



**Bureau of
Development
Services** FROM CONCEPT
TO CONSTRUCTION



PDC | PORTLAND
DEVELOPMENT
COMMISSION
www.pdc.us

**Unreinforced Masonry (URM) Seismic Retrofit Project
Seismic Retrofit Support Committee Handoff
May 20, 2015, 9:00 – 11:00 a.m., Rose Room, City Hall**

Committee members and staff in attendance

Avi Ben-Zaken (Urban Development Partners)	Ian Madin (DOGAMI)
Jacob Balderas (BDS)	Walt McMonies (Lane Powell)
Kristen Connor (Pacific Continental Bank)	Carmen Merlo (PBEM)
Jennifer Cooperman (OMF)	Steve Novick (City Commissioner)
Damian Crowder (PDC)	Christy Owen (CBO)
Dan Douthit (PBEM)	Jonna Papaefthimiou (PBEM)
Brian Emerick (Emerick Architects)	Andy Peterson (BDS)
Jessica Engeman (Venerable Properties)	Steve Rose (Bristol Equities)
Peter Englander (PDC)	John Tess (Heritage Investment Corp.)
Shelly Haack (PDC)	Eric Thomas (BDS)
Mike Hagerty (private consultant)	Mark Tobin (KPFF Consulting Engineers)
Rachael Hoy (BPS)	Gina Wiedrick (PDC) – minutes
Amit Kumar (BDS)	Reid Zimmerman (KPFF Consulting Engineers)

Guests

Brad Schmidt, *The Oregonian*

Meeting Summary

Meeting began at 9:06 a.m.

Introductions/Agenda Review

Ms. Merlo welcomed the group, and Commissioner Novick thanked everyone for making time for this important work; he left right away due to other commitments.

Ms. Haack facilitated. The purpose of this meeting is to transition the work from the Retrofit Standards Committee to the Seismic Retrofit Support Committee.

**Review of what is known about Portland’s inventory of URM buildings
Review/discuss the work completed by the Retrofit Standards Committee**

Mr. Balderas’ and Mr. Kumar’s presentation is included in these minutes as Attachment A.

Question and answers about work/recommendations of the Retrofit Standards Committee

Ms. Cooperman asked if the inventory review is based on talking to the owners. Mr. Balderas responded no, most of the reviews have been an evaluation of other databases with a limited amount of fieldwork to confirm data based upon visual observations. Staff did not poke around the building, the outsides usually have stucco, and therefore not much is viewable.

Mr. Emerick asked if it is possible to find out if the buildings are on the historical register. Mr. Balderas responded yes, but the accuracy of the data can be low as staff is mostly relying on owner surveys. Mr. Emerick stated that it would be useful to have that information and have a better tracking system in place.

Ms. Cooperman asked if the cost per square feet is low or high. Mr. Kumar responded that it is a high estimate; staff would need to get better numbers through a study to obtain more data and get costs that are more accurate.

Mr. Ben-Zaken asked if the recommendations were final or if it was still open for discussion. Ms. Merlo responded that these are the recommendations that will go to the Policy Advisory Committee, who will make the final recommendation for presentation to the Portland City Council for approval.

Mr. Ben-Zaken asked if this is really going to take 20 years to do this. Ms. Merlo responded that the recommendation had a graduated compliance requirement with all buildings being required to reinforce parapets and attach roofs to walls (bolts plus standard) within 10 years, and those buildings in categories 1 – 4 would have an additional 10 years to retrofit to the higher standards. Ms. Cooperman suggested that providing financial incentives early could induce owners to act more quickly than the code required. Mr. Zimmerman added that this is why there is a tiered program, so that the important upgrades are done sooner.

Mr. McMonies stated that there is little incentive to do the retrofits now; insurance costs might go down slightly, but it is expensive to do the retrofits and the only fear is that there might be an earthquake.

Mr. Rose asked if staff consider Probable Maximum Loss (PML) on buildings that were partially retrofitted. (PML is an underwriting tool used in the finance industry (mainly multifamily) to evaluate the structural integrity of a building for financing purposes.) Mr. Kumar responded no, and Mr. Tobin added that the PML was not used within the engineering field.

Mr. Rose asked if soil content and stability were considered during the study. Mr. Kumar responded yes, staff did look at the issue of liquefaction, it just is not included in the spreadsheets, but the information is available. Owners need to determine if the cost is worth it; they are aware of the risks. Ms. Haack added that also building assessment must be done, including a review of soil conditions. Mr. Kumar added that yes, the building evaluation needs to be completed within three years; technical details are shown in the report.

Responding to Mr. Kumar's statement during the presentation that the committee was also recommending non-code strategies and placarding buildings as either retrofit or unreinforced, Mr. Rose asked what happens when someone moves into the building based on the belief that the building is safe per the plaque, and there is an earthquake that causes a death. Mr. Kumar suggested that perhaps there is a need to have a seismic rating that can be included in the plaques, it would be something that needs to be recommended to Portland City Council; the plaque could be an incentive.

Ms. Engeman asked if there is data from other regions where they have demolished instead of retrofitting. Ms. Merlo responded that she has data on Los Angeles that she will forward to the committee.

Mr. Tobin stated that it is hard to get the public to take action because many people do not believe that Portland is seismically active; they do not think that there really is an earthquake coming. Ms. Cooperman and Ms. Connor felt that there has been increased public awareness in the past few years.

**Review/discuss the charge of the Seismic Retrofit Support Committee
Review incentive categories identified to date (review matrix)**

Ms. Haack stated that the charge of this Seismic Retrofit Support Committee is to evaluate options and to make recommendations for incentives the City of Portland (City) could consider for inducing property owners to comply with the proposed mandatory retrofit requirements. A draft Seismic Retrofit Incentive Options table was presented that lists a complement of incentives that other regions have offered. Ms. Haack shared that some of the legislative work is already underway. SB85 Seismic CPACE was signed by the governor earlier in May 2015, which enabled communities to use a limited improvement district structure to secure seismic retrofit loans. SB565 was moving through the process and if approved would create a Historic Preservation State Tax Credit, and HB3526 which would create an Oregon Main Street Revitalization Grant Program that could be used for seismic upgrades.

Mr. Madin stated that everyone should also be aware of SB775 which provides liability waiver if the owner makes a seismic study before the event but has not quite gotten around to making the retrofits.

Mr. McMonies stated that staff does not have tangible accurate ideas on how much the retrofits would cost, but would like to have this. Mr. Rose and Ms. Engeman agreed that this would be a good starting point.

Mr. Rose asked if the committee is looking at only private buildings, because how can it require government buildings to do retrofits with money that is not there. Ms. Haack responded that the code would apply to all commercial buildings (as defined by code) regardless of ownership and that there are state programs that will provide resources to government buildings. Mr. Madin stated that there is the Seismic Rehabilitation Grant that has a \$1,500,000 cap, which is not enough for projects that cost millions, but Business Oregon will change that cap if there is more money made available.

Mr. Rose asked how many of the Tier 4 and 5 are non-profits. Mr. Kumar responded that that research had not been done.

Ms. Haack stated that the main goal of the Seismic Retrofit Support committee is to help with the financing challenges of the private buildings. However, any changes that are passed, will also affect government buildings.

Ms. Merlo stated that non-profits will be part of the Policy Committee and will be able to provide input.

Mr. McMonies stated that buildings that are 90 percent occupied are difficult to empty out to do retrofits; the cost of no-cash flow is tremendous. Mr. Kumar responded that this is why the committee recommended the 20-year timeframe so that these buildings could plan for it.

Ms. Cooperman asked if a building were to close and do the whole retrofit all at once, how long would they be closed. Mr. Tobin responded 10 to 12 months. Mr. Ben-Zaken added that it is definitely possible to do this one apartment at a time in a whole building of apartments; maybe give credits to the

renters for a month or so. Mr. McMonies added that one also needs to take into account the asbestos and lead paint that has to be dealt with.

Mr. Emerick suggested that, when looking at costs look at rental rates and see where to focus the incentives. Some markets will not need incentives to comply (Pearl) because rents are high enough to still provide a reasonable return to the owner. Others (Lents, outer-Southeast) do not.

Mr. Rose asked what assurances could be given owners that these “laws” will remain the same, and not change in say five years and the standards change and they have to pay more for the retrofits. Mr. Emerick responded that this is covered in the report. Mr. Kumar added that the code as proposed would set the standard for compliance at the point the owner entered into a retrofit agreement with the City that could be a staged agreement. So long as the owner was making progress per the agreement, the standards established in that agreement would not be impacted by new code changes.

Schedule next meeting/establish meeting schedule

Ms. Haack asked about scheduling the next and recurring meetings. The goal is to have recommendations completed by fall 2015.

It was agreed that the next meeting would be scheduled for Wednesday, June 17 from 9:00 – 11:00 a.m. at PDC’s office at 222 NW 5th Avenue, and then every three weeks thereafter. Participants acknowledged that some meetings may conflict with Portland City Council that would prevent some members from participating and that we will likely lose some participants due to vacations.

Mr. Englander asked if there was a sense on what needs to be accomplished at the next meeting. Ms. Haack responded that the committee needs to get a handle on the cost issue and begin to build out the matrix and parameters for class five buildings, greatest volume of URM buildings, and associated costs with some of the requirements. This baseline would help the committee evaluate the impact different incentives may have on different types of buildings.

Mr. Rose asked who is going to do the costs and how soon can the committee have that information. Ms. Haack responded that PDC is already using KPFF for some work in Chinatown and will go back and talk to staff to get more information on this.

Mr. Crowder stated that PDC is doing cost estimating on some of its Development Opportunity Services projects including seismic retrofit costs, in the process of teasing out the components of seismic work; all are URM buildings. Mr. Tess noted that when looking at the historical buildings, the owners might be receiving federal incentives that require buildings to be retrofit to a certain standard; so the numbers that are coming from those are not the same numbers for other buildings with similar amount of work. Mr. Emerick said that there are roughly 1800 URM buildings in Portland and about 800 of those are historic buildings.

Mr. Rose stated that the public would want to know the estimates for three different categories: unoccupied, occupied, and historic buildings.

Mr. Madin stated that there has been a lot of work done in California and Utah; they would have the numbers for those projects.

Ms. Merlo stated that there is also the cost of doing nothing.

Ms. Hoy stated that when looking at the incentive options, it would be good to identify which incentives would work best for historic buildings, since there are so many of them. Ms. Haack responded that they would add a column to the sheet to reflect what incentives work for some or all options.

Adjourn

Meeting ended at 10:52 a.m.

Unreinforced Masonry Seismic Retrofit Incentive Committee Agenda

Date: May 20, 2015
Time: 9:00 – 11:00
Location: Rose Room, Portland City Hall

Background Material:

- Charge of the Incentive Committee
- Summary of different incentive options

Desired Outcome:

- Transfer information from the Retrofit Standards Committee to the Incentive Committee including committee recommendations
- Review charge of Incentive Committee
- Establish future meeting scheduled and meeting priorities
- Action items for next steps

9:00 – 9:15	Introductions/Agenda Review
9:15 – 9:30	Review of what is known about Portland’s inventory of Unreinforced Masonry buildings
9:30 – 10:00	Review/discuss the work completed by the Retrofit Standards Committee
10:00 – 10:30	Question and Answers about work/recommendations of the Retrofit Standards Committee
10:30 – 10:40	Review/discuss the charge of the Incentive Committee
10:40 – 10:50	Review incentive categories identified to date (review matrix)
10:50 – 11:00	Schedule next meeting/establish meeting schedule Data/research request Adjourn