

## The Oregonian

### Amanda Fritz, Portland development officials back down on 'skinny house' restrictions

*By Elliot Njus  
June 03, 2015*

Portland development officials are backing off an earlier order to say "no" to developers more often, particularly when it comes to building so-called skinny houses.

City Commissioner Amanda Fritz, who oversees the Bureau of Development Services, ordered planners to "raise the bar" earlier this year after the city council overturned several land-use decisions made by bureau staff. Two of those cases focused on splitting lots in half for construction of new, narrower houses.

The bureau, which had come under pressure from homebuilders, will now go back to approving those land divisions. The developers had argued in a pair of tense meetings with Fritz, her staff and bureau staff that the policy shift amounted to a change in code without due process.

"Sometimes things don't go well, but there's always the option to try to make it right," said Paul Scarlett, director of the Bureau of Development Services. "We can't be too proud to admit when things may not have gone right."

The policy shift, articulated in a February memo, had been a victory for some neighborhood groups that have long opposed the construction of skinny houses. (Fritz got her start in city politics years ago as a neighborhood activist fighting against the construction of skinny houses.)

But it left in limbo some housing developments for which land had already been purchased. Builders in the city were considering legal action, but Scarlett said that didn't affect the decision to reverse course, which he said came at his recommendation and met with Fritz's approval. No one in Fritz's office was made available to comment.

The decision affects a small portion of the city (roughly 4.6 square miles of Portland) zoned R2.5, which call for one dwelling unit per 2,500 square feet. In a city where a standard lot is 5,000 square feet, builders say it's clear the R2.5 zone is built for skinny houses or attached houses of similar dimensions.

But the houses are often unpopular among neighbors, who say they're out of character with the traditional neighborhoods and are often too tall or too close to the property line.

Members of the Brooklyn Action Corps neighborhood association met with Fritz in May to discuss a quartet of tall, skinny houses built on a site previously occupied by just one house, which they said was a poor fit for a narrow, already cramped street and a small piece of land.

"If they can make a skinny house fit with the neighborhood, that's great," said Eric Wieland, the group's chair. "I've seen smaller homes that blend into the ones surrounding it. But the nature of the neighborhood should be included in the discussion."

Builders say the skinny houses they build are popular among homebuyers seeking a lower price point, however.

"They're by far — and it's not even close — the most popular style of house out there," said Vic Remmers, whose Everett Custom Homes has become one of the city's most prolific homebuilders. "The reason is it's affordable."

One of Remmers' developments, proposed as eight 24-foot-wide lots along a stretch of Southeast 65th Avenue in the Foster-Powell neighborhood, got caught up in the policy shift, Remmers said. Because planners found the skinny houses weren't compatible with the neighborhood, the city forced him to cut the project down to six slightly wider lots — despite support from the Foster-Powell Neighborhood Association for the eight-lot plan, expressed in a letter to city development officials.

Remmers said the difference means the eight houses, which would have cost about \$325,000 each, will be replaced with six houses that will be listed at around \$450,000 each.

"If you're a politician pretending to be progressive and to care about housing costs, you should be bending over backward to make more lots available for homes," said Douglas MacLeod, a real-estate broker who rounded up the group of builders to meet with Fritz.

The recent reversal means the bureau will evaluate the lot divisions as it had been doing previously — if builders meet a series of conditions, the project is approved without introducing the more subjective standard of compatibility.

That could change if the city council decides to amend the zoning code. The city planning bureau is launching a \$600,000 study to rewrite the rules for new single-family houses with a focus on neighborhood compatibility. The process is expected to take 18 months.

## **'Unprecedented transparency' for Portland utilities? Commissioner Nick Fish says so**

*By Brad Schmidt  
June 03, 2015*

Offering "unprecedented transparency" for utility ratemaking and citizen oversight, Commissioner Nick Fish on Wednesday presented to the City Council a proposal to create the Portland Utility Board.

The board -- PUB, for short -- would advise the City Council on rates, budgets and expensive construction projects within the Water Bureau and Bureau of Environmental Services. The PUB would also review financial plans and monitor spending.

It would not have any rate-setting authority.

The new board would replace three existing groups tasked with essentially the same roles: the 21-year-old Portland Utility Review Board and two budget advisory committees.

Christine Chin-Ryan, vice chairwoman of a task force that last year recommended creation of the PUB, said the new board will provide stronger and more consistent oversight without creating new bureaucracy. The board would begin meeting in September.

Fish's proposal follows years of unrest about rising water, sewer and stormwater rates.

Public confidence in utility oversight dipped under the administration of then-Mayor Sam Adams because of questionable spending, including using water funds to renovate a building for the Portland Rose Festival Foundation and to build a high-end home to demonstrate water conservation efforts.

A lawsuit followed, and a Multnomah County judge determined that the City Council exceeded its charter authority by spending nearly \$1.2 million in utility money on outdoor restrooms and publicly funded political campaigns. The lawsuit is ongoing and more spending is being scrutinized.

One of the proponents of the lawsuit last year proposed stripping utility oversight from the City Council. But voters overwhelmingly rejected the plan.

Proponents of the PUB say the new group would help advise the utility bureaus about the impacts that big construction projects – often budgeted five years in advance – will have on rates. The typical combined water, sewer and stormwater bill is expected to be nearly \$100 a month beginning July 1, 4.7 percent above current levels.

Janice Thompson, a consumer advocate with the Citizens' Utility Board, said Portland's existing oversight system has struggled. That's because members of budget advisory committees have little impact to consider annual rate hikes that are largely driven by construction projects established in five-year spending plans, she said.

"Asking a short-term group to come in with budgets that in large part were established meant that they were more focused on advising around the edges," she said.

But Floy Jones, a Water Bureau watchdog with the Friends of the Reservoirs, questioned how the PUB would be stronger than the existing Portland Utility Review Board.

"You really need to strengthen this if it's going to be any different," she said.

Fish's proposed ordinance creating the PUB is very similar to the duties of PURB, as laid out in city code. Both would include nine members, confirmed by the City Council, who would meet at least once a month. Both also would report annually to the City Council about its work.

Key differences? An employee of the City Budget Office would be dedicated to and directed by the PUB. And the new proposal spells out involvement by PUB members to help with long-term planning, including large-scale capital improvement projects.

Commissioners Amanda Fritz and Dan Saltzman suggested possible tweaks to Fish's proposal. Depending on the extent of wordsmithing, a final vote may take place June 10 or June 17.

"I think by next week," Fish said, "it'll even be stronger."

## Thinking of cutting down that tree? Cities urge owners to check first

*By Aimee Green*

*June 02, 2015*

A growing number of Portland area cities require property owners to get permits before cutting down some trees.

Generally, the larger the tree, the more likely a permit will be required. When in doubt, cities advise that residents call first.

The issue is particularly relevant given a lawsuit filed last month by a Portland woman who claims that her neighbor hired a company to saw down six pine trees on her property, without asking her permission or first getting a required tree-cutting permit. Read that story [here](#).

Here's a summary of local cities' tree-removal requirements:

- Portland's complicated tree code was revised on Jan. 1, 2015, in an effort to clarify rules and beef up protections. The code is still a difficult read, and that's why the city's Urban Forestry department lives by the motto "Call Before You Cut." A tree-cutting permit is generally \$25, and violators can be fined up to \$1,000 per day per tree cut.
- In 2010, under Portland's old code, a tree-cutting service learned a whopper of a lesson when the city fined it \$7,000 -- \$1,000 for topping each of seven ash trees in front of a Southwest Portland business near the Ross Island Bridge.
- Lake Oswego has some of the most restrictive tree-cutting restrictions -- allowing property owners to cut down no more than two trees that are 5- to 10-inches in diameter, per year. Larger trees require city staff to visit, posted public notice and a 28-day public comment and appeal period.
- West Linn requires property owners who want to cut down trees to submit photos, a map and mark the trees with ribbon or tape. If the permit is granted, residents must post the permit at the tree removal site, for all to see.
- Hillsboro advises property owners to call first to learn if they need a permit.
- Beaverton restricts cutting off the top of trees, and requires permits for some trees.
- Oregon City doesn't require permits for most trees on private property with a single-family home. But there are exceptions.
- Happy Valley requires permits for any tree larger than 6 inches in diameter. On top of fees of \$50 to \$75, owners must plant replacement trees or contribute \$250 per tree into Happy Valley's City Tree Bank.

## Don't let transportation-funding window close: Editorial Agenda 2015

*By The Oregonian Editorial Board*

*June 02, 2015*

If Oregon's public pension system generated investment returns as successfully as it's generating bad news, taxpayers would be blessedly unfamiliar with terms like unfunded actuarial liability.

Alas, it's not.

A recent decision by the state Supreme Court erased most of the savings tied to the Legislature's 2013 PERS-reform effort. Soon, meanwhile, the state PERS Board is expected to cut the assumed rate of return for the fund's investments, meaning schools, local governments and other government agencies will have to kick in more money to meet pension obligations. As a result, Ted Sickinger of The Oregonian/OregonLive reported last week, PERS-related costs for Oregon's public sector could soar by

more than \$1 billion during the 2017-19 biennium. That means fewer dollars will find their way into classrooms and so on.

There's little cause for jubilation here, but the gloomy budget landscape should provide some clarity to state lawmakers trying to round up support for a transportation funding package: They need to do it this session. If they fail, the task will become even more difficult in the near future. Next year's shortened session will occur in what's shaping up to be a bare-knuckle election year dominated by looming budget concerns. And good luck elevating road funding during the 2017 session, when lawmakers are likely to be gnawing their fingernails over the state budget and, perhaps, nursing a serious election hangover.

In the meantime, the condition of Oregon's bridges and roads will continue to deteriorate.

The road block to a funding package this session is, of course, the low-carbon fuel standard, a complicated scheme to subsidize "clean" fuels, from ethanol to electricity, at the gas pump. Democrats plucked the program from the policy trash heap this year despite warnings from Republicans that they'd respond by withholding support for a transportation package, which would involve a hike in the state's 30-cent gas tax. Democrats need at least modest Republican support to boost the tax without an automatic – and long-shot – public vote.

Republicans so far have held to their promise, pointing to the tax-like effect of the clean fuel program, which will, the state estimates, boost the cost of fuel by up to 19 cents per gallon upon full implementation. To raise the gas tax on top of this would be to hand Oregonians a double ding at the pump in a single session. So far, unfortunately, Democrats have refused to reconsider the low-carbon fuel standard, which means the Legislature may end up boosting the cost of fuel substantially without generating a penny for road repairs.

Our crystal ball is highly imperfect, but a squandered opportunity to raise more money for roads is likely to remain squandered for the next couple of years, at least. The state's tax conversation may soon make a very dramatic turn.

Our Oregon, the ballot-measure arm of Oregon's powerful public employee unions, has filed half a dozen petitions for the November 2016 election containing various tax hikes for businesses and well-off Oregonians. The fight – unions on the one hand and businesses on the other – will repeat the wrenching battle in 2010 over two similar tax hikes, Measures 66 and 67, but with a significant difference. The 2010 tax hikes may have been ill-advised, but they responded to a genuine economic crisis. Oregon's economy these days is doing well enough to trigger the income tax "kicker." The looming crisis, instead, is one created by spending and policy decisions, including those that contributed to the creation of Oregon's hugely expensive public pension system. For that reason, the tax hikes are likely to be even more politically divisive than their predecessors. And that's saying something.

Before giving up entirely on a transportation package this year, lawmakers should ask how viable such a package is likely to be in the 2017 Legislature following a bruising fight over tax hikes. Will there be enough bipartisan goodwill among legislators to raise gas taxes without triggering a public vote? Will other priorities – like a looming budget crisis – emerge to force transportation funding into the background? The answers to such questions are unknowable, but only a fool would assume that a gas-tax discussion dropped now could be resumed easily in two years. It's safer to assume the contrary.

The path forward is simple: Kill the low-carbon fuel standard and pass a transportation funding package. Democrats, understandably, are reluctant to give quarter on the fuel program, but it may be doomed anyway. Opponents have filed a handful of initiative petitions for 2016, one of which would repeal the low-carbon fuel standard outright. Voters will leap at the chance, and here's why:

Just over 1.47 billion gallons of gasoline taxed for road use were sold in Oregon in 2013, the most recent year for which the Oregon Department of Transportation provided numbers. This volume does not include diesel, which also would become more expensive under the fuel program. Even so, the cost of compliance would be huge. Nineteen cents per gallon applied to 1.47 billion gallons yields about \$280 million – and none of it would be used to fix roads. On a biennial basis, that's roughly equivalent to half of the expected PERS cost bump during the 2017-2019 biennium.

In the end, Oregon may have no low-carbon fuel standard, no transportation funding package and precious little evidence that the Democrats who hold the levers of state government are willing to put the basic needs of Oregonians before ideological pursuits.

# Yes to oversight with bite at the utility bureaus: Editorial Agenda 2015

*By The Oregonian Editorial Board  
June 02, 2015*

Few things have been as rancorous for Portlanders as the fight over control of the water and sewer bureaus, whose combined rates climbed sharply since the mid-1990s and, for some, induced pain only associated with the dentist. Even so, Portlanders in 2014 defeated a ballot measure to wrest the bureaus away from City Hall and place them under the control of a new water district to be run by elected commissioners with, potentially, no pertinent expertise or experience in running anything. Aside from high billings, the things that had everyone upset – off-mission ratepayer spending for The Water House and a Rose Festival facility, as well as to create the Portland Loo – have been amputated from the bureaus. But they still linger as jokes, undermining the public's trust.

City Hall responded clearly before the ballot vote. Commissioner Nick Fish, then newly appointed by the mayor to oversee the bureaus, promised that if voters defeated the measure to create a utilities district, he'd establish an independent commission to fully review bureau operations and then ask the council to build the best of the commission's recommendations into city practices. On Wednesday, precisely one year after the skirmish, Fish makes his play.

He submits to the City Council an ordinance that would establish a Portland Utility Board whose nine appointed members would work with the Water Bureau and Bureau of Environmental Services in budgeting, capital project planning and rate-setting while reporting to Fish but, significantly, directly to the City Council. The overseeing PUB, comprising members selected for expertise and experience, would thus be fully off-lease to carry out its mandate of bureau involvement and formally informing the council, which has final say over hefty capital improvements and utility rate-setting.

Fish's ordinance, a nod-off primer on government, is actually striking in its strategies: Eliminate the current Public Utility Review Board and utility Budget Advisory Committees for having insufficient engagement with decision-makers, yet send their responsibilities to a PUB that would be freed to engage as it wishes to keep the bureaus within mission and to protect ratepayer interests.

Separately, the review panel headed by former interim U.S. Attorney Dwight Holton and which birthed the idea of the PUB in the first place, offered a key recommendation that cannot be written into the ordinance but is advocated by Fish and should be embraced by the council: Fish or his successor should "seek an audit and/or independent review to evaluate the effectiveness of the PUB and its oversight work" no sooner than mid-2017 and no later than mid-2020. Doing so would provide an added layer of insurance that the PUB is not just another lofty notion but functions effectively and consequentially. Proposed annual reporting by the PUB, as well as distant reviews of the bureaus by an entirely separate and established Citizens Utility Board, will be insufficient.

The council should say yes to Fish's ordinance while insisting that he or a successor commissioner overseeing the water and sewer bureaus order independent audits of the PUB to ensure it does its job. Anything less will be to unfairly ask Portlanders for another leap of faith as it relates to Portland's high utility rates – hardly the right tack in the face of cynicism about City Hall. If approved, the PUB will be up and running by September.

Holton and his panel members did some handsome work. Most of all, they stepped back from a charged political atmosphere to dive deeply into the workings of the Water Bureau and BES before proposing to Fish that the city create a PUB with teeth and influence. They should take a bow for a measured and deep set of recommendations that, if substantially adopted, will work to restore ratepayer confidence.

It would not be unreasonable, meanwhile, for Portlanders to recall that Portland's water supply – from pristine Bull Run, near Mount Hood, to Portland and client suburbs that buy city water– is uncommonly abundant and clean. That's especially apparent as cities elsewhere build refineries to cleanse and treat river water or, in arid realms of the American West facing shortages, shop afar for water while putting the squeeze on overtapped municipal water and sewer systems.

A yes vote by the council would show that Portland's fractious 2014 water fight was worth it. Transparency in government requires the occasional skirmish. But the city's high utility rates derive less from Rose Festival spending than mandates such as the \$1.4 billion Big Pipe project, ordered by the federal government to keep storm water out of the Willamette River but paid for by Portland ratepayers, and improvements and expansion of aging infrastructure. Still, when ratepayers receive their combined statements, the response should be less shock than, at worst, a knowing sigh.

A well-appointed, independently audited PUB with direct access to the City Council will help ensure as much.

## **The Portland Tribune**

### **Portland reworks its utility oversight panels**

*By Steve Law  
June 3, 2015*

The city of Portland expects to have a new citizen panel on board by September to oversee its embattled Water Bureau and Bureau of Environmental Services.

Called the Portland Utility Board, the volunteer panel will replace three other citizen panels: the Portland Utility Review Board and separate Budget Advisory Committees for the water and sewer bureaus.

On Wednesday, city commissioners held a public hearing on an ordinance to create the new panel and eliminate three others. City commissioners expect to formally adopt the ordinance in the next week or two.

The ordinance was sponsored by Commissioner Nick Fish, based on the recommendations of the Utility Oversight Blue Ribbon Commission, appointed by Fish and led by former federal prosecutor Dwight Holton.

Fish and Mayor Charlie Hales promised to appoint a blue-ribbon commission on utility reform after critics qualified an initiative measure for last May's ballot that would have stripped the two city utilities from direct control by the City Council. The initiative came in response to several spending scandals at the bureaus.

Voters overwhelmingly rejected the measure, though a more recent scandal over cost overruns propelled Dean Marriott to leave his post running the Bureau of Environmental Services.

Fish and other ordinance supporters say the Portland Utility Board will be more effective than the three citizen panels it replaces, because it will have two dedicated budget analysts and will meet year-round.

Floy Jones, leader of Friends of the Reservoirs and a vocal critic of the city's management of the two utilities, said she didn't see much difference in the new oversight panel.

But the PUB isn't the only change pushed by Fish, who Mayor Charlie Hales put in charge of the two bureaus after most of the scandals came to light. Fish also enlisted the Citizens Utility Board to provide independent monitoring of the city's management of the bureaus. It was a new role for CUB, a respected nonprofit that represents electric and other utility ratepayers statewide.

Janice Thompson, the Citizens Utility Board consumer advocate hired to monitor city management of the two bureaus, said Wednesday that CUB will serve as one leg of a three-legged stool to provide citizen accountability for the bureaus. The other two legs are the City Council and the new Public Utility Board.

Fish praised the work of CUB, giving it credit for recommending "full cost recovery" of one of the Systems Development Charges levied by the bureaus, resulting in a lower rate increase.

Mike Houck, leader of the Urban Greenspaces Institute, said he fears that critics' lawsuit and ballot initiative have had a "chilling effect" on innovation at the two bureaus. Houck has been a big advocate of the Bureau of Environmental Services' pioneering work to address storm drainage through "green" alternatives, such as natural bioswales, which reduced the need to install more and larger underground storm sewer pipes.

The PUB will have nine members, appointed by the mayor. Fish said he'll post applications to join the panel on his website.

### **Council delays vote leaving future of reservoirs unsettled**

*By Jim Redden  
June 2, 2015*

The City Council has decided the three open reservoirs in Mount Tabor will be disconnected from the rest of the distribution system by the end of the year.

The only question that remains is what will happen to them.

That was the thrust of the highly anticipated council hearing on the reservoirs last Thursday. Although many people testified the council should keep them as part of the distribution system, Commissioner Nick Fish, who is in charge of the Water Bureau, said that isn't going to happen.

The council has decided to comply with U.S. Environmental Protection Agency rules banning open reservoirs. They are scheduled to be disconnected by the end of the year.

“The city has made the decision and set the schedule,” said Fish, who is in charge of the bureau, while defending it from criticism.

But the question of what happens to the reservoirs is another matter. Different ideas have been discussed over the years, ranging from preserving them as historic artifacts to replacing them with recreation areas. The council has never approved a final plan and did not agree on one before the hearing ended. In fact, the final vote was postponed until June 25 at the earliest, and the public can continue sending in comments until June 11.

The issue before the council is whether to approve a land-use change at Mount Tabor so the bureau can do the work necessary to disconnect the reservoirs. Because the reservoirs are listed on the National Historic Registry, the bureau’s application had to be considered by the city’s Historic Landmarks Commission. It reluctantly agreed, but recommended the bureau restore the reservoirs to near-original condition and maintain water in them at historic levels the majority of the year.

The bureau agreed to maintain water in the reservoirs but balked at the specific restoration and water maintenance requirements. The Mt. Tabor Neighborhood Association, which challenged the permit application, does not trust the bureau to adequately care for the reservoirs.

“We are completely confounded by the Water Bureau’s approach. The Water Bureau sees the reservoirs as utilitarian and everyone else sees them as part of the (Mount Tabor) park,” said longtime MTNA board member John Laursen.

Both appealed the HLC’s recommendation to the council, which now must decide what to require of the bureau and how to pay for it.

During the hearing, MTNA representatives argued that restoring and preserving the reservoirs is the least-expensive option. But restoration work would still cost millions of dollars, and the bureau says it would need to empty, clean and refill the reservoirs three to four times a year, a lengthy process that will look wasteful to drought-stricken parts of the country. Converting the reservoirs to recreation areas would cost more and could not be financed by the bureau, which is not authorized under the city charter to operate parks. Transferring the properties to Portland Parks & Recreation is one option, but it has not budgeted for such a project.

“We would have to put it in the capital improvement program budget,” said Commissioner Amanda Fritz, who is in charge of the parks bureau.

Significantly, no one who testified at the hearing thought either option was a good idea. The Water Bureau has said it only wants to maintain the reservoirs until the council comes up with a different plan. The MTNA wants the reservoirs to remain part of the water distribution system, and is participating in the permit appeals process because that is the only issue on the table at this time.

And most of the citizens who testified criticized the council for going along with the EPA rules, which were denounced as unnecessary and too expensive. The council already has committed around \$275 million to build replacement underground storage tanks at Kelly and Powell buttes.

## **Willamette Week**

### **City of Portland Fines HomeAway \$326,500 in Short-Term Rental Crackdown**

*By Anna Walters and Aaron Mesh  
June 2, 2015*

Portland city officials have levied their second fine against a short-term rental company for not following the rules—and the penalty is a doozy.

The city’s Revenue Bureau fined the Austin, Tex. online marketplace HomeAway on May 19, charging it \$326,500 for failing to register to pay transient lodging taxes, get its hosts to obtain city permits and undergo safety inspections.

The city’s notice says inspectors found 330 rentals where HomeAway didn’t collect taxes, and 332 rentals operating without a permit or inspection. The city fined the company \$500 for each violation.

**UPDATE, 4:10 pm:** HomeAway co-founder Carl Shepherd confirmed late this afternoon the company had

received the city's letter. He declined further comment.

In April, the city fined Vacation Home Rentals of Newburyport, Mass., \$3,000 for the same violation.

Mayor Charlie Hales led the charge last summer to legalize Airbnb and other short-term rental sites. But the city soon found few hosts were getting the required city permits and safety inspections.

The rate of non-compliance is still at 91 percent, according to recently updated data from [insideairbnb.com/portland](https://insideairbnb.com/portland). The site, developed by technologist Murray Cox, displays where Airbnb rentals are located in the city, what type they are (complete homes, single rooms, etc.), and an estimated number of nights per year listings are booked.