

ORDINANCE NO.

Amend the Comprehensive Plan, Comprehensive Plan Map, Zoning Map, Title 33 Planning and Zoning, and Title 30 Affordable Housing, to revise the Single-Dwelling Residential designations and base zones (Ordinance; amend Code Title 33, Title 30, and Portland Comprehensive Plan and Zoning Maps)

The City of Portland Ordains:

Section 1. The Council finds:

General Findings

1. Portland is expected to grow by more than 100,000 households by the year 2035.
2. The cost of housing in Portland is rising. The average cost of rent in Portland increased by 5 percent or more between 2012 and 2016, and by 2 percent in 2017. Between 2011 and 2018, the median home sale price citywide rose 60 percent — or more than \$150,000. As of 2018, the median home sale price exceeded \$475,000 in more than half the neighborhoods in the city. In order to afford the median price home in Portland today, families must earn 130% to 160% of the median family income.
3. In addition, the city's history of racially discriminatory decision-making and public policies have contributed to today's racial disparities in homeownership rates and wealth attainment and has resulted in geographic racial segregation in Portland.
4. For these reasons, the ability for many households to gain entry into many of the city's single-dwelling neighborhoods is increasingly out of reach.
5. At the same time, the city is becoming more diverse, the overall population is aging, and the number of people per household is getting smaller.
6. The Comprehensive Plan includes policies directed toward encouraging more housing choices to accommodate a wider diversity of family sizes, incomes and ages (Policy 4.15); encourage development and preservation of small resource-efficient and affordable single-family homes in all areas of the city (Policy 4.18); expanding housing choice in all of Portland's neighborhoods (Policy 5.4); encouraging middle housing—multi-unit or clustered residential buildings that provide relatively smaller, less expensive units (Policy 5.6); and encouraging a variety of ownership opportunities and choices (Policy 5.43).
7. Nearly half of the city's land area is zoned for single-dwelling residential development, however, apartments are the predominant housing type being built in Portland—74 percent of all units built in 2016.
8. Portland's single-dwelling zoning currently allows up to two dwelling units per lot—one house and one accessory dwelling unit, or in some cases, a duplex on a corner. And yet, due to the high cost of land, the size of dwelling units continues to increase, and the price of the units is higher than most Portlanders can afford.
9. In 2015, the Bureau of Planning and Sustainability began the Residential Infill Project with the goal of responding to these trends and changing demographics. Then-Mayor Charlie Hales appointed a Stakeholder Advisory Committee (SAC) to assist the Bureau of Planning and Sustainability in developing a plan to amend the city's single-dwelling

zoning code to alleviate the rising cost of housing and reduce the size of new houses. The SAC met 14 times between September 2015 and October 2016.

10. The Residential Infill Project Concept Plan was released for public review on June 15, 2016. City Council held public hearings on the concept plan in November 2016 and passed Resolution No. 37252 on December 7, 2016 endorsing the concepts in the plan.
11. The Residential Infill Project Proposed Draft was released for public review on April 2, 2018.
12. On April 2, 2018 notice of the proposed draft was mailed to the Department of Land Conservation and Development in compliance with the post-acknowledgement review process required by OAR 660-18-020.
13. On April 4, April 9, and April 11, 2018 notice of the proposed draft was mailed to all property owners potentially affected by proposed zoning map and code changes as required by ORS 227.186.
14. On May 8, 2018 and May 15, 2018, the Planning and Sustainability Commission held public hearings on the proposed draft. In addition, the Commission held 2 briefings and 9 work sessions before voting to forward the Residential Infill Project to City Council on March 12, 2019.
15. The Residential Infill Project Recommended Draft was released for public review on August 2, 2019.
16. On October 9, 2019 a revised notice of the recommended draft was mailed to the Department of Land Conservation and Development in compliance with the post-acknowledgement review process required by OAR 660-18-045.
17. On December 12, 2019 notice of the January 15, 2020 and January 16, 2020 City Council public hearings was mailed to those who presented oral and written testimony at the Planning and Sustainability Commission public hearing. In addition, the City emailed notice of the hearing to its Residential Infill Project email list.
18. The Residential Infill Project amendments allow up to ~~four~~six dwelling units per lot (based on lot sizes and affordability level) in the R7, R5 and R2.5 zones, and allows the units to be arranged in multiple configurations including a single structure with up to six dwelling units or a combination of a primary and accessory structure.—~~a single house, duplex, triplex, fourplex, a duplex with one accessory dwelling unit or a house with up to 2 accessory dwelling units.~~
19. The amendments provide opportunities for a wider variety of housing options and can reduce the cost of a single unit by roughly half the cost of a single new house.
20. The amendments encourage additional regulated affordable housing units.
21. The amendments also include a cap on house size by limiting the amount of floor area allowed per lot in the R7, R5 and R2.5 zones. The cap is intended to ensure that:
 - Additional development in these zones is compatible with existing development; and
 - Additional dwelling units are affordable to a wider cross-section of Portland residents because smaller dwelling units are often less expensive than larger units.
22. The Residential Infill Project also rezones approximately 7,000 lots from R5 to R2.5. The rezoned lots are narrow, platted lots—generally 2,500 square feet in size—that are

substandard for the R5 zones. The rezoning is intended to increase opportunities for homeownership as dwelling units on these lots are generally smaller and therefore less expensive.

23. The amendments also help the city to comply with the following:
 - House Bill 2001, which the Oregon State Legislature passed on August 8, 2019, and requires cities with a population greater than 10,000 to allow duplexes on any lot zoned for single-family dwellings; and
 - Senate Bill 534, which the Oregon State Legislature passed on July 23, 2019, and requires local governments to allow single-family dwellings on residential lots platted and zoned for such uses.
24. The Findings of Fact Report, attached as Exhibit A, includes additional findings demonstrating consistency with the Statewide Planning Goals, Metro Urban Growth Management Functional Plan, and the City of Portland *2035 Comprehensive Plan*.
25. The amendments to Title 30 are necessary to extend the Deeper Housing Affordability FAR Density Program to the single-dwelling zones to support the Affordable Fourplexes and Multi-dwelling Structures Residential Infill Option.

NOW, THEREFORE, the Council directs:

- a. Adopt amended Exhibit A, dated July 2020, as additional findings.
- b. Amend the Portland Comprehensive Plan as shown in Exhibit B, Residential Infill Project ~~Recommended~~As-Amended Draft, dated ~~August 2019~~ July 2020.
- c. Adopt the commentary in Exhibit B, Residential Infill Project ~~Recommended~~As-Amended Draft, dated ~~August 2019~~ July 2020, as legislative intent and further findings.
- d. Amend Title 33, Planning and Zoning, of the Municipal Code of the City of Portland, as shown in Exhibit B, Residential Infill Project ~~Recommended~~As-Amended Draft, dated ~~August 2019~~ July 2020, but excluding the amendments to Section 33.110.212 (When Primary Structures are Allowed), ~~and Chapter 33.675 (Lot Consolidation), Chapter 33.676 (Lot Confirmation), and the amendments to the lot-related and lot line-related definitions in 33.910 (Definitions).~~
- e. Amend Section 33.110.212 (When Primary Structures are Allowed), ~~and Chapter 33.675 (Lot Consolidation), Chapter 33.676 (Lot Confirmation), and the lot-related and lot line-related definitions in Chapter 33.910 (Definitions)~~ as shown in Exhibit B, Residential Infill Project ~~Recommended~~As-Amended Draft, dated ~~August 2019~~ July 2020.
- f. Amend the Portland Comprehensive Plan Map as shown on Exhibit C.
- g. Amend the official Zoning Map as shown on Exhibits D and E.
- h. Amend Title 30, Affordable Housing Preservation and Portland Renter Protections, of the Municipal Code of the City of Portland, as shown in Exhibit B, Residential Infill Project, As-Amended Draft, dated July 2020.

Section 2. Directives b, d, f, ~~and g,~~ and h shall be in full force and effect on August 1, 2021.

Directives a, c, and e shall be in full force and effect 30 days after final passage by City Council.

Section 3. If any section, subsection, sentence, clause, phrase, diagram or drawing contained in this ordinance, or the map, report, inventory, analysis, or document it adopts or amends, is held to be deficient, invalid or unconstitutional, that shall not affect the validity of the remaining portions. The Council declares that it would have adopted the map, report, inventory, analysis, or document each section, subsection, sentence, clause, phrase, diagram and drawing thereof, regardless of the fact that any one or more sections, subsections, sentences, clauses, phrases, diagrams or drawings contained in this Ordinance, may be found to be deficient, invalid or unconstitutional.

Passed by the Council:

Mayor Ted Wheeler
Prepared by: Morgan Tracy
Date Prepared: December 12, 2019

Mary Hull Caballero
Auditor of the City of Portland
By

Deputy

~~50~~ ~~79~~ ~~143~~ ~~213~~
~~429~~ ~~487~~ ~~494~~ ~~551~~ 648

Agenda No.
ORDINANCE NO.
 Title

Amend the Comprehensive Plan, Comprehensive Plan Map, Zoning Map, and Title 33 Planning and Zoning to revise the Single-Dwelling Residential designations and base zones. (Ordinance; amend Code Title 33 and amend the Comprehensive Plan and zoning maps)

INTRODUCED BY Commissioner/Auditor: Mayor Wheeler	CLERK USE: DATE FILED <u>JAN 07 2019</u>
COMMISSIONER APPROVAL Mayor—Finance & Administration - Wheeler	Mary Hull Caballero Auditor of the City of Portland
Position 1/Utilities - Fritz	By: Deputy
Position 2/Works -	
Position 3/Affairs - Hardesty	
Position 4/Safety - Eudaly	
BUREAU APPROVAL Bureau: Planning and Sustainability Bureau Head: Andrea Durbin	ACTION TAKEN: JAN 15 2020 Continued to January 16, 2020 at 5:00 p.m. Time Certain JAN 16 2020 Continued to January 29, 2020 at 2:00 pm Time Certain JAN 29 2020 Continued to February 12, 2020 at 2:00 pm Time Certain FEB 12 2020 CONTINUED TO MAR 12 2020 2 P.M. TIME CERTAIN MAR 12 2020 Rescheduled to date to be determined
Prepared by: Morgan Tracy Date Prepared: 12/12/19	
Impact Statement Completed <input checked="" type="checkbox"/> Amends Budget <input type="checkbox"/>	
Portland Policy Document If "Yes" requires City Policy paragraph stated in document. Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
City Auditor Office Approval: required for Code Ordinances	
City Attorney Approval: required for contract, code, easement, franchise, comp plan, charter	
Council Meeting Date January 15, 2020	June 3, 2020 Continued to June 11, 2020 at 2:40 p.m. Time Certain June 10, 2020 Rescheduled to June 18, 2020 at 2 p.m. Time Certain June 18, 2020 Continued to July 9, 2020 at 2:00 p.m. Time Certain July 9, 2020 Continued to August 5, 2020 at 2:00 p.m. Time Certain As Amended

AGENDA

TIME CERTAIN
 Start time: 2:00 pm

Total amount of time needed: 3 hours
 (for presentation, testimony and discussion)

CONSENT

REGULAR

Total amount of time needed: _____
 (for presentation, testimony and discussion)

FOUR-FIFTHS AGENDA	COMMISSIONERS VOTED AS FOLLOWS:		
		YEAS	NAYS
1. Fritz	1. Fritz		
2.	2. Vacant		
3. Hardesty	3. Hardesty		
4. Eudaly	4. Eudaly		
Wheeler	Wheeler		

Item 648

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Findings will be distributed on Monday, August 3rd.

Link to the folder containing the RIP documents:

[https://hcpaw.portlandoregon.gov/u/-n0fKkd9H6TofR8q/For Council Clerk?!](https://hcpaw.portlandoregon.gov/u/-n0fKkd9H6TofR8q/For_Council_Clerk?!)

Contact: Morgan Tracy, Morgan.Tracy@portlandoregon.gov

Karla Moore-Love
Karla.Moore-Love@portlandoregon.gov
Council Clerk
Office of the City Auditor

IMPACT STATEMENT

Legislation title: The Residential Infill Project

Contact name: Morgan Tracy, Project Manager

Contact phone: (503) 823-6879

Presenter name: Sandra Wood, Morgan Tracy

Purpose of proposed legislation and background information:

The Residential Infill Project (RIP) is revising Zoning Code development standards in Portland's single-dwelling zones (Chapter 33.110) and associated regulations in other Zoning Code chapters. The amendments also make related changes to the Zoning Map and the Portland Comprehensive Plan and Comprehensive Plan Map. The amendments are intended to help implement Comprehensive Plan policies that call for:

- Providing diverse housing opportunities;
- Encouraging more housing choices and types to accommodate a wider diversity of family sizes, incomes, and ages, and that can adapt to the changing needs of households over time
- Supporting housing affordability and extend access to amenities
- Enhancing land and energy resource-efficiency
- Reducing the risk of displacement
- Designing at a scale that respects neighborhood context

The amendments include Zoning Code regulations that will be administered by the Bureau of Development Services and development bonuses for affordable housing that will be administered by the Housing Bureau.

Financial and budgetary impacts:

Direct budget impact

This ordinance does not affect long-term financial obligations for the City (e.g. ongoing debt payments, purchase of property requiring operations and maintenance, or ratification of labor contracts), nor does it amend the budget or authorize additional spending on new or existing projects or programs. Furthermore, the ordinance does not result in a new or modified financial obligation or benefit, including IAs, IGAs, MOUs, grants, contracts or contract amendments.

Revenues

The Zoning Code amendments increase the number of residential dwelling units allowed in the R2.5, R5 and R7 zones (roughly 68% of Portland single-dwelling zoned land) and provide development bonuses for projects that include affordable units.

An economic feasibility analysis (Residential Infill Project, Volume 3, Appendix A) indicates that the changes enable the development of duplexes, triplexes and fourplexes and could generate as much as \$871M of *additional* construction investment if the market supports demand for these housing types. This demonstrates that the changes from the ordinance do not unduly suppress future revenue through development fees and taxes.

Staffing

This ordinance does not create, eliminate or re-classify positions now or in the future. There will be minimal impacts to staff time within both the Bureau of Development Services (BDS) and the Portland Housing Bureau (PHB) as described below.

Bureau of Development Services

The amendments to the Zoning Code will impact BDS in terms of staff time spent working with permit applicants, reviewing submittals and inspecting development. The changes will impact BDS in the following ways:

One-time costs:

- Staff training - Learning about the new regulations will initially take staff time. Training is developed and provided prior to implementation. Follow up discussions at team meetings to ensure consistency and answer questions about how to apply the new regulations to specific situations will also be needed.
- Public information – Development of new brochures and/or website content to explain the new standards and application submittal requirements will be required.
- Permit system updates - Adjustments to the Permit Tracking system to account for new housing types and additional allowable development configurations (e.g. two ADU's with a house) will be necessary.

On-going costs:

The addition of new regulations will require more staff time for plan reviews. Other changes that modify existing regulations will have less of an impact on plan reviews, while changes that discontinue existing regulations will simplify plan review and reduce required staff time. Most changes have minimal impacts to this review time, with two exceptions:

1. The largest contributor to additional ongoing staff time is the result of applying floor area ratio (FAR) limits. The Zoning Code does not currently include measurements of floor area for single dwelling zone structures in R2.5, R5 or R7 zones. Plan review will be impacted by the need to measure floor plans, determine maximum allowable FAR from lot size information and confirm compliance. Existing permit records will not include benchmark FAR information when additions are proposed and smaller additions that are exempt from FAR will still require permit history review to ensure that the exemption is applicable. Single dwelling development often involves more complicated floor plates to calculate than larger commercial or multi dwelling development. This will affect all new residential permits and most additions in the R2.5, R5 and R7 zones (~1,110 permits per year), as well as property line adjustments and lot confirmations, where site area is affected and there is an existing building on the site (~220 reviews per year).
2. The second contributor to increased staff time is related to the lot confirmation zoning code amendments. Currently lot confirmations do not require input from infrastructure bureaus. Going forward, this input will be required, and that

coordination will require ongoing staff time for these lot confirmation requests (~227 reviews per year).

BPS estimated the impacts to BDS staffing and found that there was an increase in permit review time of 555 hours (0.27 FTE) and an increase in lot confirmation/property line adjustment reviews of 223 hours (0.11 FTE). The increase in permit review time increases the cost of providing services by an amount equivalent to a 3-cent increase per \$1,000 in valuation to the land use plan review fee. BDS will address the fee in an ordinance at a time closer to the effective date of these changes. Due to the small increased costs in lot confirmation/PLA reviews, BDS has decided to use existing resources to cover those costs.

Portland housing Bureau

The affordable unit bonus provision increases the allowed FAR on sites proposing at least one unit be affordable to households earning no more than 80 percent of median family income (MFI). This new bonus will require additional Housing Bureau staff time for creating the administrative rules for the bonus and in administrating and monitoring use of the bonus. Separate administrative rules will be required for ownership and rental units. For administrating the bonus, staff time will be needed to review and certify compliance with the administrative rules, as well as monitoring conformance over time. The specific amount of staff hours is uncertain, since it is not known how many projects will use this bonus. PHB will monitor and ascertain staffing need after the ordinance has been in effect.

Community impacts and community involvement:

The RIP amendments affect development in the single-dwelling zones citywide (primarily in the R2.5, R5 and R7 zones) which account for 43% of the city land area and therefore impact a broad range of community members in different parts of the city. The community involvement program conducted in support of RIP amendments engaged a broad range of stakeholders, including people who live in single-dwelling zones, those involved in the development of housing, plus specific relevant focused topics and advocacy including historic preservation, anti-displacement, and affordable housing. A Stakeholder Advisory Committee (SAC) was formed and met over the course of a year and involved participants with a broad range of perspectives and experience, including community group representatives, development professionals, neighborhood residents, affordable housing providers and age-friendly advocates. The amendments were also informed early in the process by roundtable discussions with development professionals, including affordable housing providers, disability advocates, remodelers, designers, and developers.

Staff met with community members at 145 different meetings and events attended by over 3,300 attendees since the project inception. In addition, staff sent notice by first class mail to every owner of property in R2.5, R5 and R7 zones (~135,000 notices) and established a call center to field questions from notified recipients and others.

At each proposal stage (concept report, discussion draft and proposed draft) staff assembled a “What we heard” report of general themes of the nearly 19,000 total comments received. Among the many issues raised by community members and that helped refine the RIP amendments through that process were:

- demolitions
- historic resources
- parking impacts
- compatibility/scale
- tree canopy impacts
- aging in place
- housing type diversity
- affordability/lower cost housing
- available housing locations
- homeownership opportunities
- displacement
- feasibility of regulations

The Discussion Draft, published in October 2017 provided the first opportunity for the public to review and comment on specific draft zoning code regulations, which were developed by staff based on ideas in the project’s Concept Report. The public review period for the Discussion Draft was from October 3 through November 30, 2017. During this period, staff used a variety of approaches for community members to learn about the proposals and provide comment, including public open house events, and meetings with various groups including the Portland Commission on Disability, Historic Landmarks Commission, Design Commission, East Portland Action Plan housing subcommittee, and Living Cully. Information about the project was available online and comments were accepted via an online commenting tool.

Comments received during the Discussion Draft public review period informed the Proposed Draft, which served as staff’s proposal to the Planning and Sustainability Commission (PSC). The Proposed Draft was posted online on March 28, 2018—48 days before the PSC’s public hearing on May 15, 2018. The PSC received over 1,200 pieces of testimony from individuals, organizations, and neighborhood associations through the mail, email, oral testimony, and testimony submitted online. Over 100 people testified in person during two public hearings held on May 8 and 15, 2018. After the PSC considered public testimony, the commission held a series of nine work sessions and two briefings (May 2018 through March 2019) to consider changes to the Proposed Draft. The PSC concluded its deliberations on March 12, 2019 and voted to move their recommendations to City Council.

People and organizations who have been interested in the project throughout are likely to testify at the City Council hearing. These include housing advocates, neighborhood association representatives, aging and disabilities advocates, historic preservationists, homeowners, renters, tenants’ rights representatives, developers, designers, and affordable housing providers. Organizations who have testified previously and will likely provide testimony to City Council include Portland for Everyone, Portland Coalition for Historic Resources, Oregon League of Conservation Voters, AARP Oregon, Oregon Locus, Portland Housing Center, and a number of neighborhood associations. Testimony will likely be similar to that heard at the PSC and will call on Council to decide how to balance competing goals and policies around housing density, affordability, building scale and

neighborhood compatibility, parking requirements, affordability, and impacts on development costs.

100% Renewable Goal:

This ordinance does not directly affect the City's 100% Renewable Goal to meet our community-wide energy needs with solely renewable energy by 2050, but RIP amendments that encourage higher-density compact development and allow more housing in locations close to services and transit will contribute to development that is more energy efficient and will allow more people to live in locations that facilitate transit use, walking, and bicycling, helping to reduce the use of fossil fuels associated with private automobiles and heating.

Budgetary Impact Worksheet

Does this action change appropriations?

- YES:** Please complete the information below.
- NO:** Skip this section

Fund	Fund Center	Commitment Item	Functional Area	Funded Program	Grant	Sponsored Program	Amount