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April 19, 2017 | Meeting Notes

Unreinforced Masonry Building Policy Committee

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

Committee members in attendance: Tom Carrollo, Stephanie Whitlock, Tom Sjostrom, Jen Sohm, Walt McMonies, Ken Rust, Sean Hubert, Brian Emerick, Carmen Merlo, Reid Zimmerman, Javier Mena, Margaret Mahoney.

Observers: Peter Angel, Dana Fulkerson, Scott Kessler, Nate Bowman, Diana Hwang, Kathy Rogers, Marc Rogers, David Gilroy, Gretchen Eichtopf, Marc Gaudin, Gary Nelson, Angie Even, Tim Even, Eugene Dieringer, George Bruyer, Joseph Mahler, Tim Brunner, Rebekah Wright, Brad Hamer, Susan Steward, Margeret Eickman, Michael Hagerty, Wendy Hill, Mikal Apenes, Jeff Anderson, Judith Rees, Neil Lee, Gay Hart, John Estrem, Mike Tokstad, Virginia Hawkings, Danny Hawkings, David L. Wheeler, Pamela (*unknown last name*), Jerry (*unknown last name*), Evan (*unknown last name*), Tyson (*unknown last name*).

City Staff: Carmen Merlo (PBEM), Dan Douthit (PBEM), Amit Kumar (BDS), Shelly Haack (PDC), Damian Crowder (PDC), Rachael Hoy (BPS).

Welcome and Introductions (Margaret Mahoney)

Committee members introduced themselves.

Floor area ration (FAR) transfer (Rachael Hoy)

Rachael Hoy discussed FAR transfer as an incentive. Floor area can be transferred between buildings in the central city. Historic buildings can sell their unused floor area and an additional 3:1 ratio to taller, denser buildings. Proposed change being considered by the Planning and Sustainability Commission to allow transfer if seismic upgrades have been or will be done. Portland City Council will consider the policy change this summer as a tool for historic buildings. FAR transfer happens frequently inside and outside the central city. Many transfers take place, but aren't known by the City until BPS becomes aware of it.

Questions/comments:

- Can the FAR transfer apply to non-historic FAR transfer? BPS kept policy focused on historic buildings.
- FAR transfer vs. FAR bonus – bonuses in the central city focused on affordable housing.
- FAR is calculated by amount of floor area used and the amount remaining. Could be worth \$8-10 a square foot, or more.

- Could the URM committee advocate FAR transfers for other districts outside of the central city? Rachael says it could be, but beyond the scope of the Central City 2035 Plan.
- Concern raised about difficulty of knowing what's available on the market. There isn't centralized information source for FAR information.
- Concern raised about impact of allowing FAR in other parts of the city if it resulted in larger buildings in neighborhoods outside of the central city.

Senate Bill 311 – Property tax exemption update (Carmen Merlo/Shelly Haack)

SB 311 overwhelmingly passed the Oregon Senate and is now in the House. The bill authorizes a tax exemption on the improved value of the buildings. If adopted into law, local jurisdictions would need to get 75% of the taxing jurisdictions in the area to approve the exemption.

Portland Development Commission Case Studies (Shelly Haack/Damian Crowder)

Damian Crowder discussed the PDC's seismic assessment pilot project in Old Town (*see attached presentation slides*). Many variables affect retrofit costs for each building. The scope of the project included completing an ASCE 41-13 Tier 1 checklist, developing a conceptual seismic upgrade scheme, and developing a cost estimate.

The project ran from the summer 2014 through June 2016. 12 properties entered the pilot; three completed it. The overall results were inconclusive – the small sample size, multiple variables, and range of costs contributed to this finding. The biggest factors influencing retrofit cost are building size, height, and building condition.

Shelly Haack reviewed three case studies of retrofit costs: Wong's Laundry, Glade Hotel, and Kida Building (*see attached presentation slides*).

Each case study looked at a property tax exemption, sale of excess FAR, BDS fee waivers, historic tax credits, a temporary interest buy-down, and a shared appreciation mortgage.

Questions/comments:

- Discussion of cost for non-seismic upgrades and building improvements that could be triggered by work on the buildings.
- Question about the availability of lenders for retrofit projects.
- Margaret Mahoney summed up the presentation: tax credits most viable, FAR transfer could be helpful, and shared appreciation mortgages could be useful.
- Ken Rust noted a constitutional prohibition on City extending credit to a private entity.

Review and reach consensus on proposed recommendations

Margaret Mahoney asked the group about next steps on the proposed recommendations.

Tom Carrollo suggested experimenting with incentives (including the FAR transfer and property tax exemption) for five years or a length of time to be determined before enacting mandatory improvements.

Reid Zimmerman expressed concern about losing momentum and that even with more data, there will still be variability.

Brian Emerick felt the mandate would become less burdensome if the right incentive balance could be found.

Margaret Mahoney asked if policy is in place for including seismic retrofits in affordable housing. Javier Mena indicated it isn't being included, but agreed all affordable housing projects should be retrofitted and supported taking five years to better assess the data.

Jen Sohm briefly discussed the current state school funding situation for seismic improvements.

Walt McMonies mentioned data from California shows incentives alone don't do enough; combination of incentives and mandatory policies work best.

The group discussed whether or not to apply the suggested incentives-only approach to all building types – class one and two vs. other classes.

Tom Sjostrom noted incentives could be hard for owners to track down; would help to market incentive programs to owners.

Sean Hubert thought creating a FAR market could help with churches and non-profits.

Margaret Mahoney brought up the difficulty with financing and concern about public safety, and asked for a small group to work with her on recommendations including Walt McMonies, Jen Sohm, Reid Zimmerman, Brian Emerick, and Tom Carollo. Approach is to consider an incentives-only program for five years and gather data, and then revisit and consider a mandatory program.

Public Comments

- Question asked about whether building case studies included in the presentation included relocation and other non-construction costs; and a statement read against a mandatory policy.
- Support for the proposal to have a five-year period with incentives, but no mandatory requirement in place. Even without a mandate, the possibility of a mandate is already causing harm to building owners.
- Several people expressed appreciation for the work done by the committee.
- Some concern mentioned that proposed incentives don't benefit all building owners and that non-construction costs should be included in the case studies.