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February 1, 2017 | Meeting Notes

## Unreinforced Masonry Building Policy Committee

CH2M Hill | 3 - 5 PM

**Committee members in attendance:** Margaret Mahoney (chair), Reid Zimmerman, Stephanie Whitlock, Matt Eleazer, Tom Sjostrom, Tom Carrollo, Walt McMonies, Brian Emerick, Jen Sohm, Javier Mena, Sean Hubert, Peggy Moretti.

**City staff members present:** Carmen Merlo, Amit Kumar, Jonna Papaefthimiou, Eric Thomas, Dan Douthit, Shelly Haack.

**Observers:** Tye Steinbach, Scott Kessler, Gwen Baldwin, Jeff Reingold, Jim Mattison, Chris Wiley, Vikram Savara, Ken McKinney, Angela Even, Tim Even, Bill C.M. Welch, Dana Fulkerson, Mikal Apenes, Rayleen McMillan, Hector Miramontes.

**Welcome and Introductions** (Margaret Mahoney, Chair)

Margaret welcomes the groups and thanks them for their attendance. All attendees introduce themselves. Margaret notes there will be an opportunity for public comment at the end.

**Review of proposed changes to Retrofit Standards Committee recommendations** (Amit Kumar, BDS)

Amit presents the slides as posted. [Refer to slides]

Amit explains that a design-level earthquake is the earthquake that you design to for life-safety. There is a maximum considered earthquake, which is the worst one that could possibly happen in that location, and the building is designed for collapse prevention in that case.

Tom C. states that a building owner might pay for an ASCE-41 evaluation and then later hire another engineer to do the work, and would they then need to re-do it? If yes, perhaps the owner should be allowed to wait on the ASCE-41 until they're ready to do the work.

Amit and Reid state that a new engineer should be able to use the ASCE-41 from another professional.

There is some discussion about the inputs to the ASCE-41; it requires visual observation and review of record documents. But for older buildings, these drawings may not exist. Testing yields better results but is generally destructive, e.g. opening walls, testing mortar strength. Amit states that some testing may be required if no drawings are available.

**Discuss projected savings from proposed tax abatement program and review list of incentives** (Jonna Papaefthimiou, PBEM)

Jonna distributes a handout and presents the slides as posted [refer to slides].

A question was raised on how much the buildings mentioned in the presentation would cost to retrofit. Per Amit, they could cost \$50-\$60 per square foot to retrofit.

Stephanie notes that the tax exemption does not benefit non-profits or public buildings, and in fact the public forgoes revenue.

**Review remaining recommendations and reach consensus on final Policy Committee recommendations** (Amit Kumar, Carmen Merlo)

Amit presents proposed changes to the existing code. [Refer to presentation slides.] There are questions about proposed changes that would lower the bar for active triggers versus the proposed passive triggers. Amit clarifies that if the active triggers are changed, the standard that would apply would be the same standards eventually required by the passive triggers, e.g. if you increase the occupancy or intensity of use in the building, it bumps up the date to do the work, and if you re-roof, you have to do the bracing there at the same time.

Carmen presents a summary of the policy recommendations. [Refer to presentation slides.]

She highlights the issue of tenant notification as one that was not fully resolved.

Shelly describes the \$5 million for Old Town / Chinatown URA; PDC is looking to test approaches that could work outside the URA in the future. This money is not currently programmed.

Shelly describes the C-PACE program; it connects the property's debt to the income tax system. The payment is due annually with property taxes and if it is not paid, it goes to collection through that system. It becomes an income/expense function rather than a debt consideration. It also becomes a priority lien against the property. C-PACE may make financing easier than conventional debt financing.

Jonna describes the transfer of floor area. Currently, landmarks can transfer FAR within 2 miles. There are also many other ways to obtain additional FAR, such as green roofs and bike parking. In the updated code anticipated in 2018, only affordable housing and historic resources will be allowed to transfer FAR. FAR will be transferrable anywhere within the Central City Plan District, which includes Albina, Eastside Industrial, Pearl, South Waterfront, and all areas in between.

Jen asks how the City will make the upgrades easier, and whether there will be a fee for accessing the ombudsman. Amit says that currently the city waives 50% of the permit fees for seismic retrofits, and he doesn't know whether there will be a fee for the ombudsman. The City will waive other upgrades that might be triggered at the time of the seismic retrofit, but it will not waive design review.

Brian asks if the City could reduce the fees for the land use review as well if they are triggered by the upgrades. There is agreement the City likely cannot expedite the process because of requirements for public notice and appeal.

Carmen says that the City would pursue a historic tax credit in the future, but that it had no opportunity to pass this year because of the state's financial situation.

Peggy asks how the City, especially BDS, plans to address a significant incremental growth in projects and reviews. If everyone gets backed up, then an extended timeline becomes a significant cost.

Amit says that the City would like to incentivize people to do the work earlier rather than later.

Carmen says there is a desire to see more earthquake mitigation projects proposed at FEMA, but that the sanctuary cities issue may mean this money is not forthcoming soon.

Tom C. asks if someone can represent churches since Pastor Andersen retired. Tom says he personally attends St. Michaels which fundraised for 20 years to do a retrofit and is now withering as they find the work is more expensive than they thought and they are stuck having church in a cafeteria. He finds the proposal as written difficult to support. Tom C. also says that he disagrees with the exemption for affordable housing.

Carmen clarifies this is not an exemption from the standard, but extra time to ensure that vulnerable residents can be relocated before they must commence work. Javier clarifies that the extension of the timeline is not intended to disincite retrofits, only to ensure no one is left out. Tom asks whether some properties might choose to become affordable housing in order to have a longer timeline.

Margaret says that it will be helpful to look at the final document and see the recommendations described clearly.

Brian agrees with Tom C. about the problem for churches.

Margaret says a revised report will be ready in about a month. She asks whether the group has concerns with anything that was presented, or anything that seems unresolved, so that staff can move forward with the final report.

Tom S. says the regulations are onerous and that public funding should be available. Margaret says that the new proposed standards are lower. She asks if he would propose more funding or lower standards. He says that the project should not move forward until the funding is available.

Peggy says that she is sympathetic, and asks whether the City should tie the start date to the availability of a state rehab tax credit or some other financing mechanism. Perhaps that would also move the conversation forward on that credit / mechanism.

Jen says that private owners are concerned about the cost. Schools will need to keep passing bonds to do this; will property owners oppose the bonds because they are personally paying for work on their own buildings? Seismic is only one item on a list of grave safety concerns for PPS buildings.

Margaret says we need to bring the material together in an updated draft, and one of the considerations could be timing, and one of the questions should be how to move forward, whether it should be now or when funding is available.

Walt says that he supports only moving forward with funding.

Peggy says that some things could move forward now; allowing people to do seismic upgrades now without triggering other requirements, changing the active triggers in the current code.

Walt says that knowing how many will meet Bolts Plus will be important to understand the costs; we might move forward assuming many owners could use this more affordable option and then find it rarely applies

Peggy says the City should support SB 311.

## Public Comment

Gwen Baldwin thanks everyone for keeping with the process and acknowledges that progress has been made in the last few meetings. She says knowing how many owners could actually use the Bolts Plus standard is important. She also appreciates the efforts to find pieces that work financially. She says it's important the mandates align with the money. The school district alone is critical for getting to 75% approval necessary for a tax exemption to be approved for the City. She notes abatement has already been tapped for inclusionary housing, and that it was capped at \$3 million for a 5-year average. How often can we go to the well? Time is money is also very much true for building owners. She also thinks that we need to promise building owners that once they finish, they're done, and we can't change the rules anymore.

Angie Even: We own a commercial building in the SE neighborhood. I can tell this committee is thoughtful and caring. 91% of the building owners haven't engaged. We are less than 7,500 SF on a local main street. We were both born here in the 1950s. We're moving into retirement now. We have a friend who recently passed away because his cancer treatments were bankrupting his family. Tax abatements don't help our family. I hear a lot of hypothetical statements and assumptions. Walt, I heard you say that your \$1.2 million retrofit that pencils with a tax abatement. Small owners are in a different situation and we're not represented on this committee. I feel very passionate though I am trying to be calm. In our situation, it will be cheaper to demo than to rebuild. And there will be no financial assistance for that. And we can't sell because this has already devalued our building. We also have social services and a church office in our building, and we've assured our tenants we aren't going to raise their rents and redevelop. I just think that this policy is a mandate and it isn't Portland. And this affects people. I want to be a face. It's not fair that we have to tear it down. It's not fair for it to be devalued. 91% of the building owners haven't engaged. There are a lot of other little guys like us. Penalties and placarding as an incentive? That's punishment.

McCall: We are the Sons and Daughters of Norway, Grieg Lodge. We're a non-profit, so we won't get a tax exemption, and we don't have a stream of income that would enable us to finance the loan. We would have to sell the building, and it would get redeveloped. It would really negatively impact the value of the building. And we just don't have a financing option available.

Ben Kaiser: [Provides handout to the committee – see attachment] We are doing this project in Beaverton. They are leading the nation. It's exciting. This approach addresses the issue in a more affordable way. We have a few more buildings coming on line too. I am from the Midwest, and there we never expect that you would live in a tornado-proof building, you just make a tornado proof space. We should approach earthquakes in this way. Respected engineers are supporting this. Affordability is the new focus, and that is what is at risk.

Reid Zimmerman notes that KPFF does not wish to be associated with the CoreFirst concept.

Vik Savara: There is no question that I could ever finance a retrofit of my building. So if this is mandated, then my building is destroyed and my only value is the land. I think an incentive is better. I am also concerned about enforcement and fines. And placarding! It is like putting a star on a house. And tenant notification. Informing a tenant of any danger and then saying "We're not liable," you are definitely going to court. Also, I got a quote for \$40,000 for the ASCE-41 assessment and I heard at this

meeting that was too high. So, BDS, will you give us a list of certified companies who would do it? The Fire department does this for other functions.

Chris Wiley: This is a difficult situation for everyone. I am disappointed class 3 became class 4. California has been doing retrofits, and Oregon and Washington are getting into it. There will be an earthquake society that will grow up in the future and earthquakes will be nothing to them. But I think things are going to get worse before they get better.

Tim Even: I don't understand why this commission is in such a hurry to enact this mandate. The buildings are older than most of us and I think we have time to get it right. We can't just throw this program down like this and not hurt the great neighborhoods of Portland. Most likely all these buildings – these churches – will be torn down. This mandate is not the solution. And, this 24.85 code will come into conflict

Jeff Reingold: I appreciate the work you are doing. My concern is along the line of Tom and Walt's. We have to match the cost and implementation. Being a building owner and a manager, not matching the dollars to the work and to the time, it just isn't economically feasible and just not possible to write checks for 1-2-3 million dollars to do this. I hope you'll wait and think this through a little bit and allow us to keep these buildings in the rental inventory.

Tim Even: You only sent us [building owners] one postcard, and you didn't even leave enough chairs for us. It's obvious you don't want to engage with us.

There are no further comments from the public. Margaret asks that the staff bring forward an updated report, poll for a new meeting date, and share the information and the meeting date with the interested parties as well.

Peggy asks what is the wrap-up process? Carmen says there is a majority report and there could be a minority report too. Staff may bring minority, majority, and staff recommendations to Council.

Gwen asks what are the next steps? Margaret says the committee will vet the report at their next two meetings.

Meeting is adjourned at 5:04.