



City of

PORTLAND, OREGON

Development Review Advisory Committee

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DRAC DEMOLITION SUBCOMMITTEE – POST ORDINANCE IMPLEMENTATION

Meeting Notes

December 11, 2015

1:30 – 3:00 p.m., Room 4A

1900 SW Fourth Ave.

Portland, OR 97201

Attendance: Chris Kopca, Claire Carder, Constance Beaumont, Robert McCullough, Joe Petrina, Al Ellis, Caroline Dao, Justin Wood, Jeff Hilber, Michael Molinaro, Barbara Strunk, John Sandie, Steve Elder, Terry Parker, Maryhelen Kincaid. From BDS: Emily Sandy, Amy Kelley, Fred Deis, Nancy Thorington, Mitch Nickolds, Tim Morris, Elliot Akwai-Scott, David Kuhnhausen, Mike Liefeld

Time	Topic	Action
1. 1:30 – 1:35	Introductions	Informational
2. 1:35 – 2:00	Discuss What Constitutes an “Epidemic”	Input & Recommendations
3. 2:00 – 3:00	Review Council Concerns Prompting Demo Tax	Input & Recommendations
4. 3:00 – 3:20	Recommendations Based on Issues Raised in DRAC Letter	Input & Recommendations
5. 3:20 – 3:30	Issues for Next Meeting	Input & Recommendations

I. INTRODUCTIONS [Informational]

In attendance: Nancy Thorington BDS, Maryhelen Kincaid DRAC Chair, Justin Wood DRAC & Fish Construction, Caroline Dao Historic Landmarks Commission, Joe Petrina DRAC (for John Hasenberg, Constance Beaumont DRAC, Claire Carder DRAC, Chris Kopca DRAC & Downtown Development Group, Robert McCullough Southeast Uplift, Al Ellis UNR, Mitch Nickolds BDS, Fred Deis BDS, Tim Morris BDS, Elliot Akwai-Scott BDS, David Kuhnhausen BDS, Jeff Hilber UNR, Michael Molinaro SNA, SEUL, Barbara Strunk UNR, John Sandie UNR, Steve Elder UNR, Terry Parker UNR, Emily Sandy BDS, Amy Kelly BDS

II. DISCUSS WHAT CONSTITUTES AN “EPIDEMIC” [Input and Recommendations]

Nancy passed out demo permit activity RS-single family dwelling and duplexes for 2015 sorted by neighborhood. She also passed out information about demo permits over time from 1994-2015. There were questions regarding permits that are issued vs. finalized. The finalized permits are for properties that have actually been demolished and BDS has verified that through final inspection.

The group discussed whether, based on the statistics, they thought there was an “epidemic” of residential demolitions.

It was noted the term “epidemic” is subjective. Claire stated we should look at the numbers vs. the word “epidemic.”

Al stated it’s not the raw number of demolitions that’s the issue; it’s the demolishing “viable homes.” Not all houses are worth saving. Demolition of one viable home is concerning, but the number of demolitions could make it more concerning.

Maryhelen stated the purpose of discussing the statistics was to “operate on data.” She also stated the documents aren’t perfect. She clarified that Commissioner Novick in particular wanted information on whether the problem is an epidemic. Justin noted that Council in general is looking for information on the scope of the problem.

Barbara appreciated doing the data neighborhood by neighborhood and wondered if some neighborhoods are pricing out of the demo market overtime. Mitch pointed out the data doesn’t tell you whether the tax is applicable, or why the house needs to be demolished because it is damaged from fire or part of a code compliance case. That may be something we need to look at.

Justin pointed out that Rob Humphrey has 2015 data that is worth sharing. Justin also noted that it’s difficult to define demolitions as an epidemic given the number of single family homes and the corresponding life span of a typical home. Perhaps the issue should be redefined as one of stopping certain types of houses in certain neighborhoods from being demolished.

Claire noted in 2006 there are more demo permits applied for than this years issued permits. There are houses that need to go. She noted the data doesn’t tell the whole story because it doesn’t tell anything about the quality of the house.

Joe stated 2005-2007 up ticked about 10%. He said you are going to see valleys and peaks. The question is whether this is something that is going to keep occurring. Also, how effective is the tax going to be given these cycles? The group discussed having exemptions to the tax, which is also subjective. An epidemic is something that is long term. The data doesn’t show that type of long-term trend.

Al stated the issue is the number of demolitions. What’s the threshold that warrants a tax?

Maryhelen asked what other types of data would be useful to gather and consider. Ideas included: how many single family homes there are overall, information on which ones had code enforcement or fire damage, which ones would be exempted by zoning, population size for the areas seeing large number of demos, neighborhood demolition information over time, lot size, presence of historical lot lines (underlying lot lines), number of replacement houses, price of replacement houses, value of demolished houses, and footprint of houses vs. lot size.

Maryhelen noted that the question of what replaces a demolished house is being discussed in BPS’ Residential Infill project.

Barbara noted BPS has some data related to the Residential Infill Project and wondered if BDS and BPS can work together to get similar data. Justin noted that Rob Humphrey had pulled together much of the data that was mentioned by the group and would check on being able to share that data. Robert noted that census data was available.

III. **REVIEW COUNCIL CONCERNS PROMPTING DEMO TAX** [Input and Recommendations]

Maryhelen suggested focusing on identifying the types of demolitions that should be considered, rather than discussing the revenue issue because we may need more data for that discussion.

Nancy offered that we should identify if the problem is the number of demolitions, or the types of houses that are being demolished.

Al noted that environmental concerns are also a big issue with demolitions. Joe added that environmental concerns are more of a priority, and the City could do more to ensure demolitions were carried out responsibly.

Robert stated that \$25,000 is not a good number for both high value and low value homes. That amount is not a problem for higher value homes and could have a very big impact on lower value homes. This tends to show up on buyer's side not the seller's. The issue is really zoning and what's allowed in the place of a demolished home.

Caroline noted that disincentives are just one approach to preventing demolitions. Perhaps disincentives should be for a certain category of homes. Also, we should look at other options for developing sites that make it easier to preserve existing houses.

Justin proposed, instead of having a flat tax, pick a percent of assessed value of the property. Exempt properties under a certain value and if the land value exceeds the value of the home. Al talked about compatibility vs. affordability. The tax has to be large enough to actually act as a disincentive, but it is "in the cards" there will be a sliding fee of some sort. Chris doesn't think we should tax the amount we are asking. He says, "It's not a good public policy feature, and it's the wrong form of funding." He would like to know what neighborhoods are historic.

Al stated that the big issues are compatibility and affordability. A tax as a disincentive must be large enough to actually act as a disincentive. If not, it's likely the cost will just be passed on and could negatively impact entry level buyers. He noted that a tax as a disincentive does more for affordability than the revenue generated by the tax. He also noted that the tax should have some sort of sliding scale.

Justin noted that an older house does not mean it is an affordable house. Many come with problems that need to be fixed with cash before lenders will lend on them. A new house can be more affordable than remodeling an older house.

Justin also noted that raising money for affordable housing funding is not the main point of the tax. The main purpose is to slow demolitions. Passing on costs to entry level and/or middle class buyers impacts affordability in a different way.

Robert calculated \$ 4,000,000 in revenue based on 2015 demolition numbers and noted that is not a lot of money for affordable housing. Mitch N. said it will help about 168 families. Justin suggested getting a mortgage loan officer in a meeting to discuss types of houses first

time buyers are allowed to purchase. He thinks it would be tough to ask a family paying \$325,000 for an additional \$25,000 to help another family.

Chris noted that we should be defining a problem and asking for what we want, not taxing something we don't want. He noted that the affordable housing funding component was a good public purpose, but the proposed demolition tax was the wrong form of funding.

Constance asked if there is a plan B if the tax doesn't go through and wants to know if we look at what other cities are doing.

IV. **RECOMMENDATIONS BASED ON ISSUES RAISED IN DRAC LETTER TO COUNCIL** [Input and Recommendations]

- a. **Review DRAC letter to City Council**
- b. **How will funds be used?**

Claire stated that it is too early for recommendations; more data is needed and the issues need to be split out. She noted two issues: are there too many demolitions (is it a problem?), and the issue of affordability.

V. **ISSUES FOR NEXT MEETING** (December 18, 2015) [Input and Recommendations]

Maryhelen would like IV on the next agenda. Mike will show his project. Katie Shriver will attend from Commissioner Novick's office.