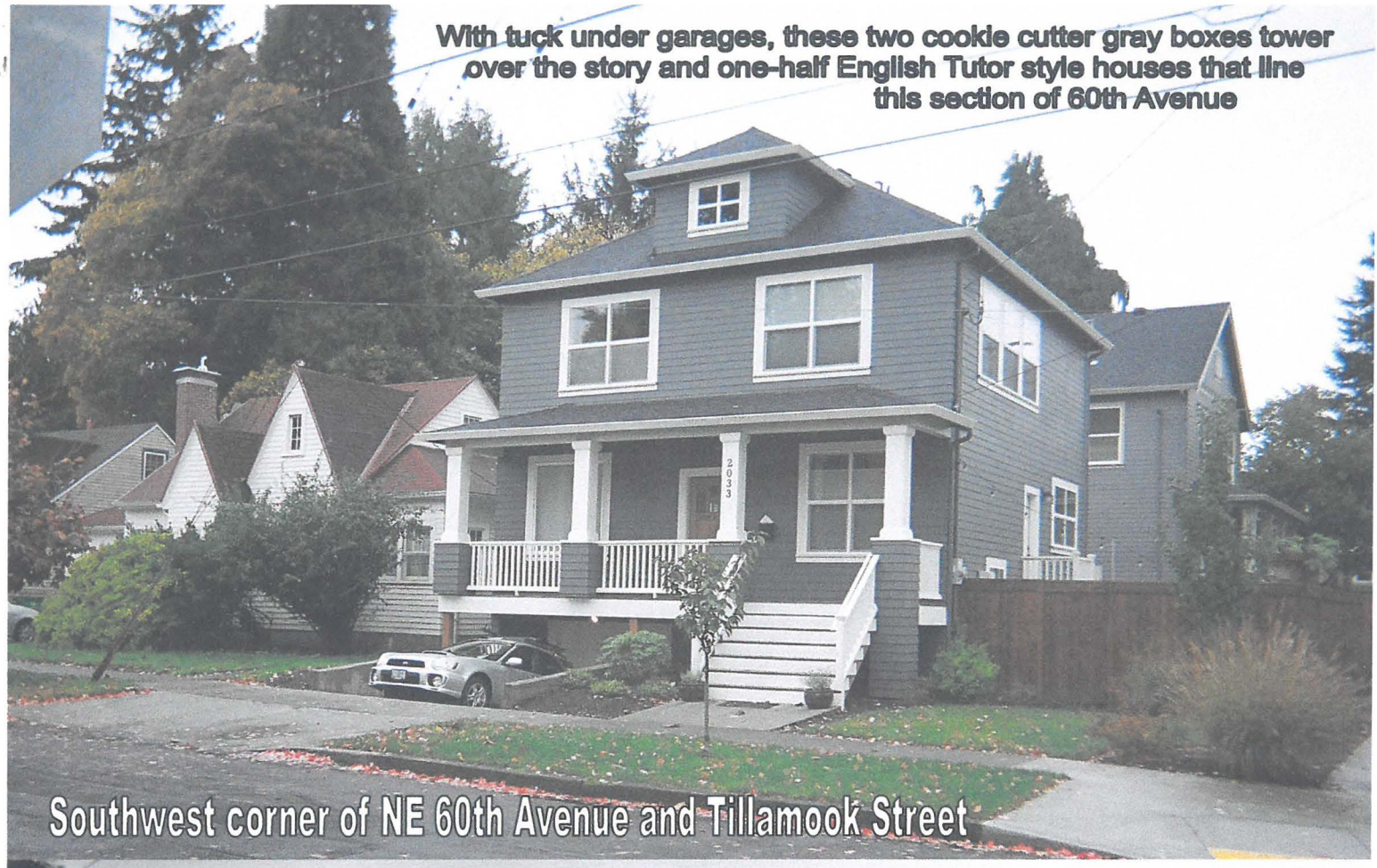
Finally, one size does <u>not</u> fit all. Any application of regulation needs to take into account a neighborhood's distinctiveness and it's proximity to commercial areas as opposed to just transit. Whether it is mandating off-street parking for all residences; applying opportunity overlay zones and middle housing options more justly applied to a tighter compact step down transition area around town centers, commercial service nodes and bordering mixed-use corridors that typically need on-street parking for customers; or providing incentives to create more desirable neighborhoods with nearby service nodes East of I-205; the City's own neighborhood equity policy <u>MUST</u> be adhered to. Part of that policy includes the following value statement: "the community is a full and equal decision-making partner in all aspects of the City of Portland." This would allow each individual neighborhood the opportunity to test the overlay concept opting in or out.

Respectively submitted,

Terry Parker
Northeast Portland

Landscaping on narrow lots allows front loading garages
and parking pads to blend in
East side of NE 72nd Avenue South of Tillamook Street


Side driveways can create off-street parking for multiple vehicles
West side of NE 74th Avenue North of Burnside Street
Note: Two cars are in the driveway!


With tuck under garages, these two cookie cutter gray boxes tower over the story and one-half English Tutor style houses that line this section of 60th Avenue
2033
Southwest corner of NE 60th Avenue and Tillamook Street

Tuck under garages encourage out of scale development and housing that often is less than accessable
East side of SE 58th Avenue South of Division Street

Guiding Statements for Equity and Inclusion

Office of Neighborhood Involvement Mission Statement

Promote a culture of civic engagement by connecting and supporting all Portlanders working together and with government to build inclusive, safe and livable neighborhoods and communities.

Our Values

The Office of Neighborhood Involvement (ONI) works towards a future where the community is a full and equal decision-making partner in all aspects of the City of Portland. We serve our increasingly diverse community through promoting collective civic engagement for all people in Portland, with a commitment to transparency, compassion, and relationship building. We strive to recognize and repair the disparities that exclude and harm the people of Portland. We strive to be authentic, accessible and accountable within government and the community. The values put forth here are intended as a guide and foundation for all our work.

(The following is an excerpt from *Standards for Neighborhood Associations, District coalitions, Business District Associations, and the Office of Neighborhood Involvement*, Adopted by City Council on July 13, 2005)

Inclusion and Participation

In the interest of addressing the need for participation and inclusiveness in Neighborhood Associations and increasing diversity in public involvement the District Coalitions support the participation of Portland's diverse communities in the Neighborhood Association network including communities of people of color, renters and low-income individuals, working families with children, immigrants and refugees, seniors, students, young adults, people with disabilities, gay, lesbian, bi-sexual and trans-gendered people. The District Coalitions shall incorporate into an annual work plan action steps taken to:

i. Build partnership and outreach efforts with Portland's diverse communities and organizations which lead to community and trust building activities.
ii. Provide opportunities for Neighborhood Associations to increase their effectiveness in recruiting, training and retaining volunteers and leadership from diverse constituencies to participate in neighborhood activities.
iii. In partnership with the Office of Neighborhood Involvement, provide resources and assistance for making Neighborhood Association meetings and communications accessible to constituencies or individuals where assistance is either culturally appropriate or requested. This may include providing language interpretation of meetings and translation of meeting fliers and newsletters for those whose English is a second language, identifying childcare options, seeking transportation solutions and meeting locations which are accessible to people with disabilities.
iv. Encourage the participation of businesses and Business District Association representatives in activities, meetings, and participation on governing bodies of the District Coalition and various Neighborhood Associations within that District Coalition's boundaries.

Subject: Fwd: testimony on narrow lots.
From: jackbookwalter@yahoo.com <jackbookwalter@yahoo.com>
Date: Wed, 09 Nov 2016 04:33:28 +0000 (GMT)
To: usa0995@fedex.com <usa0995@fedex.com>

T-Mobile. America's First Nationwide 4G Network.

------ Original message------
From: jackbookwalter@yahoo.com
Date: Tue, Nov 8, 2016 8:15 PM
To: jackbookwalter@yahoo.com;
Subject:testimony on narrow lots.

Testimony on Narrow Undersized Lots for United Neighborhoods for Reform.

Jack Bookwalter
4110 NE Klickitat St
Portland OR 97212
503-538-2707

"Many neighborhoods in Portland contain what RIPSAC is calling "historical underlying lots" which were platted, most of them, over a Century ago. The most common configuration is to have two 25' X 100' "lots" nested inside one standard Portland 50' X 100' lot. The RIPSAC proposal seeks to elevate these undersized parcels to the level of legally created, legally buildable lots, regardless of present zoning that requires larger sized lots. RIPSAC proposes to further legitimize these undersized parcels in R5 zones (within the Housing Opportunity Overlay) by rezoning them to R 2.5, regardless of where they are in the neighborhood, or their immediate context, or proximity to public transit, or any of the other factors that we usually consider with rezonings, including the proposal's own language concerning R 2.5 as a transition from higher densities to lower density areas. Instead, with RIPSAC we are having planning by historical accident, which flies in the face of Portland's well-earned reputation for good urban planning.

Portland has 12,000 houses that sit astride one or more of these old lot lines. Many, if not most, of these contain modest, still affordable entry-level bungalows. RIPSAC upzoning seeks to replace these with narrow houses ALWAYS costing more than the house they replace -- usually MUCH more.

RIPSAC represents that State law REQUIRES the City to recognize these undersized lots as "legal discrete parcels". My attempts to gain legal State law references from BPS staff have been unsuccessful. On my own, I found that while cities must recognize historic discrete parcels for title purposes, they still are subject to zoning or any other local regulation. Indeed, I have found LUBA rulungs that confirm just that. It would appear the whole legal foundation underpinning the RIPSAC proposal needs to be seriously revisited.

LUBA DECISION

"33.4 LAND DIVISIONS GENERALLY – Although ORS 97.017 requires that legally established lots continue to be recognized as individual separately transferrable lots, even where subsequent land use regulations make these lots non-conforming, a local government may impose land use regulations requiring that two or more such non-conforming lots be combined for development purposes. Campbell vs. Multnomah County 25 OR LUBA 479 (1993)"

ORS97.017 Speaks to legally created lots being recognized as "discrete parcels". Says nothing about requiring jurisdictions to issue building permits on each parcel nor does it say they are exempt from any local land use regulation.

Doug Klotz
1908 SE 35th Pl.
Portland, Or 97214
Nov. 16, 2016

Mayor Hales and Commissioners:

I support the Residential Infill proposal, and also the Portland for Everyone platform, and I'm proud to say that the Richmond Neighborhood Association has endorsed key parts of this proposal as well.

With Federal action on Climate Change unlikely, we need to do whatever we can in Portland to build more compact neighborhoods, to reduce carbon impact per person. The RIP will allow more housing choices near Centers and Corridors, in these and other neighborhoods where shops, schools and transit are easily accessible on foot or bicycle. This will provide more options for people to live in walkable neighborhoods and reduce auto use.

Do we have enough zoning for 20 years of growth? Only if every one of the Comp Plan zoned sites is scraped and built on. In real life, not all lots are available. Some don't want to sell or build. And builders prefer the most areas in most demand, so not all areas will see development. Good planning needs surplus capacity, so a city can reach its goals through market action, without mandating teardowns.

This plan will also promote equity in housing choices. It will help folks like my nephew and his wife to live in Inner Southeast, within biking distance of their jobs downtown. It helps the elderly and the working class. While RIP won't solve all problems, it is a piece of the affordability puzzle.

Some have said we should "test" this first. But the evidence from the Johnson Economics study is that this will not result in wholesale conversion of neighborhoods, but slow, incremental changes. This is one reason these changes should take effect throughout the city, not just in selected neighborhoods including the David Douglas School district.

I support allowing a house with two ADUs on any single-family lot, and a triplex on corner lots. But I also support an additional unit per lot if it is "accessible", or is "affordable".

I support the modified height limits and house size in R-5 and R-7, and the height change in the R-2.5 zone. I support the variable FAR concept, with the higher FAR in R-2.5, and lower in R-7.

I support flexible setbacks, so builders can shift the house and ADU around on the lot, and reduce front, rear or side setbacks, so that existing trees can be saved. Leave the existing front setback at 10', and allow it to be reduced from there, to match houses on the block.

I do not support parking in front setbacks. To save existing trees and provide more planting areas, Remove all parking requirements in single-family zones.

I urge you to adopt this proposal, so that staff can start work on the code language.

Thank you.

Doug Klotz

Nov. 1, 2016

RECEIVED
PLANNING & SUSTAINABILITY
2016 NOV -8 A 10: 15

To: Portland ~~Planning and Sustainability Commission~~ City Council

From: Grace Bailey, residential property owner in NE Portland

Email: gracebaileyonly@yahoo.com

Comment on: Residential Infill Project

I own a home on a 50 ft x 100 ft lot in NE Portland. I have been wanting to redevelop the property into two (2,500 sq. ft) lots (R2 zoning) within walking distance of a frequent bus route.

I object to the No. 10 concept recommendation under Narrow Lots category of your color 4-page summary concept report.

My lot currently has a 50 feet street frontage and no back alley. When I build two narrow houses each one will have a 25 feet street frontage. I may consider a duplex so each side will not be too skinny. But why can't I build a skinny house with a drive-in garage in front tucked under the first floor.

To me, how I use my private property is much more important than street parking or street trees consideration. Who gave the government personnel the power to regulate how I build a front-load garage or not when this is not any other person's business. I have senior citizens in our household and it is important that we have easy indoor access to a vehicle from the garage considering the half-year raining season in Portland. And in my situation, the most reasonable access is from the front of street access.

It is not always possible to combine driveway with a neighbor and park our vehicle in the back yard which requires more paving in the back and less recreational use of our backyard space, besides I may build an ADU in the back to increase housing stock which is what the city wants.

I wish the Commission do not take such a "heavy-handed" approach in terms of regulation. Otherwise I may vote with my feet and move out of Portland area.

Thank you for your consideration.

I am taking a cue of your brochure. The upper right corner showing 2 skinny houses on page 1 look good to me. The front garage sure increase the social interactions among neighbors instead of people getting in + out of car in the back yard where no one sees you at all. gb.

City of Portland
Historic Landmarks Commission

1900 SW Fourth Ave., Suite 5000 / 16
Portland, Oregon 97201
Telephone: (503) 823-7300
TDD: (503) 823-6868
FAX: (503) 823-5630
www.portlandonline.com/bds

November 15, 2016

To: Mayor Hales and Portland City Council

Re: Residential Infill Project

The Portland Historic Landmarks Commission (PHLC) has been participating in ongoing reviews of the Bureau of Planning & Sustainability's Residential Infill Project (RIP) and we continue to have serious concerns with how the project proposes to add new "affordable" housing types to the R5 zone. If implemented in its current form, the RIP Concept recommendations will incentivize demolitions and work against protecting neighborhood character across the east side. The PHLC is not opposed to added density and more housing options, but we **do not** find that the RIP fulfills these objectives in a manner that is consistent with the Comprehensive Plan. We believe this project was undertaken with insufficient study and will have far-reaching effects as it puts additional development pressure on the City's historic single-family housing stock. The RIP, especially the "Housing Choice" section, should be completely rethought and a pilot project may be appropriate before implementing such significant changes to the code.

To address specific RIP Concept Recommendations, we request the following changes:

- Concept Recommendation #4 – "Allow more housing types in select areas and limit their scale to the size of house allowed." **The PHLC requests that this code for new middle housing only apply to parcels vacant for at least three years and houses less than 50 years old.** Adding our recommended provision will greatly reduce the demolition of existing houses.
- Concept Recommendation #4—"Allow more housing types..." The PHLC supports the opportunities identified by BPS in the Internal Conversion Report that are needed to increase the viability of internal conversion projects including: 1) Zoning code changes; 2) Revisions to local sound, seismic, and energy efficiency requirements; 3) Financial incentives, including reduction in SDCs; and 4) Advocating for changes to state building code thresholds. SDC waivers should apply only to new units where the existing primary structure has been preserved on the site (or where the lot has been vacant).
- Concept Recommendation #5 – "Establish a Housing Opportunity Overlay Zone in select areas." The PHLC again requests that the code be written such that the opportunities provided for new middle housing by the overlay only be applicable to parcels vacant for at least three years and houses less than 50 years old.
- Concept Recommendation #7 – "Provide flexibility for retaining existing houses." The PHLC supports the addition of new internal and external ADUs on lots with existing houses. However, Community Design Standards should be created to address appropriate lot coverage, height, and character of new structures being added to existing neighborhoods.
- Concept Recommendation #8 – "Rezone historically narrow lots to R2.5 in select areas." The PHLC strongly opposes the rezoning of these lots when the underlying zoning is not R2.5, particularly without language that protects against the demolition of the existing houses.

To conclude, the Historic Landmarks Commission cannot support the incentivizing of demolitions across the east side of Portland, where most of our older historic housing stock occurs. The limited and insufficient economic study prepared for this project provides little concrete evidence that the RIP will result in fewer demolitions and whether there is a potential for demolitions to be diffused throughout the city or concentrated in neighborhoods

where the profit potential is greatest. It is unacceptable and short-sighted to provide greater incentive for developers to tear down our existing older homes because they stand to make more money with a new duplex, duplex with ADU, or triplex. We strongly advocate for the complete restructuring of the RIP to find other ways to meet the goals of the project without resulting in the collateral damage to our historic neighborhoods.

Sincerely,

Kirk Ranzetta
Chair

Paul Solimano
Vice Chair

cc
Brandon Spencer-Hartle, BPS
Hillary Adam, BDS

Architectural Heritage Center
701 SE Grand Avenue
Portland, OR 97214
503 231-7264
503 231-7311 fax
www.visitahc.org

November 16, 2016

Mayor Charlie Hales and City Commissioners
Portland City Hall
1221 SW Fourth Ave
Portland, OR 97204

Re: Residential Infill Project Recommendations

Dear Mayor Hales and City Commissioners:

Part of the mission of the Architectural Heritage Center/Bosco-Milligan Foundation is to promote environmental and cultural preservation through the conservation and reuse of Portland's historic architecture and neighborhoods. In recent years we have watched with dismay as character-defining housing has been lost without offsetting gains in other public objectives. Unfortunately, this has been combined with a general decline in affordability.

The Residential Infill Project was intended to deal with some of these issues. While a few of the proposed elements appear to achieve the goals of increased affordability and reduced demolition of existing (and therefore, lower cost) housing, many of the proposals are untried. Some of the analysis by staff suggests that they will not achieve the intended goals.

As a result, the Foundation can only support a few of the elements in the Concept Report. We do not think it is ready for adoption in its current form. The sweeping nature of the proposal flies in the face of roughly 40 years worth of comprehensive planning. Our main concerns are as follows:

1) ***There is no urgency to allow additional housing units.*** As demonstrated during the recent Comprehensive Plan update, current zoning is adequate to meet projected housing demand, though it does not guarantee an adequate supply of affordable housing. **Unfortunately, the staff report suggests that the additional units and additional housing types proposed in the Concept Report also have no guarantee of increasing the number of affordable units.**

2) "One size fits all" is not a good planning strategy in a city that values neighborhood planning. The Comprehensive Plan calls for a much more nuanced strategy that recognizes the variation in neighborhoods and housing types. The Concept report should be refined to recognize some of those differences. We recommend a closer look at the work that nationally-recognized urban planning expert Nore Winter is doing in Los Angeles and some other cities as one possible way to improve the approach.

3) ***The ideas contained in the Concept Report may be ready for some pilot projects, but given the first two points above, they are not ready for blanket application over large areas of the city.*** It appears that some neighborhoods are supportive of some of the measures and it would be appropriate to test the concepts in the field before they are applied broadly. There will be instances where it is vastly preferable from both affordability and historic preservation standpoints to divide larger older homes into multiple units instead of tearing them down.

Therefore, to decrease the pressure for demolition of existing buildings and consequent erosion of neighborhood character, and increase the opportunity for affordability, the AHC/BMF supports:

1. the proposed reduction in the allowable maximum square footage and the revisions to the measurement of height;
2. proposals which allow additional units within existing buildings when appropriate;

We also support two additional requirements, aimed at decreasing demolition and increasing the number of affordable units built:

3. allowing a third accessory dwelling unit only when the existing building is reused.
4. a requirement for an affordable unit, or units for larger projects, should be included in any final proposal.

These measures are steps in the right direction, but we recommend that additional analysis from experts like Nore Winter for different areas of the city be included in the next phase of the project.

The staff report notes that there is no surety of affordability with any of these housing forms but the entire purpose of the increase in allowable units is predicated on gaining affordable units. We believe that the city should use its newly-granted state authority to tie the increase in allowable units to increasing the affordability for Portland and its residents.

Thanks for the opportunity to comment.

Sincerely,

Stephanie Whitlock
Executive Director

Steve Dotterrer
Vice President/Chair,
Advocacy Committee

Mayor and Commissioners

I represent the Irvington Community Association (ICA).

I have read and reread the RIP concept report, trying to find something to like in the many proposals. Measuring the height of houses from the lowest point is good idea. Allowing internal and external ADUs on the same property is something that might work with minor tweaking so long as there is adequate on street parking. But RIP raises more issues than it solves, and there is not enough data and study to support the proposed concepts.

I find that the basic proposals and premises are not workable, will cause irreparable harm to existing neighborhoods, and there is very little data to support them. Tweaks and changes will not fix the problems with RIP.

RIP is fatally flawed.

Thus, I urge you to follow the first summary recommendation from the RIPSAC 7 report:

> "The RIP Report should not be endorsed or accepted for implementation by Council. **We have a shortage of housing, not a shortage of land or a shortage of areas zoned for housing**. The RIP Report may be looking forward one-hundred years but the development entitlements proposed are in effect the day of approval – and once given very difficult to unwind." (Emphasis added.)

On behalf of the ICA, please vote no on RIP.

Dean Gisvold

2225 NE 15th Ave

Portland, OR 97212

dpg\rip\testimony for ICA nov 16, 2016

November 16, 2016

Dear Mayor Hales and Commissioners,

I am writing to provide written testimony for the public hearing being held today for the Residential Infill Project. I would prefer to testify in person, however I work full time.

As a native Oregonian who has lived in NE Portland most of my life, I have seen a lot of change. Change is inevitable and can result in a vibrant community. With change, however comes challenges. I believe strongly in learning from the past and from others. Seattle and San Francisco have seen similar growth to us previously. Due to poor planning and land-use provision, I believe it has left those communities with unaffordable housing, traffic congestion and decimation of many historic neighborhoods. Here in Portland, the Alphabet District has suffered from lack of parking and traffic congestion as it has dealt with in-fill and higher density.

Many citizens have come to council testifying against the destruction of quality homes, neighborhoods and loss of parking as a result of development taking advantage of current code provisions, or lack of. I believe in focusing our efforts to affect change instead of protesting. It is with that mind set I am have been anxiously following the RIP and find myself now testifying.

I had high hopes when the Stakeholder Advisory Committee was formed to help advise the Residential Infill Project (RIP). Community engagement is critical to success. I have been and continue to be, disappointed in what appears to be a proposal that does not reflect feedback from the community nor does it have full support of the SAC members representing the residential community.

You as our elected official can, however hear our voices and affect change. I am requesting that you take the time needed to review the proposal before making a final decision, delay if necessary. Does the proposal meet the project goal? Were the stakeholders and public comments reflected in the final proposal? What are the impacts to this proposal: impacts on our community, neighborhoods, infrastructure, traffic, livability. What makes Portland unique? Does this proposal help to preserve that character? What issues have other communities faced with growth? How does this proposal learn from the past?

A major concern I have it the proposed use of overlays to allow higher density, instead of going through a traditional process to change the base zone. Base zoning it used for planning activities, including infrastructure and comp plan development.

How will the proposed overlays impact that planning effort? What ripple effects will it have on our infrastructure, traffic, urban growth boundary? When you buy a house, most people look at the zoning to determine what they can expect. With the proposed overlay, you need to dig deep into the code to understand the implications. I understand the urban growth boundary was not expanded, based on the current zoning. If that is the case, increased density should not be a focus of this proposal.

The proposal would allow up to 3 houses on one R5 zoned corner lot, plus an ADU. I doubt our infrastructure has been developed assuming 3 residences per R5 corner lot in the large area identified by this plan. What does this mean for our combined sewer capacity? What about traffic? Will each unit be required to provide off street parking? This concept needs to be thought through before it is included in an adopted plan. I am

requesting that Concept Recommendation 4, 5, 6 and 7 be deleted from the proposal until the concepts are fully vetted and impacts quantified and evaluated.

Specific to the remaining concept proposal, I have the following concerns and response:

1. Limit the size of houses while maintaining flexibility:
    a. I support a FAR approach.
    b. I believe finished basements and attics spaces **should be** considered in the FAR. Current criteria of "low ceiling" is too subjective. Use existing criteria. If it is part of the living space it should be counted.
    c. I agree with this provision ONLY if it is applied to development under the base zone. I do not support if the "housing opportunity" overlay and it's proposal to allow up to 3 units on one 5000 sf R5 lot or cluster housing on larger lots.
    d. Building Coverage Limits: Please review carefully. What is proposed for the 3 home option? Current code allows larger coverage if developed with attached housing (example – attached houses on corner lots). I would like to see this provision changed so that building coverage limits are related to established neighborhoods versus new subdivisions. Where there are established neighborhoods, determine the average coverage of the lots for the R5 zoned properties and use that as the standard. This will help development and redevelopment blend with the character of the neighborhood.

2. Lower the house roofline:
    a. How does 2 ½ stories translate into height requirements? What is a "standard lot"? What is considered a "non-standard lot".

    d. Unclear what is meant by "secondary roof mass" for dormers. Will this encourage ugly, flat top buildings in our neighborhoods full of pitched roofs?

3. Improve setbacks to better match adjacent houses:
    a. Front setback: Update to reflect neighborhood context. As written, it will promote sequentially building McMansions out to the street one next to the other. Neighborhoods have been developed with a typical set-back. In older neighborhoods, the setbacks have all the homes lined up to encourage neighbors to go out and look either side of the house at their neighbors. This creates community and safety. Update at a minimum to delete the "exception". Recommend updating setback to reflect context of street (average setback for street).
    b. Building Articulation: Recommend deletion of this project. The 5 foot setbacks are already too tight and not reflective of how the neighborhoods were developed. Further reducing them to allow these encroachments are not acceptable. The concept is good – to encourage variation. Recommend increasing the side and back setbacks, but allowing articulation up to the current 5 foot setback.

The RIP identified the project scope as reviewing single-dwelling zone, development rules, housing types and housing form. The goal I understand is to balance the "multiple objectives" reflected in the pie chart:

1. Fit neighborhood context

2. Provide diverse housing opportunities
3. Houses should be adaptable over time
4. Maintain privacy, sunlight, open space and natural features
5. Be resource-efficient
6. Support housing affordability
7. Be economically feasible
8. Provide clear rules for development

As you review the proposal, look at this list and ask yourself whether or not it meets these multiple objectives. It is woefully short. Affordable housing is an increasingly big issue. Every time a home is torn down and replaced by a McMansion or attached house, the price goes up. In short, allowing and promoting redevelopment of lots to a higher density than the base zone results in sky rocketing housing prices and the removal of smaller, affordable homes.

A survey was issued by the project in December 2015 and January 2016. The results reflect feedback from the community. The tope 3 priorities identified were:

1. Maintain neighborhood character by addressing the size and shape of buildings, setbacks and height limits
2. Provide housing options for all income levels
3. Encourage homes that can accommodate people of all ages and abilities, and allow people to "age in place'.

Number one on both lists are related to promoting development that is compatible with the neighborhood character. The question asked in the survey was qualified with specific characteristics selected by the survey developer, however if you look at written and verbal testimony I believe you will find one of the biggest issues is trying to ensure that development and redevelopment in our neighborhoods takes place in a way that is compatible with the neighborhood.

Another key issues you have heard a lot about, has been the destruction of quality homes. If part of the goal with this project is to try to promote retention of those quality older homes, then this proposal falls short again. You must first understand why the homes are destroyed before creating policy and codes to reduce the activity. Underlying lots are a big reason. We should not be supporting continued use of underlying lot provisions, rather to allow development within the context of the neighborhood as developed. In addition, provisions in the code to allow two houses on a 5000 sf lot on corners is becoming another way the developers can make money.

I would encourage you to require the addition of provisions that promote development in a manner that is consistent with the character of the neighborhood.

Thank you

Patty Nelson
4230 NE Klickitat St
Portland, Oregon 97213

Most Portlanders agree that affordable housing is critically needed. How to achieve it divides us.

As a freelance reporter for a SE newspaper, I have followed the housing crisis and infill issues for more than a year. I am risking my position today by testifying against Residential Infill Proposal concepts that provide false promises of affordability and encourage demolition of Portland's stock of single family homes, especially in the underrepresented Southeast side.

RIP's expansion into housing opportunity overlays is an opaque short-cut that seems to avoid regulatory scrutiny. It is upzoning which will unleash a wave of demolition that destabilizes entire neighborhoods, displacing old, young, and at risk, raising rents and obliterating the ambience that makes Portland attractive to so many in the first place. Residents who think this will never happen have only to look at last week's election to know that the unexpected happens.

RIP's middle housing concept, utopian in theory, is untested in practice. Permitting triple or more density in single family residential neighborhoods would tax infrastructure, clog transportation corridors and make it ever harder to move goods, services, people and a healthy economy. Infill, as proposed, gobbles up resources and green spaces, chokes the City's coveted tree canopy and deprives gardens of sunlight. It undermines Portland's ethos of fairness, balance and transparency.

For years, I have heard City officials admonish homeowners to check their zoning before investing lifesavings in a home. The housing opportunity overlays turn zoning into fiction. In the rush to address future housing, Portland stands to destroy the trust, property rights and financial security of scores of current residents. Citizens need to know there is trust in zoning.

I respectfully ask that City Council test these concepts before demolition consumes the hard-hit inner Eastside.

The RIP survey used to justify replacing single family neighborhoods with Housing Opportunity Zones was based on some 1400 comments. By contrast, 30 Neighborhood Associations representing more than 100,000 residents denounced concepts that would dismantle existing, single family residential neighborhoods. During my reporting, I heard from many citizens who said the survey was slanted toward desired outcomes and difficult to understand unless you were a City planner, contractor or policy wonk.

This is hardly the ringing endorsement City Planners used to extend the Infill boundaries with density in R5 zones greater than what is currently allowed in R2.5 zones. It also runs counter to results of an earlier poll that indicated demolition was Southeast Portlanders number one concern.

Planners in comparable cities are appalled that Portland, known for its progressive planning, would undermine residential zoning without the input of impacted neighborhoods. We need to find common ground.

I respectfully ask the City to:

- Test these concepts first in limited areas before expanding into all Southeast neighborhoods
- Add more incentives for internal conversions
- Provide housing choices that favor preservation
- Restore truth in Zoning
- Study economic and infrastructure impacts
- Monitor ADUs to minimize loss of long-term rentals
- Leave room for trees and families
- Redirect development to the Outer Eastside where there is ample available land and a need for investment in infrastructure, parks, services, schools and jobs.
- Do not exclude David Douglas school district where development needs are critical
- Stop being led by developers who put profits ahead of people and make false promises of affordable housing

In summary, the concepts as proposed could trigger a development tsunami that would bury our beloved City. If you get it wrong, there is no going back.

A few more final thoughts: Preservation is not a dirty word. And Portland used to be a family-friendly town. Leave room for them. We hear demographics are changing but if you only build mini-units for singles that is all who will come.

Midge M. Pierce
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Portland 97215
midgepiercee@gmail.com

11/16/16

James Gorter
8041 SW 8th Avenue
Portland OR 97219

TESTIMONY: RESIDENTIAL INFILL CONCEPT REPORT

As a member of the Residential Infill Project Stakeholder Advisory Committee, I am very familiar with the content and processes involved. My views on the Concept Report are incorporated into the testimony submitted by the RIPSAC Neighborhood Context contingent, and I fully support that testimony.

I would like to add my own opinions regarding the flawed process and portions of the failed Concept Report. The Bureau of Planning and Sustainability's "Curbsider", winter 2015, sent to all households says: **"Portland's distinctive neighborhoods are the result of good planning thirty years ago."** If the Residential Infill Concept Report is implemented as proposed, such a statement will not be possible thirty years from now. The proposed one-size-fits all-neighborhoods plan will devastate the city's cherished neighborhood character, drive out our most housing-vulnerable citizens and fail to deliver affordable housing.

PROJECT OBJECTIVES

In September, 2015, BPS published an original project scope stating the "in response to community concerns, (the RIPs goal will be) that new or remodeled houses are well integrated into the fabric of the community." Later this expanded into three parts: scale and mass, narrow lot development and alternative housing plus meeting the needs of a rapidly growing population. Nowhere was affordability in the project scope. It is now the engine driving this project off the rails.

Some are now trying to add equity to the baggage, saying everyone should have the chance for housing in every neighborhood. This equity argument has no place in the discussion and should be discarded without further discussion.

At the City Council work session, Joe Zehnder laid out the eight project objectives as something agreed to by the Stakeholder Advisory Committee. This is false. The objectives were delivered to the committee by project staff, and the committee could not reach agreement on them. BPS needs to own up that these are their objectives, not the advisory committee's.

PUBLIC INPUT

The intent of the Stakeholder Advisory Committee was to bring together a group of citizens representing a variety of interests and perspectives. From the beginning, it was evident that the committee was overloaded with developer interests and their allies. It is my understanding that developers even worked with BPS staff to write the project scope.

Since BPS first laid out it's "ideas" for comment to the RIPSAC, it has continued to roll them forward in ever bolder form: more density, density everywhere, disregard neighborhood

character and context, shift to focus to affordability, rezone narrow lots, eliminate dwelling zones, hedge on lot sizes, condominiumize single family lots. Disregard citizen comments. And give developers what they want.

Last summer, BPS sought public input on the Infill Project Preliminary Draft. Several hundred people attended open houses. The level of frustration and anger voiced by the attendees is not reflected in the analysis of public input. A flawed on-line survey led most people to give up before completing it. Following the public comment period, BPS rejected the concerns and suggestions of most residents. Instead they expanded the scope of the draft proposals which favor development. They created a new "Housing Opportunity Zone" covering huge swaths of the city. Allowed density is greater in the R5 than in the R2 multifamily zone. The term Single Dwelling Zone becomes laughingly meaningless. In conflict with the Comprehensive Plan, middle housing would be allowed everywhere.

DEMOLTIONS

One size does not fit all neighborhoods. To apply a single scale formula to all "single dwelling" zones may be the easy way out, but it will destroy the unique qualities people selected when they made housing decisions. Most importantly it will not slow demolitions and it will increase displacement. It will protect neighborhoods of larger homes; no one is going to tear down a 2500sf house to replace it with one the same size. Virtually every new house (backyard ADUs and internal conversions excluded) will rise on the rubble of a teardown. It will drive demolitions to areas of smaller, more affordable houses, removing a stock of less expensive family size houses from the city.

ECONOMIC ANALYSIS AND MODELING

At the beginning of the project, the Stakeholder Advisory Committee was promised economic analysis. Economic projections should have been used to develop models, not just for after the fact validation. (Additional economic analysis reaching very different conclusions on affordability from the city's will be presented in testimony on November 16.)

No modeling was ever presented, aside from the deceptive diagrams in the Concept Report. Setbacks appear huge, perspectives distort scale, etc.

CONCLUSIONS

Joe Zehnder says you can't build your way to affordability, yet the city continues down this path, opening vast swaths of land for developers at the expense of neighborhoods and citizens. It will not deliverable affordable housing in meaningful amounts.

The city says it has more than enough land set aside for projected population growth, yet it continues to push density in ways that are contradictory to the 2035 Comprehensive Plan.

It challenges the integrity and livability of strong, stable, vibrant, historic, cherished neighborhoods without creating these in other parts of the city.

It fails to respect property owner's rights for to sunlight, privacy and greenspace.

It will not stop or even slow demolitions.

After spending hundreds of thousands of dollars and thousands of hours of staff and citizen time, the Residential Infill Project Concept Plan fails to achieve the city's goals. Rather it is pursuing urban renewal, one house at a time. The legacy of this project is the loss of the Portland neighborhoods we know and love. They will not be around in thirty years. The plan should go back to the drawing board.

Carrie Richter
1151 SE 72nd Ave.
Portland, OR 97215
crichter@gsblaw.com

August 12, 2016

Residential Infill Project Stakeholder Advisory Committee
c/o Morgan Tracy or Julia Gisler
Bureau of Planning and Sustainability
1900 SW 4th Ave. # 7100
Portland, OR 97201

Via Email: residential.infill@portlandoregon.gov;

Re: Comments on Residential Infill Draft Proposal

Dear Committee Members:

I applaud the Committee's efforts to encourage greater housing choices through the city by providing a greater diversity of housing to meet varying family sizes, incomes and ages. However, as a past Chair of the Portland Historic Landmarks Commission and historic preservation advocate, I have significant concerns that the draft proposal does not do enough to prioritize historic preservation as a key component of achieving this goal.

Before further explaining this concern, I want to make it very clear that the historic preservation objective that I am advocating is not about freezing any particular structure or neighborhood in amber. It is also not about using historic preservation as a means to achieve other goals such as limiting density, preserving on-street parking, or impairing affordability in any way. This is also not about designating additional historic landmarks or historic districts, although I do applaud such efforts. This is about being cognizant of how actions to encourage one thing could have devastating consequences on something else. We can diversify housing options without sacrificing existing structures that, whether they qualify for landmark designation or not, they contribute to the character of individual streets and make neighborhoods and communities places where people want to live, work and thrive. The 2035 Comprehensive Plan memorializes this objective in the following policies:

> Policy 4.46 Historic and cultural resource protection. Within statutory requirements for owner consent, identify, protect, and encourage the use and rehabilitation of historic buildings, places, and districts that contribute to the distinctive character and history of Portland's evolving urban environment.
>
> Policy 4.55 Cultural and social significance. Encourage awareness and appreciation of cultural diversity and the social significance of both beautiful and

ordinary historic places and their roles in enhancing community identity and sense of place.

Again, this is not just about National Register designated structures or historic districts; it is about "ordinary historic places" that contribute to community identity. Awareness and appreciation of historic resources cannot occur if the City's plan for encouraging additional housing diversity implicitly (or explicitly) promotes demolition and new construction over preservation and adaptive reuse. Without a concerted effort to incentivize adaptive reuse of existing structures over new development, demolition of historic resources will result. Regret is a one-way street. Once these resources are gone, we can never get them back. The Plan is replete with policies that require encouraging historic preservation and adaptive reuse over demolition, particularly when it comes to housing. These state:

> Policy 5.7 Adaptable housing. Encourage adaption of existing housing and development of new housing that can be adapted in the future to accommodate the changing variety of household types.
>
> Policy 4.27 Protect defining features. Protect and enhance defining places and features of centers and corridors, including landmark, natural features, and historic and cultural resources, through application of zoning, incentive programs, and regulatory tools.
>
> Policy 4.17 Demolitions. Encourage alternatives to the demolition of sound housing, such as rehabilitation and adaptive reuse, especially affordable housing, and when new development would provide no additional housing opportunities beyond replacement.
>
> Policy 4.48 Continuity with established patterns. Encourage development that fills in vacant and underutilized gaps within the established urban fabric, while preserving and complementing historic resources.

The proposed Infill Policy allows more housing types but fails to consider what affect it will have on existing community-defining built resources. We would never consider destroying natural resources such as filling a wetland or stream to accommodate additional housing. Why are we so willing to absorb the loss of our built resources that contribute just significantly to the history and livability of our communities? Plan policy 4.60 prohibits such a result. It states:

> Rehabilitation and adaptive reuse. Encourage rehabilitation and adaptive reuse of buildings, especially those of historic or cultural significance, to conserve natural resources, reduce waste, and demonstrate stewardship of the built environment.

In addition, restoration and redevelopment consumes less energy than demolition; whereas new construction and preservation recovers the worth of past energy investment. Demolition and new construction not only consume present-day energy, but negates and wastes the past energy investment made in a building. In other words, preservation is a remarkably effective method of sustainability that is ignored entirely in the proposed draft that focuses solely on encouraging

infill. See *The Greenest Building: Quantifying the Environmental Value of Building Reuse,* The National Trust for Historic Preservation, (2012) available at: http://newbuildings.org/sites/default/files/NTHP_TheGreenestBuilding_MHuppert.pdf.

The draft proposal is not grounded in any evidence that increasing housing diversity will actually result in the construction of less expensive units. Certainly, reason says that the smaller the unit, the less expensive it will be but the construction of new housing at any size is going to be more expensive than increasing density within an existing historic structure. In other words, if the provision of more affordable units is the goal, as the draft Plan states, adaptive reuse of historic resources is essential.

Allowing more units and cottage clusters on single lots as well as recognizing historic lot lines as the draft proposal provides, without paying any attention to what may already exist on the property at the time of redevelopment is tantamount to "throwing the baby out with the bath water." We should not be so reckless, particularly when we have no empirical evidence suggesting that these new units will, in fact, increase affordability or density, as opposed to just providing a greater economic windfall to a developer. We need to encourage developer creativity in designing projects that provide some public benefit for the community, along with the pecuniary benefit the developer will realize in exchange.

In order to avoid this result, I implore the Committee to identify objectives that prioritize adaptive reuse of existing structures over demolition and new construction. This could be accomplished through the following steps:

- Allow unlimited ADUs within an existing structure subject only to limitations imposed by the building code. This would include working with the State Building Codes division to identify any areas where the codes could be changed to encourage adaptive reuse.
- Allow unlimited detached and attached ADUs to structures that are designated historic resources subject to historic design review. Identify some financial incentive or provide expedited review to off-set increased costs associated with design review.
- Limit Proposals 4, 5, 6 and 7, the allowance for more or larger sized units, to existing vacant parcels or on lands where the existing structure was built after 1975. This will allow testing of the proposed infill regulations initially in areas where the City wants to encourage additional development rather than allowing the market alone to drive infill location decisions.
- Further incentivize preservation by granting system development charge (SDC) credits for reuse but charge new development the full SDC charge on one to one or one to many replacements.
- Proceed with plans to update the City's historic resource inventory. As we see how the infill project evolves, we could concurrently be updating the historic resource inventory with input from stakeholders and make the difficult decisions about what resources are critical to our built environment and what resources we are willing to let go. Decisions about where additional infill authorization may be expanded could be informed by that list.

In conclusion, the proposed draft Residential Infill Project proposal does not adequately take into account the City's existing built resources that are identified for protection within the 2035 Comprehensive Plan.

Thank you for your serious consideration of these comments.

Sincerely,

Carrie Richter

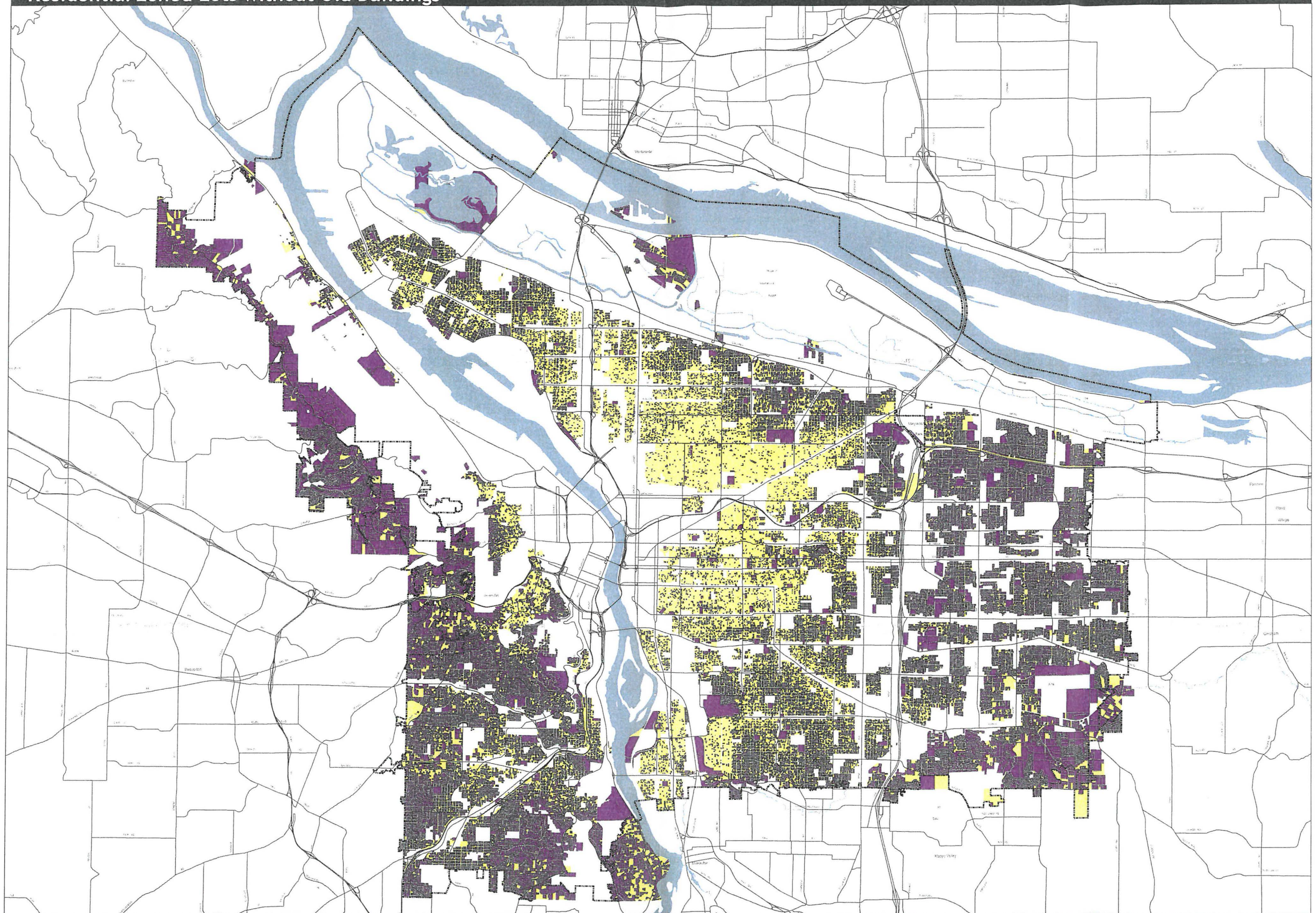
Restore Oregon endorses and reiterates the statements in this letter of testimony, which expands upon the points of our previous letter of testimony submitted on August 9th.

Peggy Moretti

cc: mayorcharliehales@portlandoregon.gov;
kirk.ranzetta@aecom.com, Portland Landmarks Commission Chair

Residential Zoned Lots without Old Buildings

Less than 75 years old or vacant



November 10, 2016

City of Portland, Oregon // Bureau of Planning & Sustainability // Geographic Information System

** The City of Portland is currently reviewing its inventory of unreinforced masonry buildings. The information on this map represents the results of the review to date, but it is subject to change throughout the review process. The review is expected to be complete in mid-2016.*

The information on this map was derived from City of Portland GIS databases. Care was taken in the creation of this map but it is provided "as is". The City of Portland cannot accept any responsibility for errors, omissions or positional accuracy.

Category

- < 75 Years or Vacant
- Single Family Zones (R2.5,R5,R7,R10,R20,RF)

NORTH

0 2,500 5,000 7,500 Feet

Bureau of Planning and Sustainability

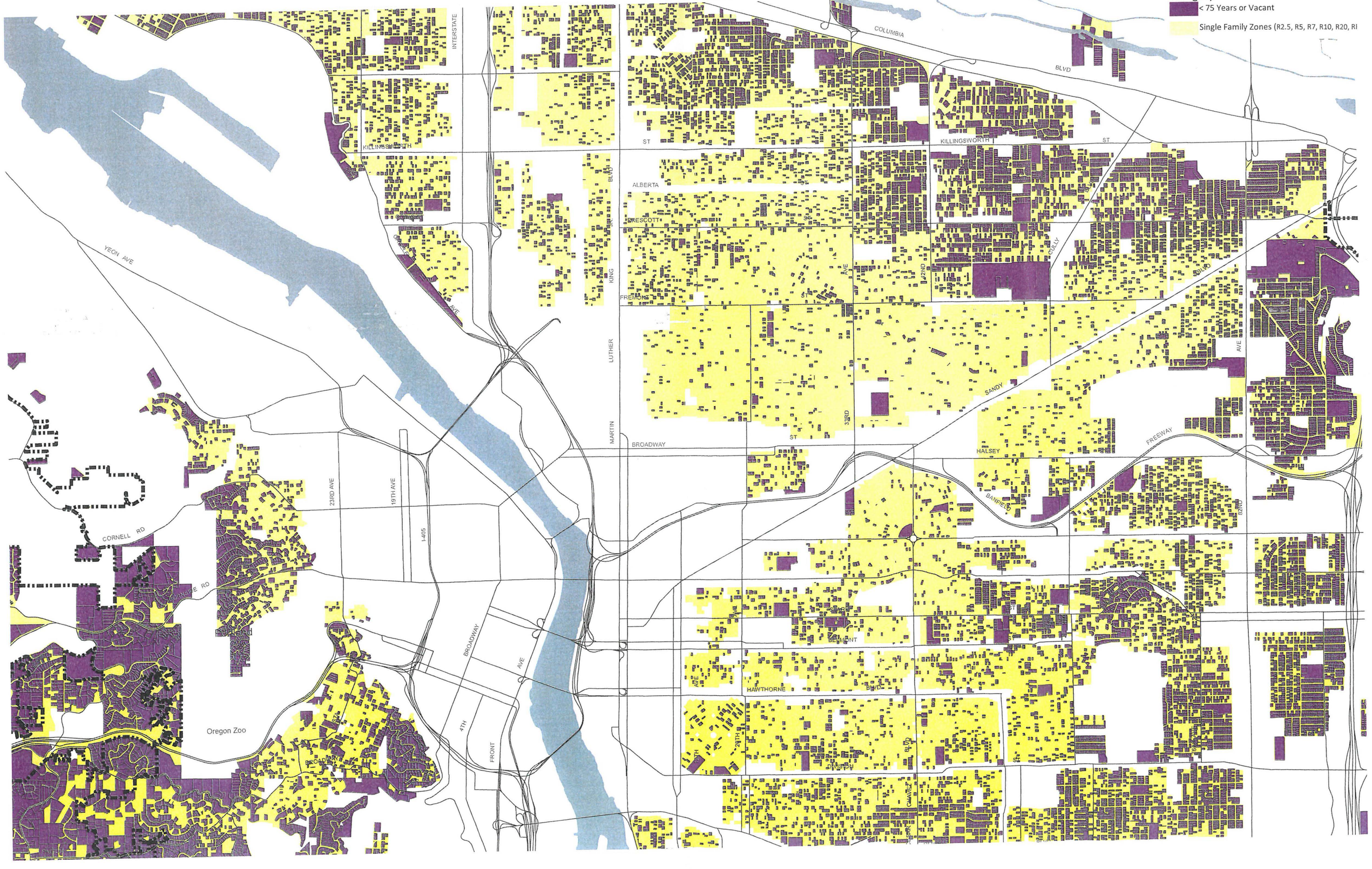
Innovation. Collaboration. Practical Solutions.

City of Portland, Oregon

Charlie Hales, Mayor • Susan Anderson, Director

< 75 Years or Vacant

Single Family Zones (R2.5, R5, R7, R10, R20, RI



Testimony to Portland City Council 11/16/16

Sarah Cantine

I'm a member of the Residential Infill Project SAC, a Land Use Committee member of the Boise Neighborhood, a citizen affected by the proposal, and a licensed architect.

On behalf of the RIPSAC 7, I'd like to specifically address the aspect of scale. A chief concern and complaint has been the demolition of viable houses and replacement with outsized speculative housing. Hence, the City was tasked to define a building mass that would be acceptable for infill housing.

The planning proposal states the size of this oversized housing being built as being between 2,680 sf and 4,461 sf, and proposes the size be limited to 2,500 sf/5000s sf in an R5 zone and 1750 sf/2500 sf lot in R2.5. What is misleading is that this proposal excludes partial attics and basements in their calculation. If the main body of the house is 2 story, or 1,250sf/story, with both a basement and attic level, the overall size is actually closer to the size of the largest house built in 2013 of 4461 sf. (3.5+ floors x 1250 = 4375+ sf). With the 0.15 FAR increase bonus for detached ADU, the size easily exceeds the maximum. See attached.

While scaling down the mass that current code allows is a step in the right direction, the numbers don't bear out that it will change the arc of demolition, spec development, affordability or equity.

This subset of the SAC advocates a contextual approach to development that reacts in scale and mass to neighborhood context. Some context will limit the size of dwellings promoting smaller dwellings and keeping land costs relative to what a small house may yield. With smaller profit margins, additions and renovations become a more viable alternative, reducing demolitions (environmental contamination, waste, cultural loss), reducing displacement, preserving greenspace, and supporting more small local businesses.

The reverse also holds true. Neighborhoods with larger dwellings, or particularly those immediately adjacent to commercial development are limited to the same size structures as those remote to

commercial corridors. These are areas that should logically be the bridge between the mass of large scale development and neighborhood scale. These areas are optimal for middle housing especially. Context supports transitional massing and density is an anticipated aspect of the neighborhood edge to commercial.

Middle housing relies upon a walkable neighborhood, and is meant to inhabit the same scale structures as the rest of the neighborhood.

Missing Middle buildings typically have a footprint not larger than a large single-family home, making it easy to integrate them into existing neighborhoods, as well as serve as a way for the neighborhood to transition to higher-density and main street contexts.

–Opticos Design, Inc.

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Understanding and responding to **massing and adjacency context** is vital to the success of middle housing and is not successfully achieved by a one size fits all approach.

We support the following Scale and Massing approaches:

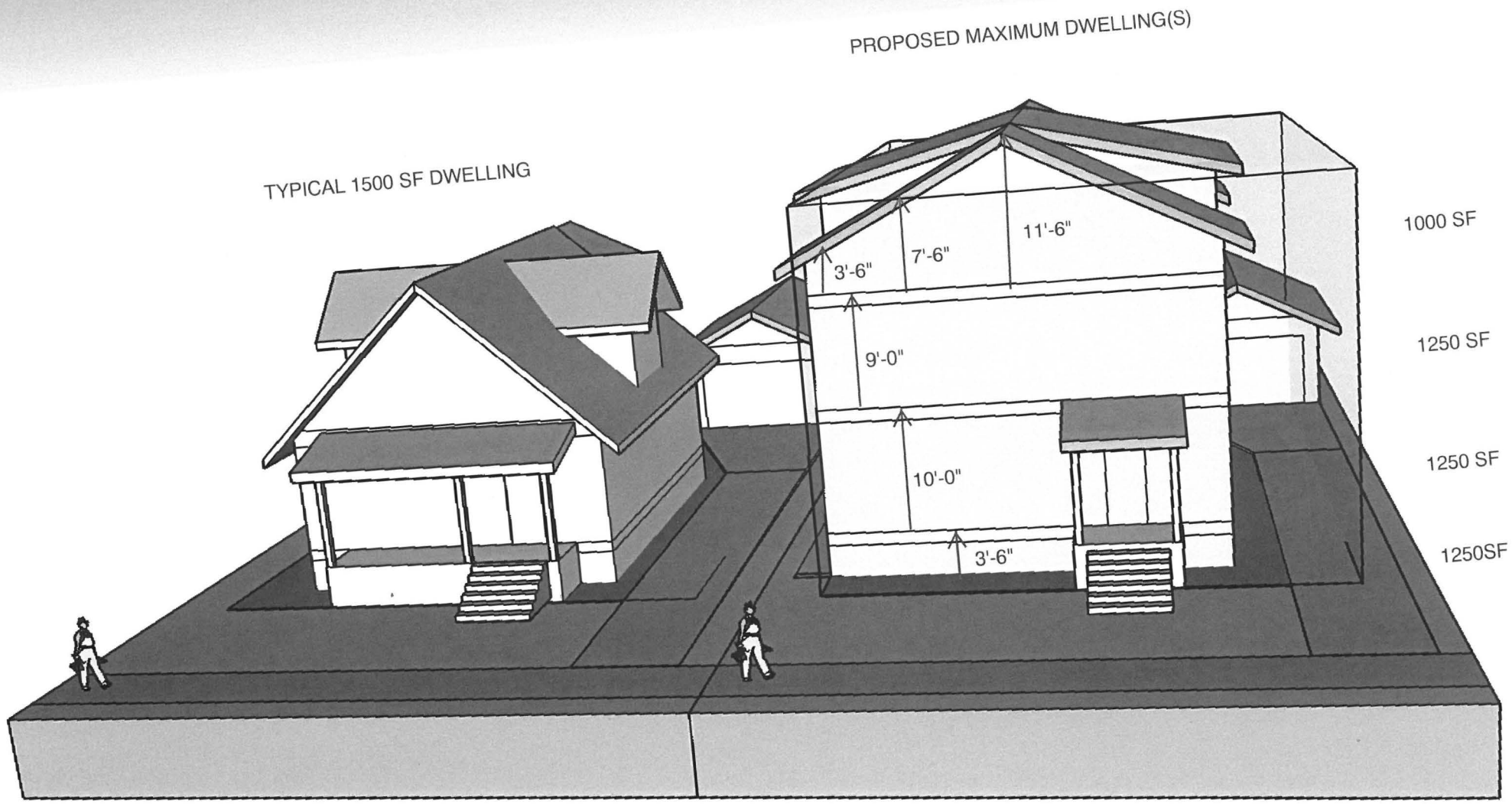
1. Create development typologies that fit neighborhood context and aspirations. (look for examples such as Nori Winter's work in other cities) *One size does not fit all.*
2. Ensure that scale of houses fits neighborhood context, protect solar access and privacy, and maintain individual and shared green spaces.
3. The code must be clear. Use commonly understood terms. Provide clear definitions of what is allowed in each zone. Restore "truth in zoning." Avoid inconsistent and confusing criteria such density when lot sizes or "overlays" governing dwelling unit counts, or unit size are the governing criteria.
4. Save viable existing housing. The most affordable housing is almost always housing that is already in place.

On a personal note, I joined the RIPSAC because my neighborhood is distinctly affected by displacement and loss of community in the face of incredibly rapid growth and land value escalation. I had hoped this process would bring together people with different skill sets and perspectives and with knowledge of many different neighborhoods in order to generate ideas that would strengthen our neighborhoods and urban building fabric, and give structure to affordable housing options. Instead it seemed a foregone conclusion that residential infill meant residential demolition and rebuild, and that we were there to provide feedback on what predetermined limitations and allowances to development would be acceptable to different interest groups. This was not the productive work I had expected to do, and pitted very reasonable people against each other in the pursuit of a common goal. I am concerned that this proposal is one dimensional in favor of redevelopment, and does not provide my, and other vulnerable neighborhoods with the support they need to be affordable, equitable and sustainable.

Thank you for your time,

Sarah Cantine

TRADITIONAL 1500 SF DWELLING
MAX. NEW R5 DWELLING
MAX. NEW R2.5 ATTACHED DWELLINGS
TRADITIONAL 1500 SF DWELLING



R5 DWELLING MASS
BOX AROUND DWELLING INDICATES ALLOWED HEIGHT AND LOT COVERAGE
4750 SF +/- PLUS 375 SF DETACHED ADU = +/- 5125 SF

November 04, 2016

Linda Bauer, Appointee - East Portland Action Plan
Sarah Cantine, Architect - Boise NA Land Use
Jim Gorter, Appointee - Southwest Neighborhoods, Inc.
Rod Merrick, Architect - Eastmoreland NA Land Use
Rick Michaelson, Appointee – Neighbors West/Northwest
Michael Molinaro, Architect, Appointee – Southeast Uplift
Barbara Strunk, Appointee – United Neighborhoods for Reform

We are representing a coherent and cohesive third of the RIPSAC appointees. Our shared perspective is to approach planning as neighborhoods, building around centers in ***neighborhood context*** consistent with supporting Goals in the 2035 Comprehensive Plan.

We have given many hundreds of hours both in the RIPSAC meetings and in meeting as a group to formulate our analysis and recommendations summarized in this analysis.

We all care deeply about our city and we applaud the effort to consider how and where to focus housing density and how to guide the growth of the city in a period of rapid growth. This was a promising start that ultimately ran entirely off the rails. **If the concern is affordability this project is a false promise. If the concern is a more walkable lively city, this is a false promise. If the concern is a reduction of house size this is a false promise, and finally if this is an attempt to reduce demolitions...well no, it is not.**

Subject: Comment on the October 2016 Residential Infill Project (RIP) Concept Report

We focus first on the significant implications of the "Concept Report to Council". Following this is a discussion of the **10 RIP Recommendations** and how they address the issues that frame **concerns underlying the project** but fails to address from speculative demolitions and housing costs to a zoning code that is misaligned with policies and goals in the Comprehensive Plan. We then look for common ground in the **three subject areas** that the RIPSAC was chartered to address along with an assessment of the results in those areas. In the summary, we highlight recommendations.

Significant Implications of the "Concept Report"

- **The entire inner east side and part of the west side of Portland is to be rezoned by assigning a "housing opportunity zone" overlay designation that increases allowed density by 200 to 300%. The already compromised R5 zoning density designation with its substandard minimum lot sizes is retained in name only. The plan encourages triplexes on every corner, duplexes *or* a house with two accessory dwelling units on *every* 3,000 to 7,000 SF lot, and small cluster housing plus ADUs on every lot of 10,000 SF or greater. This is an unprecedented "entitlement" for developers. It is *not* justified by a shortage of land designated for higher density in the Comprehensive Plan but by the claim that innovative housing is desired in Portland. At the same time it is a taking from every stakeholder for whom zoning provides stability and predictability promised in the Comprehensive Plan.**
- **Ownership standards are implicitly restructured from fee simple to a condominium basis since ADUs will no longer be "accessory" but able to be sold independently as will the duplexes, courtyard clusters, and corner tri-plexes that will be constrained to a single tax lot under the plan. Middle housing is primarily rental housing. Middle class resident owners will be displaced. Portland will transition to a city of investor-owners and renters.**

- **The density encouraged by this "overlay" is greater than that permitted in the multi-family R2 (2,000 SF per dwelling unit) zone further confusing the intent and integrity of the density designated code. The single family neighborhood zone, an essential characteristic of this city with one house per lot is effectively erased from most of Portland.**

- **By widely distributing density the proposal fails to focus density around centers consistent with the 2035 Comprehensive Plan. Neighborhoods that did not fit the ¼ mile bubble distance from corridors are declared "housing opportunity zones" in the name of "equity" without justification. The numerous skinny lots and lots with underlying lot lines less than 5,000 SF within this zone are defacto rezoned to R2.5. West side neighborhoods not within 1/4 mile of corridors and Portland's west suburbs are not impacted presumably to diffuse opposition. The David Douglas school district is excluded while they develop a school expansion plan. Parking impacts are not addressed and transportation benefits are not analyzed. The false claim is made that this will produce more walkable neighborhoods**

- **The purported scale reduction is a clever gambit. The one size fits all approach allows structures greater than roughly 80% of the existing housing stock. Except for constraining the few very large houses and limiting the size of triplex and small lot units, little has been done to reduce the scale of buildings. Unpopular skinny houses are enshrined and allowed to grow higher. Nevertheless the home-builders, who vigorously supported the concept, are already asking for a larger envelope.**

- **The proposal entitles developers of new or remodeled multi-family structures on a *salable area* of roughly 3875 square feet including the basement level plus a 15% density bonus in all impacted neighborhoods zoned R5. On a 7500 SF lot for example the salable area increases up to 6200 SF. Additional height and area bonuses for converting existing homes to multi-family is proposed. The economic analysis (Appendix A) presumes that the *saleable area* of the structure is the FAR ration or 2500 SF for a 5000 SF lot.**

  Consequently the economic analysis may be characterized as flagrantly erroneous. Increasing the number of rental or condominium housing units on a site will certainly accelerate speculation, demolition and displacement in the most vulnerable neighborhoods and remove our most affordable housing stock.

- **The "innovative" building types promoted by the plan are neither innovative nor apparently in high demand. All are currently allowed in the multi-family zones in the city of Portland. Very few developers have taken advantage of the available density entitlements. In fact most infill in the R2.5, R2, and R1 is built to a lower density than allowed. Three reasons might be that small scale condominiums are often problematic to finance, own, and manage.**

  Older houses divided into rental apartments are perhaps the most common examples of what the Report is calling "middle housing". As an incentive to increase such existing house conversions a size and height bonus is recommended. Because fire, seismic, and acoustic privacy requirements make remodeling of existing housing is expensive, planning staff suggested that they will recommend changes to the Building Code to reduce requirements tailored to such conversion projects. This is unwise - except to protect historic resources.

- **In character, the Report is a uniquely untested collection of hastily considered proposals that promote a density agenda, high-jacked by the housing availability crisis, marketed in the disguise of affordability, innovation, and compromise. The report contains an unprecedented radical redefinition of zoning that ignores most of the relevant goals and policies of the Comprehensive Plan.**

- **The RIP outreach process was non-responsive to the public comment process. Staff chose to portray a complex and confusing survey as the primary basis for claiming that there was wide support for the Project. The project statistician described it this way: "In total, 2,375 respondents answered *at least one* non-demographic question, and 610 completed every closed-ended question". A survey completed by 600 people covering a wide spectrum of issues and a far less aggressive approach is presented as the basis for claiming a wide diversity of public support for the RIP. The overwhelming opposition in public meetings to the ¼ mile bubble from folks who took the time to attend meetings and the 32 Neighborhood Associations that provided thoughtful comment go unmentioned. Of these, 28 expressed strong opposition to widespread application of middle housing. Only 4 expressed support.**

  Within the 4 neighborhoods expressing support some or all of the Recommendations may be appropriate. If so they should be considered as test sites for the "overlay" for a period of 5 to 10 years to evaluate the implications of these unprecedented policies.

- **The RIPSAC itself was overwhelmingly weighted with builders, their lobbyist, developers, and industry partners along with the "housing advocates" who appear to have initiated the "grand bargain" theory that they cribbed from a failed Seattle process. In the end staff described this group as the *majority perspective* when they agreed with the staff proposed policies.**

<u>The Proposals: How they address concerns that should have guided the Project</u>

We oppose one-size-fits-all zoning standards that we perceive as contradictory to goals in the adopted comprehensive plan and are not respectful of the variety of neighborhood characteristics that exist in the city, and which lead to simplistic and polarizing regulations. **Recommendations 1, 2, and 3** speak to improving scale, height, and setback standards they are little more than a distraction. And significantly they fail to recognize that ***contextual standards*** should be a guiding principle. Los Angeles and other cities are modeling a contextual approach. Portland is proposing a generic solution that encourages undifferentiated neighborhoods. **Not grand and no bargain**.

We support the diversity of the neighborhood character. This is a clear mandate in the 2035 Comprehensive Plan. District planning is needed to guide where and how additional density should be accommodated. The process should recognize that the condition of housing, scale, history, transportation, economic factors, and displacement considerations all play a significant role in defining what is appropriate. **All of the recommendations fail on the point and** instead recommend a uniform overlay that creates uncertainty for existing residents and owners and enormous opportunities for investors with no incentives to protect or enhance character.

We support "truth in zoning". This is essential for rebuilding public understanding and confidence in the planning and zoning process and providing clear guidance for owners, designers, builders, and for the land use review process. Considering the primary metric for the zoning code is *density*, we oppose the widespread and indiscriminate application of a density "overlay"

proposed in **Recommendations 4 and 5 and 7 and 8** in the R5 and R7 zones. This only serves to confuse the public and to undermine the integrity and clarity of the code. Densities proposed for the now meaningless "R5-R7" zones would exceed those now allowed in the R2 zone and in some case the R1 zone.

We oppose recognition of historic underlying lot lines except where these align with the density standards within an appropriate zone designation. The result for *all* neighborhoods burdened with these has been destabilization, demolition, and speculation. **Recommendation 8 and 9** are the nails in the coffin. The introductory narrative poses the misleading statement that "State law requires cities to recognize these lots as discrete parcels". Significantly, Oregon law does not require that parcel boundaries trump zoning. **Recommendation 8b** appears to support that fact. **Recommendation 8a** recommends that such narrow (and skinny) lots be recognized *everywhere* in the housing opportunity overlay and simultaneously **rezoned to R2.5**! Since almost all are within the "opportunity overlay" this uses historic lot lines to trump zoning. The present restraints to demolition of existing housing are removed.

The R2.5 designation confers significant density and size bonuses. Recommendation 9 a,b,c,d,e allows 3 floors, larger(.7) FAR multiplier, higher roof and requires at least two unit replacement housing. The authors are playing false on every count. Assurances made by the PSC in 2015 to fix the underlying lot phenomenon in zoning reform are voided.

We support additional zoning density around Centers, and *where appropriate* along Corridors as in the current and 2035 Comprehensive Plan, to reinforce the establishment of *new and existing* centers, walking scale neighborhoods, use of transit and reduced auto dependency. This is a successful model advocated during the past 40 years and is yet to be realized, either in Portland or in the Metro Region. Scattered site middle housing in **Recommendations 4, 5, 6, and 9** undermine this goal.

We oppose scatter site density that will be the result of rezoning the entire eastside as a "housing opportunity zone overlay." **Recommendations 4, 8, and 9 are diametrically opposed to the shaped density advocated in the Comprehensive Plan**. The last minute Comp Plan amendment P45 set an overly ambitious bubble around ill-defined corridors. Scattered "middle housing" defeats comprehensive plan goals to focus density around currently underbuilt walking scale centers. Our data will show that widespread application of "middle housing" zoning will accelerate land price increases in an already overheated market, decrease affordability, destabilize neighborhoods, cause loss of viable and more affordable housing, and increase demolition and displacement.

We object to untested "speculative" zoning - zoning that has some presumed social good intended but where zoning regulations are implemented without testing and modeling physical and economic impacts prior to implementing code changes. Too often these initiatives seem to be driven by interests whose primary concerns are for a particular niche of real estate development in contrast to the public interest. Earlier decisions to allow recognition of underlying lot lines, encourage skinny houses, and compromise lot sizes are prime examples. **Recommendations 4, 5, 6, 7, 8 and 9** are in this category and the "analysis" is fundamentally flawed. The illustrated examples are not modeled to the allowed envelope. The black box economic analysis in Appendix A begins by using the wrong numbers for "saleable area".

We object to unsubstantiated claims of creating "affordable" housing for everyone by Portland For Everyone. **Recommendations 4 through 10** are being promoted as a "grand bargain" by housing advocates who have modeled their faith on a failed Seattle initiative

http://www.seattletimes.com/seattle-news/politics/mayor-murray-withdraws-proposal-to-allow-more-density-in-single-family-zones/) using the same slogan. There has been no analysis and no evidence that these proposals will result in affordable housing regardless of how it is defined. The economic analysis in Exhibit A is a flawed analysis based on false assumptions.

Higher density does not equate to less expensive housing. As long as there is strong demand for housing and it can be profitably built and sold, rezoning for increased density will cause the value of the land to increase, the demolitions to accelerate, and the housing prices to rise accordingly. We need examples of the densified city that is thereby made more affordable unless in a state of decay and depopulation.

Where is the example of a split lot where the one or two replacement houses (regardless of size) without public subsidy are less expensive than the house demolished? When is the cost per square foot for a smaller house less than for a larger house? Given the same quality the reverse is true. We must address housing affordability as a regional issue with care and urgency not an excuse to provide a handout of unwarranted entitlements and speculative profits at the cost of demolition, displacement, and livability.

Project Objectives, Points of Agreement and Results

Considering the *three areas* included in the RIPSAC charge are there were areas where we found common ground and points of agreement with the staff proposal and fellow RIPSAC members but almost none in the Report to Council.

Scale and Massing Issues: There was a good deal of consensus about the need to address issues of size, height, setbacks, placement of garages, off-street parking, etc. One of our principle concerns and one clearly expressed in the Comprehensive Plan is "one size does not fit all". Both the Staff Report and The Report to Council clearly fail to address the issue. The Recommendations simply recognize the size of most recent infill and codify that building envelope, height, and setback. Where do we agree? We support floor area ration (FAR) as an additional tool to regulate size, support adjusting the regulation of side lot bays and eaves (Recommendation 3b), and support reducing the impact of garages on skinny houses (Recommendation 10) as a half measure.

Narrow and Skinny lots and Recognition of Underlying lots of record (lot splitting): There is a good deal of disagreement here since the one-for-two house demolition infill and skinny garage housing has become a business model for some developers who have represented these as "affordable" housing and thus aligned themselves with housing advocates. At $600,000 to $700,000 in some neighborhoods they don't contribute to affordability.

These lot line policies have been applied indiscriminately across the city, are making a lot of adjacent neighbors very unhappy, have a heavy carbon and poor space use footprint, create an unattractive streetscape, and are not producing much additional or affordable housing. Market rate new housing is not affordable but is very profitable and is systematically removing more affordable housing. *We supported the initial staff recommendation that began to address Truth in Zoning by limiting the use of these underlying lot lines for splitting lots in the R5 zone*. But in the Report to Council these lots are being redefined as spot zoned R2.5 and that erases any point of agreement.

We do agree is that the underlying lots should be recognized where the lot division is consistent with the density standards in the zoning code. Otherwise *the experiment with complex and confusing code provisions encouraging this kind of wasteful demo-development should end*.

Innovative housing Types: As we explored these ideas it became increasingly clear that *the housing types discussed (except cottage clusters) were not so much innovative as not being built where the code allows.* Developers are not building to the density already generally allowed around centers and corridors. In preparing the Report to Council, staff commissioned a special study to see if carving up examples of existing housing into smaller apartments is feasible. Possible yes, and expensive. The current zoning around centers is appropriate and needs refinement not more scattered density across broad areas of the city. The cottage cluster proposal (Recommendation 6) appears to allow approximately five 1,000 SF units on a 10,000 SF lot plus basements. For some reason outside the "overlay" there would be 10 units allowed including the "ADU"s. This is the density of the R-1 zone with no off street parking and appears to be a hand out to niche developers.

These proposals in the first and more constrained version received a widespread and justifiably hostile reaction from the public as a handout to developers and a formula for speculation, accelerated demolition, and neighborhood disruption and displacement.

Summary Recommendations

Summary of recommendations in the context of the project goals include:

Scale and Massing Issues:

1. Create development typologies that fit neighborhood context and aspirations. (look for examples such as Nori Winter's work in other cities) *One size does not fit all.*
2. Ensure that scale of houses fits neighborhood context, protect solar access and privacy, and maintain individual and shared green spaces.
3. The code must be clear. Use commonly understood terms. Provide clear definitions of what is allowed in each zone. Restore "truth in zoning." Avoid inconsistent and confusing criteria such density when lot sizes or "overlays" governing dwelling unit counts, or unit size are the governing criteria.
4. Save viable existing housing. The most affordable housing is almost always housing that is already in place.

Narrow and Skinny lots and Recognition

5. Remove provisions that allow lots smaller than 4500 SF in the R5 zone. Allow historically platted narrow and skinny lots to be *confirmed* **only** in the R2.5 zone. **Recommendation 8b is a start**. *End the use of historic lines to trump zoning as advocated in Recommendation 8a*. This is not consistent with the Comprehensive Plan or a mandate of state law.

Innovative housing Types:

6. Direct density around centers, **consistent with the above commentary** and the Comprehensive Plan, to reinforce the establishment of centers, walking scale neighborhoods, use of transit and reduction of auto dependency.
7. For areas in the City intended for higher density, evaluate why the existing regulations not working well, adjust and proceed with rezoning for the higher density to reinforce centers and corridors where appropriate.

8. The dispersed density model recommended in the Report will destroy our best loved history and most admired assets. "Middle housing" is for transitional density between single family and higher density multi-family. There is no transition if middle housing is "everywhere" housing.

9. Authorize limited testing of middle housing ideas where the neighborhoods have expressed strong need and support for such an experiment and subsequent evaluation of the policy. Robust evaluation of the proposed policy impacts is necessary.

10. Test and model physical and economic impacts for significant changes to the zoning code prior to drafting and implementing such changes. *Testing includes implementing zone changes in neighborhoods that support the proposals and evaluating the impacts.*

Summary of recommendations for advancing:

- The RIP Report should not be endorsed or accepted for implementation by Council. We have a shortage of housing not a shortage land or a shortage of areas zoned for housing. The RIP Report may be looking forward one-hundred years but the development entitlements proposed are in effect the day of approval - and once given very difficult to unwind.

- The process and many of the recommendations are inconsistent with the goals and policies of the Comprehensive Plan on many levels as discussed above. Instead of "grand bargains" the BPS needs to understand how the current R1, R2, and R2.5 zones could be improved to accommodate transitional or "middle housing" densities.

- The City needs implementation of the Comprehensive Plan in the form of a modern flexible and easy to understand regulations with a long term focus on district and neighborhood planning. Actively engage neighborhood and business associations to participate in decision-making during planning exercises and for major developments to improve understanding of context and needed design guidelines.

- The Recommendations are not aligned with the Mayor's goals to reduce demolitions, meaningfully temper the scale of houses, or increase density and provide smaller scale housing around centers. Expect much more demolition, speculation, reduced affordability and increased auto dependency from diffuse density.

- The **unprecedented** use of the **Housing Opportunity Zone Overlay** is no substitute for planning but rather a bone thrown to speculators, niche developers and housing advocates without regard for the existing context or fabric of the city.

We challenge ourselves and all Portlanders to think in terms of a vision for Portland and the region that builds on the structure of the good neighborhoods that we have and figure out how to encourage other cities in the region before we do irreparable harm to what we have with poorly conceived ad hoc policies represented by this Report.

Attachments

- Commentary on Appendix A, McCullough Research
- Commentary on Appendix A, Loren Lutzenhiser
- Commentary on Appendix E, Michael Molinaro
- Commentary on Example Neighborhood, Meg Merrick
- Illustrations of Housing Scale Issues (under separate cover), Sarah Cartine
- RIPSAC 7 Summary Remarks, Rod Merrick

McCullough Research

Robert F. McCullough, Jr.
Principal

Date: November 14, 2016

To: Portland City Council

From: Robert McCullough

Subject: Review of "Economic Analysis of Proposed Changes to the Single Dwelling Zone Development Standard"

Last month, Portland's Bureau of Planning and Sustainability distributed a short seven-page study by Johnson Economics with some surprising conclusions.[1] The study is challenging to read and understand, but the gist of the study is:

> **Our analysis indicates that the proposed changes in entitlements would likely result in a lower rate of development and redevelopment in the study area, yielding less in terms of units and construction investment.** While the marginal impact would be low in percentage terms, a similar impact is expected in both the close-in as well as less urban areas. The modest increase in allowable units is more than offset by the lower allowed square footage of new development, which generally reduces the supportable land value for new development. The lower supportable land value decreases the likelihood or redevelopment on a significant number of parcels.
>
> **Sites that do redevelop under the proposed modifications would be expected to deliver units at a generally lower price point and higher unit density.**[2]

To a real estate investor and/or an economist, this is a perplexing conclusion. As a general rule, placing limitations on the supply tends to raise prices and reduce quantity. A model that reduces prices and quantities simultaneously cannot be easily reconciled with market economics.

In the chart below, the supply curve is shifted left towards the origin. This reflects the RIPSAC proposal that will restrict allowable floor space in new construction.

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[1] Economic Analysis of Proposed Changes to the Single Dwelling Zone Development Standard, Jerry Johnson, October 17, 2016.

[2] Ibid., page 7. Emphasis supplied. Typographic errors have not been corrected from the original text.

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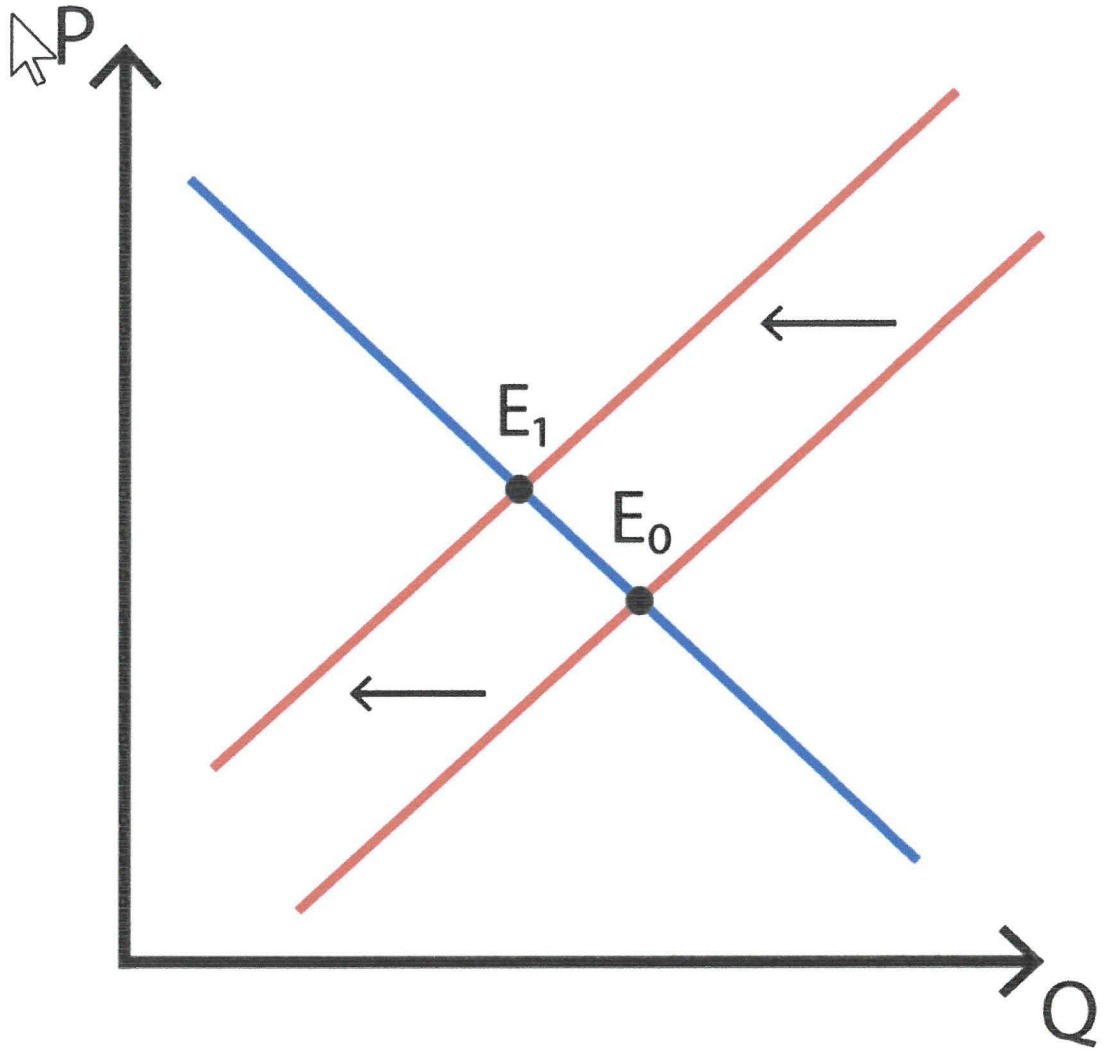
Commentary on Appendix A

As the supply curve contracts, the new equilibrium price is increased and the quantity supplied is decreased. This chart has been a staple of introductory economics courses since it was introduced in 1890 by Professor Alfred Marshall.



To understand how this study achieved such an unusual result requires a very careful reading of the seven-page report.

Such a reading identifies the following important issues with the report:

1. The report only considers rental units.[3]
2. The only RIPSAC variable considered was allowable square footage.[4]
3. The assumptions have some very surprising values. For example, the required rate of return on homes is 227% of the return required on rentals.[5]
4. The results are based on a simple profitability calculation that assumes the critical inputs and then derives a residual land value.[6]
5. The basic model is not well explained or documented.[7]
6. The model does not include market price changes.[8]
7. The table on page 2 has minor computational errors and is inconsistent with the similar table in the appendix.[9]

In general, this appears to have been prepared hastily and without a thorough review of the issues facing Portland.

First, the high required rate of return on homes will have had a significant impact on the rate of "redevelopment" – a term that would seem to be synonymous with demolition of existing homes.[10] The assumption that developers view homes as more than twice as risky as rentals is both pivotal and inexplicable. And, of course, the assumption that home construction is more risky will drive the result that demolitions will be reduced.

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[3] Ibid., page 2.
[4] Ibid., page 4.
[5] Ibid., page 2. The term used in the report is "Threshold Yield Rate" which is not defined in the report. It is defined in a previous report for the City of Eugene (October 29, 2008) as "Threshold Returns – The return on investment necessary to induce development can change quickly, and reflects broad financial trends as well as a more localized assessment of risk. Reducing the threshold returns necessary can significantly increase viability, while an increase in those same rates would decrease viability."
[6] Ibid., page 5. Terminology in the report changes to "Residual Property Value" later in their report: "Residual Property Value reflects the maximum supportable acquisition value of the property under an assumed development program."
[7] Ibid., page 5. The assumptions would appear to be large and are not documented in the report: "Key inputs in the "production" model are those that impact revenues, costs, return parameters and site entitlements. The production component of the model can be broken up into three primary categories that are determinative of final development form: achievable pricing, cost to develop, and threshold returns. The marginal impacts associated with proposed change in entitlements are incorporated into a broader modeling framework designed to translate shifts in these inputs into associated patterns of investment."
[8] Ibid., pages 6 and 7. See the third title line in the results tables: "No Pricing Changes."
[9] Ibid., pages 2 and page 9 in the appendix.
[10] Ibid., page 4. The report states "This would be reflected in generally lower residual land values associate with redevelopment options. The anticipated impact would be a lower rate of redevelopment, and at lower values."

Second, there seems to be no consideration of the reduction in affordable housing demolished in the course of "redevelopment." Our review of recent demolitions in Eastmoreland indicates that replacement homes are 158% more expensive than the homes they replace.[11] There is nothing mysterious about the mathematics of demolition – older and smaller homes are the first selected for demolition, reducing the affordable strata of homes in older neighborhoods and reducing economic and ethnic diversity.

Third, the undocumented production model seemingly has no recognition of the dramatic change in demand for homes closer to the urban core. The shift in demand has been discussed extensively in the economic literature.[12] In Portland, our estimate of the premium for proximity to the urban core has increased from $33,000/mile in 2011 to $55,000/mile in 2016.[13]

In sum, it would appear that this hasty effort will have little if any relevance to the RIPSAC recommendations and should be given little weight in policy deliberations.

[11] See "How inclusive is the current wave of demolitions?", Robert McCullough, October 6, 2016.
[12] See, for example, "Local House Price Dynamics: New Indices and Stylized Facts", Federal Housing Finance Agency, Alexander Bogin, William Doerner, and William Larson, June 2016.
[13] "Why are house prices so high in the Portland Metropolitan Area?". Robert McCullough, September 5, 2016. The values have been adjusted for inflation and are in current dollars.

Testimony to the Portland City Council
Public Hearing on Residential Infill Project Concept Report (Nov. 16, 2016)

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Portland, OR 97202

BACKGROUND

The Residential Infill Project Stakeholder Advisory Committee (RIPSAC) has proposed a set of new zoning conditions that would be applied to most residential areas east of the Willamette River. The proposed changes would increase the number of housing units permitted per lot. The hoped-for development of "missing middle" small multi-family housing is intended to provide home owners and renters a new supply of affordable housing, while advancing goals to increase population density to accommodate continuing in-migration.

The RIPSAC was originally created to advise City Council about possible solutions to the problem of demolitions of smaller, older existing housing units and their replacement with larger new structures. The housing torn down was modest and much more affordable than the replacements. However, developers have frequently claimed that they were simply "providing density" to address city planning goals. The RIPSAC rezoning proposal before the Council does not address demolitions, but does create new regulations for replacement buildings, encouraging them to be multi-family duplexes and triplexes, with accessory dwelling units (ADUs).

When the RIPSAC proposal was made public, I was in the process of research on the carbon emissions related to demolition, construction and ongoing energy use in older vs. newer housing. It was relatively easy to expand the scope of that work to also consider the economics of demolition and construction of proposed duplex units with ADUs, taking a critical look at affordability and density benefits and costs.

RESEARCH QUESTIONS

The purpose of the analysis was to objectively consider 3 key questions by examining publically available data.

These are:

1) "How affordable would envisioned housing be, and for whom, given current land, permit and construction costs?"
2) "How should we think analytically about 'density benefits' rather than simply assuming that more housing units naturally translate into larger housed populations?" "How much population density could be achieved via the rezoning strategy, and at what cost compared to other, non-demolition, alternatives?" and
3) "Are there possible unintended consequences of the RIPSAC rezoning in terms of community impacts?"

Commentary on Appendix A

ANALYSIS

I performed a number of analyses to attempt to address these questions, using information on market values for recently demolished houses, along with estimates of replacement housing costs (for envisioned duplexes and ADUs), in order to estimate a range of *necessary pricing* for the new units.

I then used U.S. Census data on Portland household incomes and annual housing expenses (e.g., mortgage payments, insurance, utilities, and taxes for home owners; rents and utilities for renters) to conduct an *affordability analysis.* I was able to compare Portland incomes with total housing costs for new duplexes and ADUs to determine how many households would find them affordable (by HUD definition of 30% or less of gross annual income for total housing costs).

I then examined the cost of building and leasing rental units, using current median rental rates, to see how many households would be able to afford the envisioned units as rentals. I also modeled the costs, rents and profits estimated for the extreme case of absentee investor development of triple skinny house units plus ADUs on lots with underlying 25' lot lines, as proposed in the RIPSAC rezoning. And I drew on social science scholarship on community and displacement to speculate about possible *impacts on neighborhoods* with lower versus higher demolition house values.

Finally, I considered density question by examining the current sizes of Portland households and the mismatch between more affordable demolished units that could be adapted for larger households, versus the newer units (both currently being built and envisioned) that are, in reality, often occupied by small households. As an added bonus, I included estimates of *carbon emissions* for a range of housing types, as well as aggregate costs of alternative public policies focused on "remodel and retrofit" versus "demolish and replace."

FINDINGS

Details of the data, assumptions, models, and analysis are not reported here, but can be shared. For present purposes, I will provide short summaries of my findings.

The High-Level Findings are:

- Given current costs and incomes, the RIPSAC rezoning will produce duplex housing that is affordable to a *surprisingly small fraction* of the population—those who have the highest incomes and the fewest current affordability problems. Over time, the size of this group will *continue to shrink.*
- ADUs show *potential* for affordability. However, 60% of the population with the lowest incomes and the greatest affordable housing needs would see no benefit.
- Rentals are *even less affordable* than owner-occupied duplexes and ADUs.
- Demographic realities mean that *density benefits are not significant* when compared to less costly non-demolition alternatives, particularly with currently permitted ADUs.
- There is an extreme overlooked scenario that combines absentee investor-owned 4-6 unit multiplexes on plots with underlying unused lot lines and R2.5 rezoning that poses a risk to the city of *self-inflicted policy damage* that would *accelerate gentrification* and *erode social capital and community.*

Affordability

Considers affordability issues and benefits for different envisioned housing types and forms of ownership.[i]

(1) Ownership of Duplexes

- The envisioned duplexes are only affordable as an *ownership option* to the highest income 15-20% of the current renter population (incomes of $75,000-$85,000/year are required, depending on land costs and building qualities). As the cost of acquiring homes to demolish continues to increase, the income required to afford duplexes also increases—so a shrinking fraction of the population will be able to afford the units.
- U.S. Census data show that those Portland residents who are suffering most from rising rents and residential real estate prices are also those with the lowest incomes. They simply cannot afford the imagined new duplex units.
- These data also show that a very small fraction (1-2%) of households with incomes above $75,000 have housing affordability problems.

(2) Ownership of ADUs

- ADUs *do represent a more promising housing ownership alternative* that could be affordable for purchase by a household earning around $22/hr. ADUs would be affordable for as much as 40% of the renter population (i.e., households with incomes of at least $45,000/year; a higher-end ADU might require as much as $65,000). However, there are also challenges to ADU ownership, and the required condominium model is not yet well developed in Portland.

(3) Duplexes and ADUs as Rentals are Profitable Under Limited Circumstances

- At current high median *market rental rates* in Portland, the envisioned duplexes and associated ADUs could be developed as investment rental properties. A dispersed site, small duplex + ADU model could be profitable for investors under some circumstances. However, the analysis shows that profit potentials decline quickly as the cost increases to acquire houses to demolish.
- The building and operating of a duplex as a rental property is *not profitable* at current median rents if land costs are more than $200,000 (very difficult to find in the Portland market). A duplex with an associated ADU can be modestly profitable when houses to be demolished cost $300,000 or less—which is also a rapidly shrinking share of the residential real estate market. Most units even at that price point are located in areas with fewer services, amenities and employment opportunities.

(4) The Rental Model Provides Units that are Even <u>Less Affordable than Ownership</u>

- The current market rents for duplex units would be about $2,220/month and $1,300/month for ADUs. These may seem to be reasonable amounts, given recent rapid rise in rents. However, at these prices the duplexes are affordable only to the highest income 15% of the renter population, and the ADUs to the highest income 35%. Because of the challenges to ADU ownership mentioned above, the higher-cost ADU renter-occupied option is probably the more likely short-term arrangement, with the noted shrinking of population for which the ADU is affordable.

(5) The Rental Model Involves Greater Income Transfer

- Median market rents for these units represent a *housing cost that is at least* 15-20% *higher* than for *identical owner-occupied units* (*not factoring in* the Federal interest mortgage tax deduction). Renters are paying the same expenses as they would if they were owners, *plus* investors' higher costs of borrowed capital, ROI on landlords' own investment, management costs, and profits. This rental model can "work" for investors (under the limited conditions described), but at the expense of higher housing costs for renters in units that are then affordable to an even smaller share of the population.
- The envisioned duplexes plus ADUs *as rental units* are, in fact, the *least affordable* housing option in the entire RIPSAC rezoning scheme. They would actually represent a new city-sponsored form of wealth transfer.

Density

- Analysis finds that renovation of existing dwellings (rather than demolishing them), and adding ADUs to those and additional sites, would achieve the same density as demolition-with-duplex+ADU-replacement—*at about 15% of the total cost to the households involved.*
- Population density is related to numbers of housing units. However, there is not a one-to-one correlation. The wild card is household size. Additional units, even those designed for larger households, may end up being occupied by only 1-2 people. So it is *very tricky* to try to increase population density by simply increasing housing unit density.
- Portland *household sizes* are *very small* and have been trending in that direction for decades. Current demographics would shock someone who thinks that a two adult plus two-child household is at all typical. These are the Census estimates for 2015: one person 34%, two persons 33%, three persons 15%, four persons 12%, five or more persons 6%. *One and two person households* represent the *vast majority (67%) of the population.* Four or more person households of any sort (including stereotypical "nuclear" families and other forms, with and without children) represent less than 1/5th (18%) of the population. These are the demographic realities that any housing policy must face. And they mean that, no matter how many new units are provided, *the vast majority will be occupied by very small households.*
- This means that achieving higher densities is not a simple matter of adding more units. Each additional unit is most likely to house single persons and small groups *much more expensively* and much less efficiently than was the case in the 1950s and 1960s, when many of the dwellings being demolished now were built as "family homes," that accommodated then (and could again) larger households. City policy might fruitfully focus on enabling "right size" matching of those dwellings and family households.

Environmental Cost and Benefits

- Although new construction is often claimed to be highly energy efficient (e.g., with various green certifications and modern code requirements), detailed building energy performance modeling finds that the consumption and CO2 emissions differences *are negligible* between a duplex plus ADU combination vs. a renovated existing building

with an ADU. The newly constructed buildings use only about 3% less energy than the "renovate + ADU" configuration.

- In assessing the environmental impacts from demolition and construction, we are dealing with less certain estimates (although we used the best available data bases and lifecycle carbon analysis software available). So it is the *comparison* of values and not *the absolute values* themselves that are important.
- Our demolition and new construction carbon emissions estimate is in the neighborhood of 47,000 pounds of CO2 emitted in the demo-construction process. The estimate for a major energy retrofit of an existing house is about 1,500 lbs (about 1/30th as much), and building a new ADU is estimated to produce around 12,000 pounds of CO2.

A Very Concerning Scenario

In cases of 75' wide lots with 25' underlying lot lines in a few parts of the city, absentee investors could conceivably build 3-unit attached skinny houses with at least one ADU through a series of permitted demolitions that could have *significant unintended consequences.*

This Business Model Requires Predatory Land Acquisition and Low Construction Costs

- To be optimally profitable, this business model requires maximizing the number of rental units on what had been a single-family home site. The RIPSAC report is ambiguous about whether the number of ADUs allowed on a 3-unit site would be one or three. If the latter, the unit density could go from one to six virtually overnight.
- The model also encourages predatory acquisition of 75' lots that have underlying lots of record. And it encourages the construction of the cheapest units possible units, with no design review anticipated in the rezoning proposal.

Concentrating Wealth Transfer

- The rental analysis showed that investor profitability requires high market rents and significant cash flows from renters to landlord investors, and at higher total housing costs than would be the case of owner-occupied units.
- The multi-plex/narrow lot pattern concentrates and amplifies those cash flows, making this option more financially attractive to investors (including absentee investors), without increasing the supply of affordable housing. If anything, it contributes to less affordability.
- From a density benefit standpoint, there may be an opportunity to shoehorn in 1-2 additional residents on a site. But at higher environmental costs and with other possible negative neighborhood impacts.

City-sponsored Acceleration of Gentrification

- There is a long and tragic history of urban renewal in Portland that has resulted in gentrification and displacement still occurring decades later. While "renewal" policies are always claimed to be "for the greater good" by their advocates, developers and civic

elites, we should take seriously the lessons from the city's gentrification and displacement past.

- Many neighborhoods where there are already real housing problems and somewhat lower property values, would be prime targets for one-lot multiplexes (with at least four units) if underlying lot lines trigger conversion of the area to R2.5 as proposed in the RIPSAC rezoning.
- It would take relatively few mini-rental-complexes of this sort, with occupants who have the higher incomes needed to pay the much higher rents, to begin to put pressure on neighborhoods. Successful investments could spur similar investments in this scenario. With rising surrounding property values, an acceleration of gentrification is quite imaginable.
- While many neighborhoods desperately need investment and development (particularly community development and employment development), the current residents would not benefit from this other sort of multiplex "development." To the contrary, gentrification and displacement could actually be accelerated by city-sponsored rezoning policies.

Impacts on Social Capital and Community

- Not just in lower income neighborhoods, but in many neighborhoods in Southeast and North Portland, this multiplex investment pattern could have negative effects on social capital and community not even considered in the seemingly benign "missing middle" imagery. When applied to neighborhoods with underlying skinny lot lines, policy-by-imagery without rigorous analysis can create unintended social and community impacts. For example, the underlying small lot plats are historical artifacts of a time when buyers wanted the flexibility to buy 50', 75' or 100' lots (virtually none have survived as 25' lots). These would be treated as R2.5 zones, described in the RIPSAC report as *"The R2.5 zone often functions as a transition between higher intensity zones (commercial or multi-dwelling) and lower intensity single-dwelling zones."* However, these lots are often nowhere near "higher density" areas. They occur in traditional single-family neighborhoods that are not close to neighborhood retail centers, corridors or good transit. The rezoning and requirements for multiplexes on redeveloped R2.5 lots, then, requires cars, parking, traffic, and a variety of other unconsidered knock-on effects in those neighborhoods.
- The renters who can afford these multiplex units may well be more transitory and spend less time in the neighborhood. There could certainly be many benefits to social capital of bringing in new residents with different values, new networks/connections and serving as different role models. However, if this is an investor-driven process (vs. community driven or city planning managed process), aggressive development of this housing style could result in rapid, uncontrollable neighborhood change.
- In neighborhoods with higher property values, triple skinny units plus with at least one ADU could be built through demolition of one (even a fairly expensive), single family home, creating multiple high rent properties quite rapidly—financed by absentee owners, using borrowed money and extracting future equity from renters' lease payments. Those landlords would have no stake in the neighborhood, would

communicate with their tenants through corporate property management companies, and would have little concern for the aesthetics or social impacts of their investment schemes. There would be no design review, so the cheapest possible three story, plain box 30'+ tall buildings with added ADUs could be shoe horned onto a site with no opportunity for protest. BPS would have no control. BDS would offer expedited approvals.

- Sadly, there would be little public benefit from this. But if this development pattern happened 3 or 4 times on a street and across 7 or 8 adjacent blocks over a few years, the impacts on the social fabric of neighborhoods could be substantial. Much more than neighborhood "character" is at stake. So too is the strength of supportive social networks of known neighbors who look out for each other, share histories and experiences, support one another, and sustain social bonds, networks and resilience.

POSITIVE POLICY RECOMMENDATIONS

The analyses reported above point to reasons to be concerned. But they also identify opportunities for policy innovation that can lead to positive and sustainable social, environmental and economic change.

Encourage and Expand Support for ADUs

- Although ADUs are as an affordable housing solution for only about 50% Portland households (35% if the rental option is the most likely in the short term), ADUs do represent a real, tested and proven *housing solution* with both affordability and density benefits.
- ADUs *do not require rezoning*. They are already permitted in all single-family residential zones. ADUs are also incentivized by renewed waivers of SDCs.
- ADUs represent an important form of housing for one and two person households, who otherwise might opt for larger existing or new houses. At their maximum permitted size of 800 square feet, ADUs are also completely suitable forms of housing for families (who often occupy apartments that size and smaller in outer ring suburbs).
- The proposed ADUs are *much more affordable* as an ownership option, which would be available to 50% of the renter population, with incomes around $35,000/year. Challenges to ADU ownership have been noted and need to be squarely addressed by city bureaus and partners. If new policies are needed, they should be advanced.
- Some ADUs are being built. Many more are needed. There are likely problems to be addressed in order to more *rapidly increase* the numbers of ADUs. These include financing, landlord training/support/assistance, design and construction practices, lack of visible examples in many neighborhoods, and possible renter preferences. All of these could be fruitfully addressed by focusing the attention of city bureaus and affordable housing advocates on the problem of accelerating ADU construction.

Renovate and Retrofit, Don't Demolish

- More attention should be paid to the original mandate of the RIPSAC—assessing the harms of demolition and considering alternatives (not just changing the footprint and

number of housing units in a new structure). Analysis shows that renovation and energy retrofit is cost-effective, offers a good solution for housing more Portland residents and/or larger households, while providing environmental benefits that are as good or better than demolition and replacement.

- What would public policy look like that emphasized and facilitated renovation and retrofit? The conversation seems to be worth having now.
- There has long been considerable support for demolition and new construction because of the large profits and resource flows involved for developers, builders, investors, and city agencies. Renovation and retrofit solutions need comparable support from environmental actors, affordability advocates and Portland residents committed to sustainable solutions. Advocacy is needed for a better balance of community versus economic benefits and needs.

Create Opportunities for Families to Own Renovated Homes

- Policy could focus on how we can re-occupy homes and neighborhoods that used to shelter families and foster community. The multiple benefits of having families and children in neighborhoods—to schools, intergenerational community and voluntary institutions centered in neighborhoods—should be recognized and pursued in public policy. Demolitions, Mansions occupied by small adult households, and unplanned multiplexes do not offer positive policy pathways to realizing those benefits. It would be great if talented people like the RIPSAC members could focus energies and attention on a real "renewal" of Portland neighborhoods appropriate to the challenges we face.

Focus Expertise on Comprehensive Housing/Zoning/Environmental Policy

- The RIPSAC proposals represent a large-scale experiment in social engineering, intended to increase population density and affordability. There is little evidence that the rezoning or the new building forms envisioned would contribute very much to affordability or density. If the point of public policy is to create *actual solutions*, then social engineering is indeed called for. It would be useful, however, if actual social science knowledge about communities, urban change, policy impacts, and the effectiveness of different intervention approaches was brought to bear in working carefully and thoughtfully toward those solutions. At the end of the day, the RIPSAC process and proposals seem to be more aspirational than practical. Rezoning is a very blunt instrument and using it in these ways risks shortfall in hoped-for results, unintended costs and harms, continuing (at least not reduced) inequities, and a really short sighted "well, at least we tried <u>something</u>" response to serious—some would say *wicked*—but certainly not intractable problems.

Data and Analytic Tools Used

- Construction cost estimate databases and studies.
- Bureau of Development Services fee and system development charge (SDC) calculator and examples.
- Multnomah County Assessor tax records on property values for home demolished in 2013 and for new homes replacing them in 2014-15.
- Zillow.com home sales and rental price data for units within Portland city limits.
- U.S. Census of Population, public use micro data sample: Portland, OR.

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Acknowledgements

I want to acknowledge my PSU colleagues who contributed to ongoing research that I was able to draw upon for this testimony. They include: Anthony Levenda, Aaron Ingle, Vivek Shandas, Amber Ayers, and Meg Merrick. Their expertise is outstanding. However, the conclusions and recommendations in this document are mine, and not necessarily theirs.

APPENDIX TABLE 1

Portland Renter Incomes and % of Income Spent for Housing

	Percent of Income Spent on Housing						
Household Annual Income	**A 10% and less**	**B 10-20%**	**C 20-30%**	**D 30-40%**	**E 40-50%**	**F More than 50%**	*Total*
$ 0-10K	2%	1%	4%	5%	4%	15%	*5%*
$ 10-20k	4%	3%	8%	11%	25%	47%	*16%*
$ 20-30k	3%	3%	9%	23%	31%	23%	*14%*
$ 30-40k	5%	5%	16%	24%	17%	9%	*13%*
$ 40-50k	2%	8%	17%	13%	12%	3%	*10%*
$ 50-60k	4%	10%	12%	9%	5%	2%	*8%*
$ 60-75k	7%	17%	13%	8%	5%	1%	*10%*
$ 75-100k	10%	22%	11%	4%	1%	0.3%	*10%*
$ 100-150k	23%	20%	7%	3%	0.2%		*8%*
$ 150-200k	13%	7%	2%	0.4%			*3%*
$ GT 200k	29%	5%	0.2%				*3%*
Total	*100%*	*100%*	*100%*	*100%*	*100%*	*100%*	*100%*

APPENDIX TABLE 2

Portland Household Sizes (ACS 2014)

	Renter occupied:	Owner occupied:	Combined
1 person	52,317 45%	34,931 25%	87,248 34%
2 persons	36,250 31%	47,053 34%	83,303 33%
3 persons	12,807 11%	24,220 18%	37,027 15%
4 persons	9,060 8%	20,152 15%	29,212 12%
5 persons	4,272 4%	6,687 5%	10,959 4%
6+ persons	2,114 2%	3,957 3%	6,071 2%
Totals:	116,820 46%	137,000 54%	253,820 100%

[i] **NOTES ON METHODOLOGY AND CAVEATS ABOUT ANALYSIS AND CONCLUSIONS**

The analysis reported here used data on land values from current real estate listings. Replacement building construction costs were obtained from building industry cost estimation software as well as published sources and recent builders surveys by the National Association of Home Builders. These estimates are, by their very nature, imprecise since they depend on costs for materials, labor, fixtures, finishes, and a range of construction "soft costs" that are proprietary information closely held by builders. Every effort was made, therefore, to use the most conservative estimates of construction costs. Permit fee costs and system development charges (the latter currently waived for ADUs and not used in ADU-related calculations) were estimated using the Bureau of Development Services cost calculator and published examples. Interest rates were obtained from published sources, and for commercial loans for rental construction from consultation with local lenders. Mortgage costs were calculated with standard spreadsheet functions (checked against online commercial estimators). Taxes were estimated from samples of actual new residential units in Assessor records and Portland Maps. Utility costs were estimated by reference to building energy simulation modeling performed for prior work. Median rents and rental rates per square foot were obtained from Zillow current reports. Income and household size information was obtained from the U.S. Census, American Community Survey for the area within the city limits of Portland for 2014 (the most recent sample available when the analysis was performed)

The purpose of the analysis was not to provide precise estimates, but values that could be compared (apples to apples) to realistically approximate economic and demographic realities using the best publically available information.

A number of factors that we could not measure or approximate with any confidence included some that might work to reduce estimates of ownership costs a bit (e.g., the Federal mortgage interest tax deduction) and would make the owner vs. renter cost differentials even larger that we reported (i.e., renter costs would be even higher in comparison). Other omitted factors work in the opposite direction—increasing the real world costs of new construction for both owner-occupied and rental unit cases. Again, we don't know the precise magnitudes of these values. But taken together they mean that our estimates of total costs are clearly too low. These sorts of costs include: asbestos removal costs, demolition costs, site preparation costs, construction financing, and realtors' fees. The costs of materials, fixtures and finishes have a dramatic effect on construction costs (30% of total for these costs according to the NAHB study). We assumed only minimum quality that is almost certainly exceeded in much new construction in the city. Also, we modeled the duplex units as single family homes in the given maximum volume allowed by the rezoning proposal (2500 sq ft above grade, with15% density bonus if an ADU is included). Therefore, we did not estimate the additional cost (in the duplex case) of two kitchens, multiple baths, duplicated HVAC systems, wiring, plumbing or appliances. So we are confident that our total construction cost estimates used to compare costs to incomes are systematically *lower* than in the real world. This means that affordability estimates reported here are most likely very conservative. For example, if we estimate that 20% of the population might find option A, B or C affordable by HUD standards, in the real world that value might actually turn out to be 15% or even 10%.

For simplicity, we do report results for modeling triplex owned or rented units. In the rental case, these smaller units would occupy the same volume in the building as would duplex units and would not change the profitability calculus of the investor. Rents would be similar to ADU rents (close in size). As ownership options, their affordability would be a little less than ADUs. But we assume that the triplex option, being more costly to build than duplexes (triple kitchens, baths, etc.) and only on corner lots, would likely be much rarer than duplexes.

November 14, 2016
Residential Infill Project Testimony
Michael Molinaro
RIPSAC member
4007 SE Taylor
Portland, OR. 97214

The initial draft proposal of the Residential Infill project dated June 2016 received attention via open neighborhood meetings, surveys, and detailed review by many neighborhood associations. This Public comment period ran from June 15, 2016 to August 15, 2016.

The results of these comments were published in several appendixes to the initial report. The staff egregiously focused on only one of these comment vehicles, the questioner that garnered a mere 2,375 respondents.

In their summary on page 4 of the "2016 Public Comment Summary Report", "Public Engagement, By The Numbers," the comments by Portland Neighborhood Coalitions, and neighborhood associations were treated as a single response. With no weight given to the numbers of citizens represented in those responses.

Appendix E: letters from Organizations are duly published and, when read, display the extreme displeasure with the infill repot.

This testimony was thoughtful and succinct. Of the 32 neighborhoods represented in this testimony, only 4 approved the Infill Report. 28 did not approve. The population which is represented in this disapproval exceeds 140,000 residents. Compare this to the mere 2,375 that opened the survey.

Staff exhaustively analyzed to survey results to wrongly present the "favorable" comments as the general feeling throughout Portland, completely ignoring these neighborhood comments.

Since this initial report is now superseded with the October 17, 2016 report, all this testimony, we have been told, is moot.

There is overwhelming written testimony rejecting this residential infill project that has been systemically ignored.

Attached is a neighborhood by neighborhood listing of testimony submitted. Those who rejected the infill report are highlighted in red, and those accepting the proposal are in green.

We urge the Commissioners to heed the call of the many participants who reject this project.

Commentary on Appendix E

10/29/2016		YES	NO
NEIGBORHOODS SUBMITTING TESTIMONY ON RIP 9/16 PROPOSAL			
NEIGHBORHOOD ASSOCIATION	POPULATI	AREA	POP./ACRE
PREPARED BY MICHAEL MOLINARO, AIA			
SEUL REPRESENTATIVE TO RIP			
ARNOLD CREEK	3,125	718	4.4
ASHCREEK	5,719	757	7.6
BEAUMONT-WILSHIRE	5346	470	11.4
BRENTWOOD-DARLINGTON	12,994	1117	11.6
BRIDLEMILE	5,481	901	6.1
COLLINSVIEW	3,036	465	6.5
CRESTWOOD	1,047	221	4.7
CULLY	13,209	1971	6.7
EASTMORELAND	5,007	705	7.1
FAR SOUTHWEST	1,320	391	3.4
HAYHURST	5,382	730	7.4
HEALY HEIGHTS	187	35	5.3
HILLSDALE	7,540	1131	6.7
HOLLYWOOD	1,578	142	11.1
HOMESTEAD	2,009	569	3.5
IRVINGTON	8,501	551	15.4
MADISON SOUTH	7,130	1149	6.2
MAPLEWOOD	2,557	398	6.4
MARKHAM	2,248	288	7.8
MARSHALL PARK	1,248	366	3.4
MULTNOMAH	7,409	923	8
NORTH TABOR	5,163	371	13.9
RICHMOND	11,607	814	14.3
ROSE CITY PARK	8,982	748	12
ROSEWAY	6,323	535	11.8
SELLWOOD-MORELAND	11,621	1155	10.1
SOUTH PORTLAND	6,631	872	7.6
SOUTHWEST HILLS	8,389	1936	4.3
SUMNER	2,137	481	4.4
SUNDERLAND	718	1056	0.7
SUNNYSIDE	7,354	382	19.2
WEST PORTLAND PARK	3,921	472	8.3
TOTAL NEIGHBORHOODS REPRESENTED	32		
TOTAL POPULATION REPRESENTED IN TESTIMONY	174,919	26.8	OF TOTAL POP
YES TO RIP PROPOSAL	33,266	19.02%	
NO TO PROPOSAL	141,653	80.98%	

Testimony regarding the Residential Infill Project

Meg Merrick, Ph.D., Emeritus Professor, Portland State University
3627 SE Cooper St., Portland, OR 97202
11/16/2016

This testimony describes some of the effects of the Residential Infill Project on my own neighborhood, one that has been under significant attack by speculative developers in recent years.

The Residential Infill Project was initiated out of community anguish over the demolition of relatively affordable homes for one or more often two speculative, incompatible and expensive replacements. In May 2015, Chief Planner, Joe Zehnder and Senior Planner Deborah Stein stated to the Planning and Sustainability Commission and to Eastmoreland community members that the best way to respond to Eastmoreland's demolition and lot splitting problem ***was not*** to grant the change to R7 zoning which the neighborhood association requested (the minimum lot size in the R7 zone is 4,200 SF which would have prevented most of the demolitions). Rather, the solution would be Mayor Hales' new initiative that would address the issue of incompatible infill.

Representing that "nearly 123,000 new households are projected by 2035"and that "about 20 percent of new housing units will be built in Portland's single-dwelling residential zones," (it isn't clear where this determination came from), the Bureau of Planning and Sustainability (BPS) refocused the project from compatible infill, the preservation of neighborhood character and the prevention of lot-splitting to ways to promote infill density in Portland's single-dwelling zones. While justification for this is projected population growth and the need for affordable housing, serious questions have been raised about the lack of analysis that has been done so far that looks at the consequences of this approach and the desired outcomes. The City now acknowledges that this proposal ***will not*** produce affordable housing but it will produce more small units that could be more affordable especially in high amenity neighborhoods.

The Housing Opportunity Overlay Zone. Initially, this overlay zone was defined as areas a quarter-mile distance from designated centers, corridors with frequent bus service and MAX stations. Under this scenario, most of Eastmoreland was *not* included. However, BPS recently added another criterion: areas that may be slightly farther from centers and corridors but are still proximate to downtown, have good transit access, have a well-connected street grid and are near schools, parks and jobs. With this criterion, the entirety of Eastmoreland is included in the Housing Opportunity Overlay Zone, indeed most of the eastside is included even though some areas don't actually meet these criteria. Areas not affected by the RIP proposal include the David Douglas School District in East Portland and most of the West Hills in spite of its proximity to downtown jobs, parks and some of the city's best schools.

In a nutshell, here are key elements of the RIP proposal that impact Eastmoreland and areas in the Housing Opportunity Overlay Zone:

- **All single-dwelling zones become multi-unit zones**. Duplexes may be constructed on all lots; triplexes on corners; all houses may have two ADUs – one internal and one external; each

Example Neighborhood Impacts

duplex may have one external ADU. It isn't mandated that new construction must be duplexes and triplexes but this is an ***entitlement*** that once given will be very difficult to change.

- **Areas farthest from services and transit to be rezoned R2.5**. All areas where historic lots of 25 x 100 feet are present, such as the Berkeley Addition in my neighborhood, are to be rezoned R2.5. In these areas, all new construction ***must*** be built to that density. If this proposal goes through, with the exception of skinny houses, no new free standing single-dwelling houses will be permitted here. The locations of these historic lots are an accident of history and do not reflect any planning rationale. The Berkeley Addition is not within an easy walking distance to either services or transit and yet it will have the highest density in Eastmoreland.
- **Size limitations** will be placed on new construction. This limitation comes out of concerns about the construction of overly large houses next to adjacent much smaller houses. Under the proposal, the square footage of all new houses is tied to the square footage of the lot. The City proposes that the Floor Area Ratio (FAR) be 1:2 so that on a 5,000 SF lot, a 2,500 SF house may be built. Under the proposal, BPS states that "modest" additional square footage may be allowed for remodels or additions and when a single-unit house is converted to a multi-unit building. "Modest" has not been defined. The size limit does not include finished basements or attics. The actual size with the addition of a finished basement is 4,000 SF and larger with an attic. This provides a strong incentive to demolish the most affordable houses.
- **A height limitation of 2 ½ stories** will be placed on all new construction in an attempt to prevent out of scale houses from being built. However, according to the recent historic survey, 1,100 of Eastmoreland's 1,500 plus houses are a full story shorter than this. Under this policy it will be more likely that the new multi-unit structures will be built to the maximum height – much taller than most of the housing stock in Eastmoreland.
- **Incompatible design and materials are not addressed in the RIP proposal**.
- **"Cottage clusters"** will be permitted on any lot that is 10,000 SF or larger. In Eastmoreland, ***there are 153 tax lots 10,000 SF or larger***. On a 10,000 SF lot, six cottages may be built but their overall size may not be larger than the allowed FAR. In this case, the FAR would permit 5,000 SF of floor area so that each cottage would be approximately 800 plus square feet plus basements and attics. Cottage clusters would be an entirely new housing type the neighborhood. Lots with large gardens will be replaced with many closely packed small structures.
- **Conversions of existing houses to multi-unit buildings** will be encouraged and incentivized. The proposal suggests that by allowing existing houses to be converted into multi-unit dwellings that they will be less likely to be torn down by developers to create new housing. While it may be desirable and feasible to do this with some larger, historic houses, these kinds of conversions in smaller single family houses often create awkwardly configured apartments and have privacy and noise issues. They are also costly to execute. It is far easier create well designed apartments from scratch. It is unclear if developers would find this approach more cost effective than demolishing a house and building a duplex and an ADU instead, or if an owner occupant, desiring a smaller dwelling, would find it more cost effective to convert his or her home into multiple units than build an ADU (which is permissible now) or move into a smaller home in the same neighborhood. Currently, in Eastmoreland, there are 68 houses 1,100 SF or smaller.

- **Where do the cars go?** It is unclear under this proposal whether or not off-street parking will be required for the new units. In the case of house conversions, the proposal states that this requirement could be relaxed. Currently, off-street parking is not required for ADUs.
- **Ownership structures.** It isn't clear what the ownership structure will look like with duplexes and ADUs permitted on every lot and cottage clusters on large lots. Duplexes could be configured owner/renter, owner/owner, or renter/renter. A single house with two ADUs would be owner/renter/renter if the owner is required to live on site. Duplexes with a single ADU could be configured owner/owner/renter, owner/renter/renter, or renter/renter/renter. Triplexes on corners and cottage clusters could have similar owner/renter configurations.
- **The promotion of small condominiums and vulnerable owners**. It is known that small condominiums (5 units or less) can leave owners with fewer resources vulnerable when things go wrong. If, for example, one owner refuses to agree to repairs or defaults, the burden must be absorbed by a very small number of owners – in large condominiums the impacts are more easily absorbed by the large number of owners. Although the RIP proposal assumes and promotes this type of ownership structure, it has not addressed this issue.

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Summary - Verbal Testimony

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Rod Merrick- member of the RIPSAC 7 who served on the committee and devoted hundreds of hours to the process. We come from diverse neighborhood perspectives but a shared concern that these policies and prescriptions are more ideology than planning. The RIPSAC 7 have provided detailed analysis of the document and process in our written testimony including recommendations for moving forward.

I will be blunt: In my 40 years in Portland, this is probably the most far reaching and the worst policy document to come out of our once respected planning process; far worse than the skinny lots policies that resulted in blocks of housing demolished, unsightly streetscapes, and angry neighbors.

I highlight the skinny/narrow lots policies **because** using underlying historic lot lines to trump zoning and determine density is the most significant contribution to speculative demolitions in the code. Many of us had hoped that in the RIP, zoning based on the comprehensive plan vision would be restored.

But, rather than removing them from the zoning equation, these lot lines are being used to dictate zoning. All skinny lots in the "overlay", over 12,000 lots randomly occurring across the city, are to be rezoned to a redefined R2.5 zone. **This policy of diffuse and random density is at the heart of this Report in every area.** It does not support the density around centers, rather it diffuses density. It diffuses travel patterns, reinforces dependence on the automobile.

This Report is being presented as a policy report that Council should politely accept as a cure all for densification without demolition, equity, affordability, and housing choice; and, by some calculation, a way to preserve the character of our neighborhoods.

Rather it is a detailed prescription with complex and contradictory assumptions – a cure far worse than the disease. Appendix A, the economic study, is claimed to be the underpinning. To be polite, it is uninformed. The author uses 2500 square foot of *saleable area* as its basis. As you have seen or will see, the *saleable area* on a 50 x 100 lot is about 4000 SF and larger on larger lots. These are not tiny houses or cute bungalows but large overshadowing structures. The RIP provides far reaching real estate entitlements and lot value increases that will be very difficult to claw back.

Appendix B the Internal Conversion Report demonstrates that remodeling existing single family houses to multi-family, though complicated and expensive, are possible. But even with promised incentives of additional height and area, it fails to demonstrate why a developer would choose to save the existing structure rather than demolish and build a more conventional housing product.

Independent researchers, providing economic analysis and testimony today, have found that far from producing affordable housing the RIP report will remove the most affordable and desired housing types and will cater to the upper end of the market. They suggest that the result will be displacement, accelerated demolition, reduced affordability, and marginal additional real density compared to other housing options. These policies will light a wildfire of demolition when the market is ready.

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I would like now to turn now to the RIPSAC 7 Summary of Recommendations to the Council and request an extension of time in order to have time to summarize our recommendations.

There are 10 recommendations that we included in our testimony to address the three areas that were the intended focus of the RIP.

- One of them is to cease recognition of underlying lot lines except where consistent with the comprehensive plan zoning map.
- Another is to provide test sites for "innovative" code policies in cooperating neighborhoods before applying them broadly.

We would like to leave you with these further thoughts:

The BPS needs to better understand how the current R1, R2 and R 2.5 zones can be improved to accommodate "middle" or transitional housing densities.

We need implementation of the Comp Plan in the form of a modern, flexible and easy to understand zoning code.

Once we have an approved Comp Plan, there needs to be a**n ongoing focus on district and neighborhood planning.** Place based Neighborhood and business associations need to be engaged to participate in decision making during these planning exercises.

We have established that the recommendations in this Report **are not** consistent with the goals of the Comprehensive plan on many levels. The recommendations **are not** aligned with the Mayor's stated objectives to reduce demolitions, and meaningfully temper scale of housing. Who can say that it will produce desired housing alternatives? The recommendations will result in diffuse density, **not** density and smaller scale housing around walkable centers.

Today, we have a shortage of housing. Not a shortage of land, and not a shortage of land zoned for housing. The misuse of a **Housing Opportunity Zone Overlay** is no substitute for planning. It **is** an attempt to bypass the comprehensive plan rezoning process. On its face it is little more than a bone thrown to speculators, some developers, and housing advocates without regard for the existing fabric of the city ....an unlikely grand bargain..between 1000 Friends of Oregon and the homebuilders.

Finally, we ask that this Report **not be accepted** by Council for the simple fact that it will not meet the intended goals and will do irreparable harm to what we do have.

WE challenge ourselves and all Portlanders to think in terms of a vision for Portland that builds on the good neighborhoods we have before we do irreparable harm with the poorly conceived policies represented in this Report. To achieve this will require significant reassessment and fresh ideas.