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URM Policy Committee Draft Recommendations Summary | May 23, 2016

The Policy Committee took as its basis the work of the two earlier technical committees: the Retrofit Standards Committee and the Seismic Support Committee. The Policy Committee did not discuss the recommendations of those earlier committees at length; instead they focused their time on issues referred to them by the earlier committees, on areas where those committees did not agree, and on new issues identified in the current policy development process. Therefore, the summary below is segmented into three parts:

1. *Standards for Upgrading Buildings*: policies related to building codes, proposed by the Retrofit Standards Committee and accepted by the Seismic Support Committee.
2. *Support for URM Building Owners*: policies proposed primarily by the Seismic Support Committee, and in accord with the Retrofit Standards Committee recommendations.
3. *Outstanding Issues*: issues referred to the Policy Committee by the earlier committees, areas where the earlier committees did not agree, and new issues identified by the Policy Committee.

1. Standards for Upgrading Buildings

The Committee recommends that when the URM inventory is completed and this policy is adopted, that URM owners be formally notified in writing that their building is a known or suspected URM.

Following this notification, the committee recommends that URM owners be required to modify their buildings to meet the following standards (table, next page):

Recommended URM Building Standards

Classification	Upgrade Standard	ASCE-41 (+ geotech report if required)	Brace parapets, cornices, chimneys + wall-to-roof attachments	Wall-to-floor attachments + wall strengthening	Seismic upgrade completed
Class 1: Critical buildings	Immediate Occupancy	3 years	10 years	10 years	10 years
Class 2: Schools and public assembly	Damage Control	3 years	10 years	20 years	20 years
Class 3: 4+ stories or 300+ occupants or 100+ units	Life Safety	3 years	10 years	20 years	25 + 5 for hardship
Class 4: All other URMs not categorized as URM Class 1, 2, 3 or 5. Typically 1-3 story buildings with 10-300 occupants	Life Safety or targeted upgrades for robust buildings with certain building characteristics	3 years	10 years	20 years	25 + 5 for hardship
Class 5: 1-2 story bldgs. with 0-10 occupants	Parapet / wall bracing	3 years	10 years	10 years	None additional

The committee further recommends that the existing code Title 24.85 be tightened to remove loopholes and enhance some triggers as they relate to URM buildings, to achieve greater compliance through existing regulations.

2. Support for URM Building Owners

Financial Support

If funds could be identified, direct financial support would of course be very valuable to building owners. The Committee identified a number of financial programs for URM buildings owners that could be of merit. However, all of these program require an eligible source of capital funds to finance, such as a bond.

The committee identified only one source of eligible capital funds. PDC committed to making \$5 million available for URM in the Old Town – Chinatown URA. PDC is seeking opportunities that could provide a financial model that would apply outside of URAs. However, PDC's funding can only be spent within the geographic boundaries of the URA; much of the funding in these districts has been expended, as the districts are expiring. Therefore, URA funds are not a viable mechanism to finance additional URM retrofitting.

No additional sources of capital have been identified so far. The City is also prohibited by state law from extending loans to private entities. However, if funds were identified, the committee agreed that the following programs potentially have merit:

First Priority:

- Seismic retrofit loan program.
- Direct grants to owners to defray some costs of a seismic retrofit.
- Rebates for seismic assessment costs for projects that complete seismic retrofits.

Second priority:

- Credit enhancement for privately financed retrofits.
- Interest rate buy-down (for 3-5 years).

Without a source of capital funds, the City can still support seismic retrofits through its legislative agenda. The Committee recommends as a high priority that the City allocate staff time to develop and advocate for state legislative policies that would financially support seismic retrofitting through:

- Seismic retrofit tax exemption for URM that prevents seismic retrofits from triggering re-assessments.
- State tax credits to complement the Federal Historic Tax Credit.
- Special property tax exemptions for URM similar to the rules in place for brownfields.

For brownfields, the law currently allows local governments to adopt a special property tax assessment on brownfields land or a property tax exemption on improvements and personal

property located on the brownfield. This is a direct financial incentive to parties willing to redevelop them. It does require the agreement of at least 75% of the taxing districts within a municipality to agree before it can become effective.

The Seismic Commercial Property Assessed Clean Energy program, which is authorized under SB 85, provides another potential source of funding. An advantage of this type of financing is that it transfers with building ownership. However, this program requires that the investment in the retrofit generate savings or revenue to support the payoff of the loan over time. It's not clear how to capitalize on the potential avoided catastrophic costs that a retrofit provides, in order to pay off the retrofit loan.

As a second priority, the Committee recommends that the City explore the feasibility of accelerated depreciation of seismic retrofit improvements, similar to existing federal programs for clean energy upgrades.

Technical Support

The Committee further recommends as a first priority for technical assistance, the City provide City staff to serve as an ombudsman or "conierge" to help URM owners navigate the retrofit process, including design, permitting and financing. This need was highlighted by both the support and Retrofit Standards committees, and by the historic subcommittee of the Policy Committee.

As a second priority, they recommend that the City explore ways to standardize retrofit requirements and methods.

Information Support

As a first priority, the Committee recommends that the City conduct a comprehensive public awareness campaign about earthquake risk in general and the specific risks of URMs. This recommendation was made strongly by both technical committees. They emphasized the importance of reaching out to the general public and to URM owners in particular.

As a second priority, the Committee recommends that the City support a placarding effort by developing a standard placard that building owners are permitted / encouraged to post once they meet the City retrofit requirements for URMs. Eventually, the City may also develop a placard for non-conforming URMs that building owners may be required to post if, after reasonable notice, they fail to comply with City requirements (similar to Portland Fire and Rescue's red "U").

Policy Supports

The Committee recommends the City adopt the following top-priority policy supports:

- Transfer of development rights / FAR bonus, including assistance with the sale of excess FAR to pay for seismic retrofits.

- Expedited review and permitting for seismic retrofits (related to recommendation for an ombudsman).
- Permit seismic upgrades to buildings without requiring owners to address water and stormwater nonconformities, similar to how ADA upgrades are treated.

As a second priority, they recommend the City create incentives for early adoption. These would need to be developed at the same time as the financial support, e.g. provide greater financial support to owners who act earlier.

As a third priority, they recommend the City create a post-disaster right to retain non-conforming uses.

3. Outstanding Issues

Enforcement

The Policy Committee has not yet agreed on enforcement mechanisms. The Retrofit Standards Committee recommended that a tiered system of penalties including fines, withholding of future permits, placarding of buildings, and revocation of occupancy certificates be developed and adopted. The Seismic Support Committee supported placarding for owners that failed to comply following reasonable notice, but otherwise did not discuss enforcement.

Tenant and Buyer Notification

The Policy Committee has not discussed notification requirements. The Retrofit Standards Committee recommended that URM building owners be required to notify tenants and prospective tenants of the building's status as a URM. The Seismic Support Committee discussed this recommendation but did not support it.

Similarly, the Retrofit Standards Committee recommended that building owners be required to disclose the building's status as a URM to prospective buyers, including providing engineers' reports to buyers. The Seismic Support Committee felt that this would be redundant to current laws requiring sellers to disclose all known deficiencies, and that copies of engineer's reports could be obtained as public records.

Building Rating System

Both committees supported voluntary placarding of compliant URMs and the eventual mandatory placarding of non-compliant structures. Neither group took a strong position on a broader building rating system, particularly the US Resiliency Council Building Rating System. At the time, this system was still under development and was not yet finalized for the Seismic Support Committee to weigh in. The Policy Committee may choose to discuss and take a position on City adoption of a building rating system for all buildings in the City, or all City-owned buildings.

Community Capacity

Both committees identified a potential capacity issue if the majority of URM owners wait until near statutory deadlines to assess their buildings or address deficiencies: if all 1,732 URMs need an ASCE-41 assessment in three years minus one month, the city's professional community may be challenged to meet the need. The Policy Committee might choose to discuss this issue and make a recommendation to address it; incentives for early adoption could be a strategy, as could staggering the dates for completing assessments, or giving extensions to owners who demonstrate they were unable to meet deadlines due to the inability of local firms to meet the demand for services.

Affordable Housing

The Policy Committee discussed the following recommendations specific to permanently affordable housing but did not reach a final understanding on support for all items:

- Affordable Housing be required to provide assessment by year three and parapet and roof upgrades by year ten, as for all other structures.
- Affordable Housing be exempt from the seismic upgrade timelines for upgrades beyond roof and parapet bracing if owners enter into a Preservation and Resiliency Agreement with the Portland Housing Bureau. Such an agreement would require owners to make and/or keep units affordable long term and would include milestones and timelines related to achieving required seismic upgrades.
- The Portland Housing Bureau will present to City Council an Affordable Housing Preservation and Resiliency Strategy, including targeted milestones and preservation timeframes no later than December 30, 2017.
- Buildings not participating in a Preservation and Resiliency Agreement be subject to the full set of requirements set forth in the URM policy recommendations.

Based on discussion by both the financial support committee and the Policy Committee's subcommittee on affordable housing, it also seems possible that Community Development Block Grants could be used to retrofit affordable housing. However, CDBG funds are also limited, and seismic retrofitting would need to compete with other worthwhile projects.

Historic Structures

The Policy Committee discussed the special issues of historic structures and developed recommendations generally in accord with the basic recommendations of the Seismic Support Committee, support for:

- An ombudsman program to help URM building owners navigate the retrofit process.
- A state historic tax credit.
- Voluntary placarding of retrofitted buildings.

The Policy Committee also discussed, but did not reach a final understanding of support for the following items:

- Prioritization of historic properties for participation in financial incentive / grant programs.
- Policies discouraging the rapid demolition of historic buildings following a damaging event.
- Policies encouraging the salvage and re-use of historic building materials when demolitions do occur.

Religious Buildings

The Policy Committee discussed the social contributions and unique financial challenges of churches, synagogues, and mosques. Committee members were generally open to special considerations for religious structures, similar to those contemplated for historic structures. They did not reach a final agreement on support for these items.

Schools

The Policy Committee discussed the significant challenges facing public schools. They did not identify specific policies to address these challenges, other than greater state financial support for school seismic retrofits. They did not finalize this as a recommendation.