

Residential Infill Project – Stakeholder Advisory Committee (SAC)

Meeting #14 Summary Minutes **APPROVED BY SAC**

Date: Tuesday, October 18, 2016

Time: 7:00 p.m. to 9:00 p.m.

Location: 1900 SW 4th Avenue, Portland, 2nd Floor – Room 2500

SAC Members in Attendance: Linda Bauer, Sarah Cantine, Alan DeLaTorre, John Hasenberg, Marshall Johnson, Emily Kemper, Douglas MacLeod, Mary Kyle McCurdy, Maggie McGann, Rod Merrick, Rick Michaelson, Michael Molinaro, Danell Norby, Vic Remmers, Teresa St. Martin, Eli Spevak, Barbara Strunk, David Sweet, Eric Thompson, Garlynn Woodsong

SAC Members NOT in Attendance: Jim Gorter, Mike Mitchoff, Douglas Reed, Tatiana Xenelis-Mendoza

Staff/Consultants in Attendance: Joe Zehnder (BPS), Sandra Wood (BPS), Morgan Tracy (BPS), Julia Gisler (BPS), Todd Borkowitz (BPS), Kristin Cooper (BDS), Brandon Spencer-Hartle (BPS), Tyler Bump (BPS), Love Jonson (BPS), Anne Presentin (EnviroIssues), Mandy Putney (EnviroIssues)

Others in Attendance: Terry Parker, Terry Griffiths, Gary Whitehill-Baziuk, Jesse Simpson, Zan Gibbs, Karlene McCabe, Daniel Johnson, Sarah Condon, John Urbanowski, Doug Klotz, Annie Rose Shapero

Meeting Objectives:

- Gain a shared understanding of public engagement results
- Gain a shared understanding of revised concept recommendations and key changes
- Provide opportunity for SAC reflection and thoughts moving forward

Abbreviations: Q = Question; C = Comment; R = Response (staff/consultants)

Post-Meeting Clarifications or Links



WELCOME AND MEETING INTRODUCTION

Facilitator Anne Pressentin (Envirolssues) thanked SAC members for their attendance, identified the meeting objectives (see above) and highlighted the meeting agenda.

Summary Minutes from SAC Meeting #13 (June 7, 2016) are now posted on the project webpage [<https://www.portlandoregon.gov/bps/article/583609>].

PUBLIC INVOLVEMENT ON DRAFT PROPOSAL: WHAT WE HEARD

Mandy Putney (Envirolssues) gave an overview of public feedback from this summer's draft proposal for the Residential Infill Project public involvement events (June 15th – August 15th).

Link to Mandy's Presentation: <https://www.portlandoregon.gov/bps/article/595703>

Summary of Public Involvement:

- 545 people attended the six in-person open houses
- 8,604 people visited the online open house
- More than 200 people attended additional meetings where staff presented the draft proposal
- 2,375 respondents submitted feedback via the questionnaire
- 1,562 comments received from questionnaires, comment forms, flip chart notes, emails and letters

Questionnaire Response Rate:

- 2,500 people started the questionnaire
- 2,375 answered at least one non-demographic question
- 610 completed every question
- 1,213 answered the open-ended question

Questionnaire Respondent Profile:

- Homeowners (85%)
- 45 years old or older (56%)
- Have a household income greater than \$75,000 (55%)
- Have lived in Portland for 10 years or more (71%)
- Identify as white/Caucasian (89%)
- Live in a single or two-person household (62%)
- 97202 (Eastmoreland) was the ZIP code with the most responses (12%; 274 responses)
- Around a third of all questionnaire respondents live in three ZIP codes: 97202, 97213 and 97214 (Figure 24). By comparison, around 14 percent of Portland's population live in these ZIP codes. ZIP codes in northwest and southwest Portland (excluding Hillsdale, Multnomah Village and South Burlingame) and east of I-205 were underrepresented.

Questionnaire Key Findings:

- A majority of questionnaire respondents think the BPS proposal will be “very effective” or “somewhat effective” at meeting almost all of the project’s key objectives
- While there are some differences between demographic groups, the general consensus is that the proposal is moving in the right direction
- There is more agreement around recommendations related to housing scale than the recommendations related to housing types and narrow lots
- There is disagreement on where new housing types and development on historically narrow lots should occur

Open-ended Comment Analysis Key Findings:

- Affordability was mentioned in almost a third of all public comments by individuals and over three quarters of letters from organizations
- Concerns related to new housing types and narrow lot development are mostly tied to demolition, density and parking

Q: Was there a disaggregation of data with regard to income?

R: Yes. It is included in the summary report.

Link to Summary Report – Public Comments on the Draft Proposal:

<https://www.portlandoregon.gov/bps/article/590169>

RECOMMENDED CONCEPT REPORT TO CITY COUNCIL

Project Manager Morgan Tracy (BPS) presented the revised draft proposal for the Residential Infill Project, included in the Concept Report to City Council. Key wording changes were made to bring the recommendations back to a conceptual (not as detailed) level and refine the intended meaning of certain words. The three main topics – Scale of Houses, Housing Choice (formerly Housing Types) and Narrow Lots (formerly Historically Narrow Lots) – remain generally intact. The Concept Report to City Council includes three appendices: a draft economic analysis, an internal conversions report and a report on using of floor area ratios (FAR) for single family zoning. Like with the previous draft recommendations, the project team developed a four-page summary of these recommendations.

Link to Residential Infill Project Concept Report to City Council and appendices:

<https://www.portlandoregon.gov/bps/article/594795>

Appendix A: <https://www.portlandoregon.gov/bps/article/594796>

Appendix B: <https://www.portlandoregon.gov/bps/article/594797>

Appendix C: <https://www.portlandoregon.gov/bps/article/594798>

Link to Summary of the Concept Report to City Council:

<https://www.portlandoregon.gov/bps/article/594799>

Key Changes:

- Change to Scale of Houses: In addition to differentiating by lot size, differentiate by zone when calculating the allowable size of house.
- Changes to Housing Choice:
 - Establish a Housing Opportunity Overlay Zone to be applied where additional housing types will be allowed.
 - Revise the study boundary of where to apply the Housing Opportunity Overlay Zone to include more amenity-rich areas and exclude the David Douglas School District.
 - Require design controls for projects with more units than currently allowed by the base zone.
 - Create new incentives to retain existing houses.
- Change to Narrow Lots: Rezone to R2.5 to reflect lot size.

Morgan indicated that the project team's attempts to bring back the recommendations to a conceptual level meant that many of the specific measurements for scale were removed. The exact numbers will be determined later once a refined concept direction is given by City Council.

Q: When can SAC questions be asked?

R: After the presentation of each project topic.

Morgan highlighted and explained the three proposed concept recommendations and sub-recommendations under the Scale of Houses topic. They include:

1. Limit the size of houses while maintaining flexibility.
2. Lower the house roofline.
3. Improve setbacks to better match adjacent houses.

Q: Why move away from precise numbers in some recommendations and not others?

R: Recommendations for items like building height and dormers were not fully vetted and the project team determined that they were not confident in proposing specific measurements until more analysis was done.

C/Q: Dormers were not part of many discussions. In the proposal, will dormers be allowed or not?

R: Under current rules, dormers allow builders to create building heights beyond the maximums that Portland's zoning code intends. Proposed recommendations aim to ensure that dormers are a secondary roof mass that do not make houses appear larger.

Q: Would the proposed 0.15 bonus square footage (bonus 0.15 FAR) for detached accessory structures trump current zoning rules?

R: The earlier recommended draft proposed an allowance for a bonus 800 square feet for detached accessory structures within *all* single-dwelling zoned lots. The current proposed rule would make the bonus allowance proportional to a lot's size and would not result in any changes to current rules limiting the maximum accessory dwelling unit to a percentage of the primary unit.

Post meeting clarification: It should also be noted that larger detached structures could be allowed, but any additional square footage above the .15 FAR would be "borrowing" from the primary structure. For example a 1,000 s.f. detached garage/ADU on a 5,000 s.f. lot equals 0.20 FAR. The 0.15 FAR allowance means that the additional 0.05 FAR would be subtracted from the house, leaving in essence 0.45 FAR for the house itself.

Q: What does "Exclude basements and low attics with low ceiling heights from house size limits" [Recommendation 1.b] mean?

R: It relates to building mass and whether or not basements or attics contribute to this massing [It is assumed that attics with sufficient headroom for living space do contribute to scale, while basements and/or low attics with low ceiling heights contribute less so].

Q: Under this proposal, would tuck-under garages be included in FARs?

R: No. They would be counted like basements and not count towards FAR.

Q: Will the proposed rules encourage detached garages to take up back yard space or result in more houses built with tuck-under garages?

R: Yes. Correct.

C: There will be unintended consequences to building up yards with detached garages.

C: There are perverse results to this proposed rule.

R: That's one opinion.

Morgan then highlighted and explained the three proposed concept recommendations and sub-recommendations under the Housing Choice topic. They include:

4. Allow more housing types in select areas and limit their scale to the size of house allowed.

5. Establish a Housing Opportunity Overlay Zone in select areas.
6. Increase flexibility for cottage cluster developments on large lots citywide.
7. Provide flexibility for retaining existing houses.

The proposed Housing Opportunity Overlay Zone includes the originally proposed Centers and Corridors geography (1/4 mile of designated centers, corridors with frequent transit, high capacity transit (MAX) stations, as well as within Inner Ring neighborhoods around the Central City), but now also:

- Includes medium to high opportunity neighborhoods, as designated in the new Comprehensive Plan.
- Excludes areas within the David Douglas School District until its capacity issues have been addressed.

In addition, the Housing Opportunity Overlay Zone boundary will be further refined to produce a boundary that considers property lines, physical barriers, natural features, topography and other practical considerations.

Q: How is the newly proposed Housing Opportunity Overlay Zone reflected in the map [Page 14 of the Council Report to City Council]?

R: It is the yellow hatched area. It includes all R2.5, R5 and R7 zones within the proposed Housing Opportunity Overlay Zone.

Q: Is the latest proposed geography larger or smaller than what was previously proposed?

R: It's slightly more, affecting 1,000 to 2,000 additional lots (netting out David Douglas). One should keep in mind that the area within the David Douglas School District would only be excluded until capacity issues have been addressed and that the proposed boundary will be further refined.

Q: Excluding the David Douglas School District, what is the percentage increase in the quantity of lots in the R5 zone between the previously proposed Centers and Corridors geography and the current proposed Housing Opportunity Overlay Zone?

R: The project team has not calculated this increase. However, the Housing Opportunity Overlay Zone covers about 64 percent of all of Portland's single-dwelling lots; this takes into consideration the lots proposed to be excluded that are within the David Douglas School District.

Q: When will the David Douglas School District capacity issues be addressed?

R: This is unknown. Funding must be secured for them to be addressed.

Q: What will be the mechanism for ensuring that the proposed Housing Opportunity Overlay Zone will be revised once the David Douglas School District capacity issues are addressed?

R: While, resolved capacity issues will result in future tweaks to the proposed Housing Opportunity Overlay Zone, the details for accomplishing this have not yet been determined.

Q: Is the David Douglas School District's capacity planning assuming that the district's growth will be per the new 2035 Comprehensive Plan or per the Residential Infill Project direction?

R: The growth projections for 2035 households remain the same under either scenario.

C: Using a land use plan to address school capacity issues is "cockeyed."

R: The project team will follow up with the SAC on this issue.

R: The new 2035 Comprehensive Plan uses residential growth capacity and population projections identified in the Buildable Lands Inventory.

Q: Does this include the David Douglas School District?

R: Yes.

Q: Before the City Council hearings, will the project team be making detailed maps for the proposed Housing Opportunity Overlay Zone, similar to what was done for the previously proposed Centers and Corridors geography?

R: The project team is still evaluating the benefits of making detailed maps for the proposed Housing Opportunity Overlay Zone. The detailed maps proved to be a distraction from the merits of the overall concept. Plus, the proposed geography has not changed significantly.

C: The detailed map in the Council Report to City Council [Page 14] differ from the previously proposed Centers and Corridors maps posted online, potentially creating some confusion.

R: Good point. The project team will consider how to minimize this confusion.

Post Meeting Clarification. The project team decided that updating the maps was the best way to reduce confusion and avoid incorrect speculation

Link to conceptual Housing Opportunities Overlay Zone maps:

<https://www.portlandoregon.gov/bps/71893>

Q: Per the Report to City Council recommendations, would new design controls be required for all projects seeking additional units in the proposed Housing Opportunity Overlay Zone [Recommendation 4.c]?

R: Yes.

Q: Where did this concept come from?

R: Concerns about the aesthetic of new developments with multiple units in single-dwelling zones, identified through this summer's public involvement process.

Q: Yet, there would be no new design controls for single-dwelling zone houses containing only one unit with or without an internal ADU [current code]?

R: Correct. Under the proposed rules, project applicants could meet design controls or opt go through a discretionary process.

Q: Where did the geography from previously proposed Centers and Corridors to the now-proposed Housing Opportunity Overlay Zone expand?

R: The primary areas now included are in the Eastmoreland and Irvington neighborhoods, as well as some areas in North Portland.

R: These were medium and high Housing Opportunity areas identified in the new 2035 Comprehensive Plan.

Post-Meeting Clarification: Per the 2035 Comprehensive Plan (June 2016):

“The Portland Plan’s Healthy Connected City strategy provides policy guidance to expand opportunities for Portlanders to live in complete communities offering a mix of desirable services and opportunities. Housing that is located in a walkable neighborhood near active transportation, employment centers, open spaces, high-quality schools, and various services and amenities enhances the general quality of life for its residents. Neighborhoods in Portland offer varying levels of opportunity (see Figure 5-1 – Housing Opportunity Map), with housing in high-opportunity neighborhoods tending to be expensive compared to more affordable housing in areas that offer fewer opportunities.”

Link to the 2035 Comprehensive Plan (June 2016), Chapter 5 Housing (note Page GP5-14 contains the Housing Opportunity Map (Figure 5-1):

<https://www.portlandoregon.gov/bps/article/579169>

R: The proposed Housing Opportunity Overlay Zone includes the previously proposed Centers and Corridors geography (1/4 mile of designated centers, corridors with frequent transit, high capacity transit (MAX) stations, as well as within Inner Ring neighborhoods around the Central City) – which is also consistent with the new 2035 Comprehensive Plan. The intention of the proposed Housing Opportunity Overlay Zone is to not completely change the forecasts of where projected growth will locate. This proposed overlay actually brings together two policy chapters of the new 2035 Comprehensive Plan and fills some major gaps in the previously proposed Centers and Corridors geography.

Post-Meeting Clarification: Per the 2035 Comprehensive Plan (June 2016), Policy 5.6:

*“**Middle Housing.** Enable and encourage development of middle housing. This includes multi-unit or clustered residential buildings that provide relatively smaller, less expensive units; more units; and a scale transition between the core of the mixed use center and surrounding single family areas. Where appropriate, apply zoning that would allow this within a quarter mile of designated centers, corridors with frequent service transit, high capacity transit stations, and within the Inner Ring around the Central City.”*

Link to the 2035 Comprehensive Plan (June 2016), Chapter 5 Housing: (See above).

Morgan indicated that proposed recommendations for cottage cluster developments were well received during the public involvement process. The proposed differences regarding them in the Concept Report to City Council pertained to adding some additional detail. The proposed maximum total square footage on cottage cluster sites would now be equivalent to the new FAR limits for each zone and be dependent on lot size. Floor areas of individual cottages would now be capped at 1,100 square feet. Density on cottage cluster developments would match those for other zone unit allowances and be dependent on whether inside or outside of the

overlay. If outside, one unit with an ADU would be allowed; if inside, two units with an ADU would be allowed.

Q: How was the 1,100 square foot limit for individual cottages determined?

R: There is “no real science” associated with this number, yet an upper limit slightly above the ADU allowance was sought to ensure a ‘cottage-like’ size.

C: Per the proposed rules, there is not much difference between townhouse clusters and cottage clusters.

R: Attaching townhouses result in a greater building bulk not always adaptable to single-dwelling zones. Cottage clusters would have smaller building bulks, making them more appropriate in these zones.

Q: On a 10,000 square foot R5 lot, how many dwelling units would now be allowed if within the proposed Housing Opportunity Overlay Zone?

R: Six.

Post-Meeting Clarification: Under current rules, the maximum allowed would be 2 houses on a single PD site totaling 9,000 square feet OR 2 houses plus 2 ADU’s totaling the 13,500 square feet. With the proposed change, the maximum number of cottages would be six, totaling 5,000 s.f. or roughly 833 s.f. each.

Q: Will 5,000 square foot lots, under the proposed rules, able to have cottage clusters?

R: Only if two 5,000 square foot lots were consolidated to create a 10,000 square foot site [the proposed minimum lot size for cottage cluster developments].

Morgan indicated that density bonuses for providing affordable or accessible units are still on the table [Recommendation 6.f.]. “Provide added flexibility for retaining existing houses” was also given its own recommendation in the Concept Report to City Council [Recommendation 7] with added parameters.

C: The word ‘conversion’ [used in ‘internal conversions’] is confusing.

R: It suggests ‘converting’ an existing, single-dwelling house into multiple units.

C: Or ‘convert’ to more livable space.

C: Internal conversions should be incentivized to ensure safety through seismic upgrade.

C: A basement does not need to be replaced to give an older house a seismic upgrade.

R: The project team will better clarify this language.

Q: Do the proposed recommendations allow additional dwelling units to be built outside of the proposed Housing Opportunity Overlay Zone?

R: Only if done through a cottage cluster development. Otherwise, current rules would still apply outside of the proposed Housing Opportunity Overlay Zone.

Q: Do the proposed recommendations allow additional dwelling units to be created in an existing house when the house is outside of the proposed Housing Opportunity Overlay Zone?

R: No, additional dwelling units will only be allowed within an existing house when it is inside the proposed Housing Opportunity Overlay Zone.

C: In Portland, one could make an existing house into an ADU of a new house.

R: That is correct, so long as the zone's development standards are met.

Morgan then highlighted and explained the three proposed concept recommendations and sub-recommendations under the Narrow Lots topic. They include:

8. Rezone historically narrow lots to R2.5 in select areas
9. Citywide improvements to the R2.5 zone
10. Revise parking rules for houses on narrow lots

Q: What is the issue being addressed by reducing the minimum lot width from 36 feet to 25 feet for land divisions [Recommendation 9.b.]?

R: In many areas, R2.5 sites are 50 feet wide (before the land division). 36-foot minimum lot widths mean that these sites are either developed as flag lots, or additional narrow lot criteria must be met. Where an existing house is present, flag lots makes sense as a way to retain the existing house; however, for new development, street-oriented lots are seen as a better built form.

Q: Does this apply to both R5 and R2.5 narrow lots?

R: Only R2.5 narrow lots.

Q: Why does it matter if houses on narrow lots are attached or detached when a demolition occurs in the R2.5 zone?

R: Attached would be required so that the resulting house form would better match that of standard, single-dwelling houses.

Q: Why is this important?

R: To achieve a consistent rhythm between houses on a block.

Q: Was there actually public feedback on needing to achieve this rhythm?

R: The project team heard a lot of public feedback that skinny houses are not desirable housing forms.

C: Neighbors would not necessarily prefer attached houses.

R: If the City agrees to give up the five-year vacancy rule, it seeks to get back a building form resembling other nearby houses on standard lots.

Post-Meeting Clarification: The five-year vacancy provision refers to the current rule that requires that a historically narrow R5-zoned lot that is not 36 feet wide or 3,000 square feet must not have had a house on it for at least 5 years before it can be developed.

Q: Do the proposed recommendations maintain the current 35-foot height limit in the R2.5 zone [Recommendation 9.e would allow three-story attached homes and limit detached houses on narrow lots to two stories]?

R: The goal of Recommendation 9.e is to allow three-story attached houses in the R2.5 zone. The specific dimension will be developed in the future code-writing process.

Q: Do the proposed recommendations modify the setbacks in the R2.5 zone?

R: Current side and rear setback rules in the R2.5 zone would still apply, but the front setback would be adjusted per the proposed rules for single-dwelling zones [Recommendation 3 – Improve setbacks to better match adjacent houses].

The Concept Report to City Council also has a section that describes in more detail how the proposed recommendations balance the multiple objectives identified for the project.

Q: What are the current and proposed parking requirements for the R2.5 zone?

R: One space per dwelling unit beyond the 500-foot frequent transit buffer.

Post-Meeting Clarification: Per 33.266.110.D, “Minimum for sites well served by transit. For sites located less than 1500 feet from a transit station or less than 500 feet from a transit street with 20-minute peak hour service, the minimum parking requirement standards of this subsection apply. Applicants meeting these standards must provide a map identifying the site and TriMet schedules for all transit routes within 500 feet of the site.” **Link:** <https://www.portlandoregon.gov/bps/article/53320>

Q: Per the proposed rules, would parking be required for units created through internal conversions?

R: Yes. In the proposed recommendations, current parking rules would apply for additional units; one per primary dwelling unit and none for any accessory dwelling unit. However, the recommendations (#7b) also indicate pursuing additional flexibility to encourage internal conversions, including parking waivers or reductions.

Q: How many units would be allowed in different zones and different lot sizes?

R: Outside of the proposed Housing Opportunity Overlay Zone, current unit allowances in single-dwelling zones would remain unchanged, except that ‘primary’ dwelling units in cottage clusters would be allowed one ADU [current rules do not allow for ADUs in single-site Planned Developments]. Inside of the proposed Housing Opportunity Overlay Zone, one additional dwelling unit would be allowed beyond what is allowed under current rules. Duplexes would be allowed on any single-dwelling lot [assuming that minimum lot sizes are met]. Triplexes would be allowed on any corner lot [assuming that minimum lot sizes are met]. Single-dwelling houses would be allowed two ADUs – one internal and one external. All duplexes would be allowed one ADU. Cottage clusters citywide would still need to meet their base zone density [per new rules if inside of the proposed Housing Opportunity Overlay Zone] and would be allowed one ADU for each primary dwelling unit, and also possibly additional units when the units are affordable and accessible [terms that are not yet defined]. Beyond this, and applicable only within the proposed Housing Opportunity Overlay Zone, one additional unit would be allowed when converting an older house into multiple units or retaining an older house as part of new cottage cluster development.

Q: Will triplexes in single-dwelling zones be allowed an ADU?

R: No.

Q: Will duplexes on 5,000 square foot lots in single-dwelling zones be allowed an ADU?

R: Yes [only duplexes within the proposed Housing Opportunity Overlay Zone would be allowed one ADU].

C: This essentially rezones all of the R5 zone to R2.5.

R: This is only one part of the Concept Report to City Council, which recommends decreasing limits to the scale of houses while liberalizing the number of units allowed within the maximum building footprint.

Q: How will the proposed multi-dwelling allowances impact Portland's home ownership patterns?

R: The proposed rules do not address home ownership patterns.

R: Zoning defines much more than just ownership patterns. It also prescribes use, density, form and bulk.

Q: Given the proposed rules, wouldn't condominiums now be allowed in single-dwelling zones?

R: There are already exceptions that allow condominiums in Portland's single-dwelling zones.

Q/C: As a result of the proposed rules, would more units be allowed in the R5 zone than in the R2.5 zone? This is one potentially unintended consequence.

C: This statement just points out the dysfunctionality of the current rules for R2.5 zones.

C: The R5 zone means one house per 5,000 square feet.

C: In the interest of having enough time to discuss the Economics Analysis of Proposed Changes to the Single Dwelling Zone Development Standard [Appendix A, Concept Report to City Council], the SAC should move on from the current discussion.

ECONOMIC ANALYSIS OF PROPOSED CHANGES

Senior Economic Planner Tyler Bump (BPS) summarized the initial findings of the Economics Analysis of Proposed Changes to the Single Dwelling Zone Development Standard [Appendix A, Concept Report to City Council] created by Johnson Economics.

Link to Economics Analysis of Proposed Changes to the Single Dwelling Zone Development Standard (Appendix A, Concept Report to City Council):

<https://www.portlandoregon.gov/bps/article/594796>

Key Take Aways:

- Modeling the decrease in overall square footage allowance (4,500 to 2,500 for new residential construction on a 5,000 square foot lot in the R5 zone) resulted in a decrease in projected building.
- The proposed rule changes are feasible but will result in a smaller yield of new construction due to lower residual land values.
- Duplexes perform better than triplexes; they'll result in low yield but are possible.
- Triplexes will be constrained by proposed FAR allowances.
 1. 0.4 FAR will yield limited new triplexes.
 2. 0.5 FAR will yield some triplex construction, but units will be difficult to bring to market at the price point necessary to drive new construction.
 3. 0.7 FAR performs best for triplexes, where residual values support a broader likelihood of this housing type.
 4. Overall, the higher the square footage allowed, the higher the yield.
- Changes to Portland's single-dwelling zones are occurring due to market conditions and many other variables. Proposed rule changes could result in less overall construction activity in higher-value R5 and R7 zones.
- Based on the proposed rules, redevelopment of existing houses is likely to decrease in response to reductions in square footage allowances.
- Increased unit allowances for duplexes in the proposed rules could increase unit production.
- Duplex allowances will increase building costs unless per-unit system development charges (SDCs) are reduced.

Q: Will decreasing FARs make existing houses less attractive for demolition because the return of investment would be less?

R: Correct.

C: Demolitions will likely keep occurring even if the proposed rules are implemented.

R: Correct. There will only be a reduction in overall construction activity in single-dwelling zoned areas.

Q/C: What is the basis for the economic analysis? Doesn't it only reflect current market conditions? In the long-term, the proposed rules could result in a lot of demolitions.

R: The proposed rules could increase the price point for building smaller single-dwelling structures.

C: This statement seems like only a guess.

R: The economic analysis is actually pretty clear.

C: It seems like this is not a very thorough economic analysis.

R: Johnson Economics ran a model based on sound data. Its methods are well-documented in the Economics Analysis of Proposed Changes to the Single Dwelling Zone Development Standard report.

R: The project team does not want to overstate the results of this report. There is a marginal decrease in projected construction activity but the likelihood of one-to-one demolitions of single-family residences is less. Where demolitions do occur, it will be more likely that multiple smaller units will replace the single house, which helps achieve Portland's broader housing goals.

Q: Does the economic analysis report specifically breakdown projected demolitions and construction inside and outside of the Housing Opportunity Overlay Zone?

R: The results break down projected demolitions and construction based on 0.5 and 0.7 FAR. It does not take into account housing preferences.

R: A 6,000-unit reduction is probably too precise of an analysis. Not every unit that could redevelop will redevelop.

R: A lot of people are willing and able to pay \$400,000 for a house much more than \$800,000.

R: The current market for skinny houses is pretty strong.

C/Q: Under the proposed rules, duplexes on interior [non-corner] R5 lots would be allowed subject to FAR limits. Would these limits also apply to triplexes that, under proposed rules, would be allowed on corners?

R: Yes. Correct.

R: Johnson Economics did some scenarios with larger FARs.

Q: Did the economic analysis assume just one acquisition cost or multiple ones?

R: Acquisition costs vary greatly by region, neighborhood, and even block.

Q: What triggers rehabilitation versus new construction?

R: The thresholds on yields are the biggest determinant.

Q: This would have a negative impact on meeting the City's infill goals.

R: The economic analysis identifies a maximum FAR, not maximum goals.

C: The proposed FARs are too low. There needs to be FARs that incentivize the creation of more units.

R: Land values will eventually adjust over the next 25 years and "normalize out to a sweet spot" so that no development incentives are needed to create more units.

C: This project brings one additional project type towards affordability but leaves out other opportunities for bringing affordable units to market.

R: If affordable suggests a \$150,000 price point, nobody could build this.

C: It could be done.

Q: Does the economic analysis suggest fewer total units or fewer new units?

R: This is uncertain but the project team will confirm with the economic consultant.

C: That was a good question.

C: Per this analysis, more units are actually being added.

R: The project team will pull these numbers apart more.

PUBLIC COMMENTS

Facilitator Anne Pressentin (Envirolssues) indicated that while time was reserved for public comment nobody had signed up to do so.

INTERNAL CONVERSION REPORT

Historic Resources Planner Brandon Spencer-Hartle (BPS) summarized the findings of the Internal Conversion Report [Appendix B, Concept Report to City Council] created by DECA Architecture, Inc.

Link to Internal Conversion Report (Appendix B, Concept Report to City Council):

<https://www.portlandoregon.gov/bps/article/594797>

Key Take Aways:

- Four typical Portland house prototypes were reviewed in determining their applicability for conversion through identification of opportunities and constraints while assuming that conversion options kept within exterior building walls.
- Any internal conversion to over two units would need to meet commercial building code, primarily to better protect against fire, sound and seismic issues, which could increase cost and permitting complexity and result in other changes that could impact the character of the existing house.
- The recommendations include the City pursuing limited changes to the State building code.
- Locally, the Bureau of Development Services (BDS) could help identify best practice ideas to work with applicants towards effective solutions.
- Complementary tools could include financial and non-regulatory incentives.
- Internal conversions could likely not accommodate additional on-site parking for the new units created and may demand a future revisiting of parking requirements in single-dwelling residential zones.

Q: What specific building code rules would the City ask the State to change?

R: Raise the threshold for commercial building code to allow three, four or five residential units in one house. Unfortunately, the State of Oregon just closed the request period for building code changes in the next legislative session.

Q: Could the City of Portland relax its code around seismic requirements?

R: Perhaps. It would depend on the building type.

C: Currently, it's nearly impossible to make remodels of old houses competitive, from an economic feasibility standpoint, with new construction. Under the proposed rules and currently available incentives, developers would not be looking for old houses if wanting to create four- or five-plexes.

R: Tandem house allowances [two duplexes on one lot] may be one solution to creating four or more units on one lot.

Q: Would/do all existing houses with over two units require sprinklers?

R: Not all. The code is not that straightforward.

C: A lot of the challenge for creating internal conversions has to do with the current culture within the building department [BDS]. It used to be easier to get adjustments. There is opportunity to push back in this area.

NEXT STEPS

Supervising Planner Sandra Wood (BPS) indicated that the project team will be briefing City Council at 9:30am on November 1st (no testimony will be accepted) to reacquaint commissioners with the Residential Infill Project. Public testimony on this project will be heard at City Council hearings on November 9th and 16th at 2:00pm. The hearings, at City Council's discretion, may result in work sessions and/or amendments. The expected result is a resolution that accepts the Concept Report "in concept." Following adoption would be four to six months of code writing [and mapping], during which time updates will be given to the SAC and via the project website.

Chief Planner Joe Zehnder (BPS) added that the Residential Infill Project is unique in that only a concept will be approved through resolution [code is projected to be adopted later through ordinance]. The concept direction will be general, such as limiting the size of houses and allowing more flexibility in the number of units that could be created within a new building envelope. It is important to get City Council buy-in on this generality.

Q: What exactly will project staff be presenting to City Council?

R: The staff report [the Concept Report to City Council].

R: There will be a lot of specifics for City Council to work out.

C: The SAC should advocate that City Council define both project concepts and exact [and desired] numbers.

R: The numbers identified in the Concept Report to City Council are "ballpark" but are not expected to change much.

Q: Is regulating FAR by lot size one of the "big ideas" that City Council will be weighing in on?

R: That's a big concept where feedback is needed.

C: Please let the SAC know in advance what "big ideas" will be proposed by the project team to City Council.

R: The SAC is the most knowledgeable audience and could really help the project team “nail the story.” The project team will try and provide the SAC its presentation materials in advance of the City Council briefing.

R: The project team will be seeking City Council buy-in on whether limiting “the size of the box” but allowing more units within it is a preferred direction. The team will be highlighting that this concept was generally supported by the SAC and that increasing the size of the box as the number of units increased was not something that the SAC was comfortable with.

Q: Will City Council feedback result in a revised version of the Concept Report to City Council?

R: Yes. There will likely be a future “as revised by [City] Council” version.

Q/C: How will historic districts be impacted by the Residential Infill Project? The Laurelhurst Neighborhood Association is mostly concerned about tear-downs and has made many disparaging comments about the SAC. There is a lot of misinformation about the project and neighborhood associations see creation of a historic district – not the Residential Infill Project – as the only way to stop demolitions.

R: The proposed rules will not result in different standards for historic districts. However, additional development rules currently and will continue to apply in these areas

Project Manager Morgan Tracy (BPS) suggested that the SAC take a break for cupcakes before final reflections.

FINAL REFLECTIONS

Facilitator Anne Pressentin (Envirolssues) indicated that there was limited time for a round robin but hoped that SAC members would be okay with going a bit over the time allotted for final reflections.

She reminded the SAC about an exercise in SAC Meeting #1 (September 16, 2016) where members looked into the future (2025 - when the Residential Infill Project will be long-approved) and identified how success would be defined. She asked the SAC to share the one proposed recommendation that bring members closer to their view of project success.

Sarah Cantine: Recommendation #7 [Provide flexibility for retaining existing houses].

Teresa St. Martin: Recommendation #1 [Limit the size of houses while maintaining flexibility].

Eric Thompson: Increasing housing types in a larger box.

Danell Norby: Increasing housing types.

Rick Michaelson: Scale and height.

Michael Molinaro: Scale and height.

Emily Kemper: Increasing housing types.

Garlynn Woodsong: Diversity of housing types.

Eli Spevac: Increasing housing choices and walkable neighborhoods.

Alan DeLaTorrre, Ph.D.: The proposed rules do nothing to impact accessible housing.

Maggie McGann: Disappointed that there are no bonuses and devastated that there is nothing specific for affordable housing.

Mary Kyle McCurdy: Increasing housing types in more areas. Also agree with the words of Alan and Maggie.

Doug MacLeod: More housing types and more salient ways to develop.

David Sweet: More housing choice; “happy to see the holes now filled in.”

Vic Remmers: Thanks to everyone; learned a lot through this project. Map is “generous;” excited for opportunities. The project is missing some things, but it’s a good code.

John Hasenberg: More housing types. “Rubber hits the road” with code. Fears for a very overly-complicated code; the code should be simple. Create a vehicle for a “living code.”

Marshall Johnson: Learned a lot. Scale of Houses rules address most concerns. Supports housing diversity. People get this [the proposed rules and their intent] despite a lot of misinformation.

Linda Bauer: Scale; glad to see a decrease. Seeks analysis in whether these [proposed] rules will result in truly affordable housing. Hopes analysis is done.

Garlynn Woodsong: Added that he wishes that four-plexes could be developed in single-dwelling zones. Until four [units are allowed], one cannot provide affordability. Acquisition costs are ever-increasing. Sad that no form-based code or ability to get four units is proposed “as a baseline.”

Chief Planner Joe Zehnder (BPS) reiterated how appreciative he was for the SAC's efforts. Project Manager Morgan Tracy (BPS) highlighted (via cupcake medallion) that the SAC spent 1,091 hours communicating.

THANK YOU, SAC MEMBERS!

WRITTEN PUBLIC COMMENTS

None provided.

END OF SUMMARY MINUTES

