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March 20, 2016 | Meeting Notes

## Unreinforced Masonry Building Policy Committee

CH2M | 2020 SW 4<sup>th</sup> Ave., Lincoln Conference, Floor 1 | 3 - 5 PM

**Committee members in attendance:** Peggy Moretti, Tom Carrollo, Stephanie Whitlock, Jim Edwards, Tom Sjostrom, Jen Sohm, Walt McMonies, Ken Rust, Sean Hubert, Brian Emerick, Carmen Merlo, Reid Zimmerman, Javier Mena, Margaret Mahoney (at 3:12).

**Observers:** Jay Raskin Michael Hagerty, Kathy Rogers, Marc Rogers, Nate Bowman, Tim Even, Angie Even, Taylor Steenblock, Spencer Straub, Mikal Apanes, Jeff Reingold, Dana Fulkerson, Vik Savara, Neil Lee, Michael Harrison, Ben Kaiser, Mary Kessler, Scott Kessler.

**City Staff:** Carmen Merlo (PBEM), Jonna Papaefthimiou (PBEM), Dan Douthit (PBEM), Amit Kumar (BDS), Shelly Haack (PDC).

### **Welcome and Introductions** (Carmen Merlo, PBEM Director)

Committee members and the public introduce themselves (see attendance list).

### **Updates** (Carmen Merlo)

Carmen states that the Portland City Council will have a work session to hear about URM policy on April 4. She says that they will not take any votes or hear public testimony at that meeting, but hear an interim report and discuss the work of the committee thus far.

Carmen further states that SB 311, the property tax exemption for seismic retrofitting, will have a hearing tomorrow morning in Salem, and Carmen will testify in support. Peggy said she would like to send a letter in support. Carmen says this would be appreciated and she can do so on line.

Carmen asks for comments on the policy report by March 31. She highlights changes from the previous report, including: removing requirement for geotechnical assessment, combining building categories 3 and 4, and exempting previously retrofitted schools from further retrofits.

### **URM Building Policy Comparison** (Carmen Merlo)

Carmen reviews the URM Building Policy Comparison (see handout). She notes timelines elsewhere were much shorter than those proposed in Portland. She highlights that even Seattle is looking at 13-year maximum timeline for adoption. Several people ask whether Seattle's policy has been adopted. Carmen states they are on track to adopt it in the next few months, and says she will add that to the table.

Amit reviews the summary of current recommendations from the policy committee (see handout).

In category one, he states there are ten buildings, none privately owned. They need to meet the highest standards, and they have the most critical functions.

In category two, he says are schools, churches, and public assemble uses. He reviews rules, timeline, and enforcement.

Category three includes most URM buildings. Amit says in this category, robust buildings could meet modified Bolts Plus; those that do not meet the requirements for Bolts Plus can be modified to achieve that requirement, and then do Bolts Plus. He says that Seattle is using this standard for all classes of buildings. The timeline here is a bit longer (3 versus 5 years for assessment) and for retrofitting. Enforcement penalties are the same.

Category four buildings are small and relatively low risk. They do not require a structural assessment but they have ten years to brace the parapets and tie the roof to the walls.

Tom Carrollo says that if the penalties, including revoking occupancy permits, are discretionary, how will it be enforced fairly? What if one church is closed and another is not? Amit and Margaret state that all enforcement is somewhat discretionary and depends on the circumstances, but that the hope is always that the threat of enforcement will be effective without the need to actually revoke permits. This is a penalty that is rarely used, even for dangerous buildings. They both also agree that there is an appeals board that could become involved in these cases.

Brian asks what happens if a building is not occupied? He cites the example of the Wong Laundry, which is a historic building that many hope to someday use as a Chinese-American cultural museum. Work has been done to develop this idea and estimate costs, but right now the investment does not pencil out. If the owners accrue fines for not retrofitting it, that will make it even harder for any future purchaser to finance a retrofit and rehabilitation.

Margaret asks about warehousing a building – whether it is possible for a building to be stabilized and then left unoccupied, not accruing fines, until a purchaser can be identified to do the rest of the work? This idea was discussed but not incorporated into the recommendations.

Peggy says that she would like to see case studies of different buildings, their costs, and their options for financing a retrofit. She says she would like to see how it play out for different properties around town. She asks for additional detailed case studies to inform the decision-making.

Carmen says that each building is so unique that additional case studies would provide information only about those buildings.

Jim says that for churches such as his, the costs would be impossible to support and would put many churches out of businesses.

Tom Carrollo agrees that some case studies would help to develop better cost estimates – for assessment, for retrofitting, for soft costs.

Amit says that there was a cost subcommittee and they worked diligently to develop cost estimates from published data and local case studies. The published data from FEMA is about 20 years old, but they updated it to reflect current costs. They also sought additional local data, and as a result found that each case was quite unique, and there were few complete case studies available.

Shelly states that she staffed the cost subcommittee. The buildings and the financial circumstances of each building were so unique that any generalizable data has to be a relatively broad range. And the range suggested by the FEMA study matched up with the case studies from Portland – so they validated that work.

Margaret asks whether there was an interest in more case studies and several people indicate they are interested. Tom Sjoström says that he simply feels that he does not know whether he is being reasonable or not.

Brian says that he's concerned whether the costs are \$50/SF or \$200/SF. And that there's nothing to help churches.

Jen says that schools should be retrofitted because they contain a vulnerable population, and also if the buildings are un-useable post-event, that impacts the entire workforce a great deal. She offers to share her numbers for ASCE assessments, but cautions they are specific to school buildings, which have some unique characteristics.

Sean Hubert asks whether churches can have an extension if they are unable to meet the timelines. He asks if churches can do placarding in the meantime. He says he would be supportive of special efforts to aid churches.

Brian adds that churches are extremely challenging to retrofit because of the big open spaces, bell towers, and other special features.

Peggy says what if we had a state rehab tax credit – would that help? Possible incentives should be a part of the discussion as well. Then we will know when we get to “enough.” She says that this could also be an incentive to move on the tax credits in future legislative sessions.

Tom says that he hears two things: the FEMA case studies are correct, and they're too broad.

Amit says there is a range because buildings are quite different. The range of costs is correct for the range of buildings, but to figure out the cost for one specific building, you must do a lot of additional work to estimate the costs.

Shelly adds: the finance committee did this work, they looked at case studies, and their work is published on the website now. She would be glad to review it with the committee.

Javier says that one Housing Bureau project was recently completed. He shared the numbers with Shelly for her study.

Shelly adds that the retrofits are mostly a component of a larger renovation project, and it's hard to isolate the costs for the retrofit from other costs.

Sean says he is doing a retrofit right now and the costs are higher than the estimates: the owner must tear up all the fixtures and furnishings in a historic building, and to conserve and re-lay unique historic tile and other finishes is costly. It's an example of how costs can turn out to be higher, and each building is unique.

Jen says Portland Public Schools see cost escalations of 20%/year. The market is very tight, and this drives costs up.

Javier says that what's missing in the matrix is the cost for each building type. He says examples would help clarify this for the committee.

Ken Rust says that when the City was doing a sewer plan for east Portland back in the 1980s, they did something they called the cross of affordability. If property had low cost and high economic value, the project worked financially. If there was high cost and low economic value, then it didn't work. The City capped the costs per SF for everyone. That way, everyone could participate. A city-county license tax abatement might help in this case. City-supported financing for private entities is harder to manage.

Sean states that if 75-80% of buildings are retrofitted, that's still a win; perhaps the group should accept that some buildings can't be retrofitted right now.

Jim suggests that churches put up a sign, "This building may end your life, but we can lead you to eternal life."

Carmen says that Ken's recommendation for a matrix / framework for the costs seems do-able - more than additional case studies, which would be time-consuming and would not inform the committee as much.

Margaret asks that staff pull together the costs of ASCE-41 studies, the benefits of the tax exemption, the costs of retrofits found by the Finance committee, and other known costs and benefits, and put everything together in one place.

Brian draws the group's attention to the active triggers currently in place, and how those are proposed to be changed. Right now, adding 150 occupants triggers an upgrade; there is a recommendation in the handout that adding 99 occupants would trigger the upgrade. He says he disagrees with the recommendations of the technical subcommittee and asks that the policy committee revisit this.

Walt says that the difference between high-rent and low-rent districts is great now, but if rent control comes into play, then all landlords will find it difficult to recoup costs for retrofits, even for market-rate apartments in high-rent districts.

Tom Carrollo says he is interested in the cost per unit for an apartment retrofit, if that can be calculated.

Jen asks about the ombudsman and the incentives on the permitting side; who will pave the path for this – design review? Historic review? Is there a realistic plan for this?

Peggy says the ombudsman is not a savings for the costs, but a savings in time and expense in the permitting process.

Jen asks how many buildings are historic and are subject to historic design review. Carmen says about 1/3. Brian says that it costs \$10,000 and takes three months to go through design review.

Margaret asks that this information be included in staff work for the next meeting.

There being no further comments from the committee, she asks for public comment.

### **Public Comments**

Jeff Reingold: I think the idea of case studies is really helpful. I would like to see some accurate costs, the impact of the ombudsman, tax abatement, and the rest of the information to make sure it is doable.

Jay Raskin: I am the vice chair of OSSPAC [Oregon State Seismic Policy Advisory Committee], and we are concerned about bolts-plus. Is the goal risk reduction or life safety? We think that perceptions of the public are that following a life-safety retrofit, the building will be usable after the earthquake, but that's not true. We think people should remember that these buildings are not really resilient.

McCall [complete name inaudible]: This would force a sale for Norse Hall. We just cover our operating expenses now. I'd like an exemption based on financial infeasibility.

Ben Kaiser: We propose building safe areas within buildings rather than retrofitting the entire building. We have also done full seismic upgrades of other buildings, and I have SF costs for construction and other costs, asbestos, lead, vacancies. I am willing to share. I also think the points on equity are important. Wealthier parts of the city get upgrades and other parts don't get upgraded or get torn down. As we all know, regulations are pretty extensive, and regulations of buildings are extremely extensive. They do have an impact on building costs and affordability. Lack of affordability is also a risk to our resilience. Liquefaction under gas stations alone could impose huge costs on the city, perhaps we should focus there. The New Yorker says everything west of I-5 is toast. There's never been an earthquake in the history of the world that obliterated three states. We need to realize that Tokyo doesn't even have these kinds of codes. This is fear-based decision-making. We haven't had an earthquake since the country was founded. No one knows when this is going to happen. We have other concerns.

Kathy Rogers: before we institute a mandate, there need to be more financial tools. We simply couldn't do this. Tax abatement only helps me once I have done the work. I need a low-cost loan or something I can pay back over time. Not to mention all the new costs we're paying now to relocate tenants and etc.

Nate Bowman: I represent several different buildings owners with class 3 buildings, and we're in the process of figuring out costs. We're very interested in finding out how it will affect tenants, so we can paint a better picture for people. We're trying to find a way to do this as cost-effective as possible. We would be interested in participating in this work to try and figure out the costs and I think the owners are willing to pay for it on their own.

Tim Even: I don't think this mandate is the right vehicle. We don't have enough qualified contractors in the city. There is already 20% increase in costs each year, and many contractors in the city now are not qualified to do this work. This will devastate neighborhood business districts. There have been only 2 deaths in Oregon earthquakes – in Klamath Falls. Fatalities are much lower for earthquakes than for other disasters such as hurricanes, windstorms, or tornadoes.

Angie Even: The last time I was here, I was describing the situation for folks like use, we own a small building, less than 7,000 SF, in SE Portland. We take care of our tenants like our kids, we've owned the building for the last 20 years. We're from Portland, and this report is not Portland. [Holds up report and references use of "etc."] This report does not describe what will happen to people like the people in this room. Only 9% of property owners responded to your mailing. And to compare us to LA – businesses in LA closed, people went bankrupt, and buildings were demolished. And to compare us to Seattle – buildings are being demolished all over the place now. And our lender is not going to let us tear our building down. And we can't sell it, and now we're upside down. You are going to destroy everything we've worked for. I am so upset about the punishments. And you don't even say where the money is going to go for – tens of millions of dollars from people who cannot afford this. I am so disheartened,

and I hope you can see the code you have now can be strengthened, and you can work with each building on a case by case basis, because when people come in and they are making a change, they usually have an empty building. This is going to ruin us. That is the fact.

Vik Savara: All the examples of institutional buildings, the discussion is focused there. There is not enough discussion of small private buildings such as mine and hers. I have six units in my building, the costs to retrofit are more than a million dollars, and there is no way to finance it. You are saying that I have no alternative but to demolish. But I can't demolish it because I owe money on it. The building's value has gone down because of this list. The committee should consider smaller buildings. I am not hearing that at all here.

There being no further comments, the meeting adjourned at 4:39.