



PORTLAND BUREAU OF EMERGENCY MANAGEMENT

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URM Policy Committee Meeting

Summary Minutes

October 4, 2017, 3 – 5 PM

Prosper Portland

Committee Members in Attendance: Margaret Mahoney (chair), Walt McMonies, Stephanie Whitlock, Brian Emerick, Sean Hubert, Tom Sjostrom, Peggy Moretti, Tom Carrollo, Reid Zimmerman, Javier Mena, Ken Rust.

Staff: Dan Douthit, Shelly Haack, Carmen Merlo, Jonna Papaefthimiou, Eric Thomas, Amit Kumar.

Public in attendance: please refer to sign-in sheets.

Margaret welcomes attendees and calls the meeting to order. The first agenda item is a presentation from URM building owners.

Pippa Arendt introduces herself and thanks people in attendance. She presents data about her goals, such as prioritizing critical buildings, preventing demolitions, and protecting small businesses and affordable rents - goals she shares with other URM owners. She also shares information about the basic URM inventory. There are 1,600 URMs, about 80% are commercial. She says that low-cost retrofits provide the greatest benefit, and that any mandatory retrofit program needs to be flexible. [Refer to PowerPoint presentation for inventory numbers and a complete goal statement.]

Michael Feves says he is a URM owner and holds a PhD in geophysics. He discusses what caused deaths in Christchurch; he states that parapets and chimneys were the most common causes of death and injury (71%). These are also the least expensive issues to address. He states that ASCE-41 evaluation is expensive to complete and are not always necessary. He shares information about Morlee Court Apartments on SE Hawthorne and Kida Building seismic retrofit assessments. [Refer to slides for dollar amounts and details of this study.] He says \$350/lineal foot is a good general estimate for parapet bracing. He says the cost to completely retrofit the Morlee building is \$1.4 million, which is completely out of reach. He reviews the cost to finance retrofits and says it would cause the rents to go up more than \$100/month, even if financing was available.

Carmen reminds the speakers of the time.

Michael states that SB-311 is not sufficient for financing the retrofits; states the program is not yet encoded and will not be sufficient or equitable if it is. He says that smaller buildings and buildings outside the center city pay less taxes and will therefore receive less benefit. He says that 80% of the funding for retrofits should be available. He suggests that FEMA, development bonds, and marijuana tax could be available.

Pippa then quickly presents “what we know,” and next steps slides. She emphasizes the need for flexibility and greater funding. Refer to attached slides for details.

Margaret thanks the speakers.

The next agenda item is public comment. Margaret announces that there are 25 people signed up to speak. She asks speakers to condense their comments to one minute.

Marc Rogers: My wife Kathy and I own the Morlee Court and this will impact us as described. Think about the consequences for us; we will be dealing with this for many years to come.

Kathy Rogers: Please consider the impact on our lives. We want safe buildings but we must balance this with what we can really afford. This would cost us \$1.6 million; our income would go away for 25 years – until we're 85.

Sandra McLeod: I'm 64. I bought these buildings as a source of revenue. I do not have another retirement. We house America, small businesses. My tenants cannot afford their rents to go up. Capital improvements normally provide a 5 – 10-year timeline. I don't have a retirement other than this, this is my retirement. We cannot do this in three years. I will be fiend and lose my buildings. I sacrificed my life savings to buy this building.

Paul Marney: I represent the HOA from the NW Irving St brick row houses. We have 6 family homes that happened to be terraced. I have no clue how we could meet these requirements. We are basically single-family homes and we cannot in any way afford to do this. There are no other totally brick single-family homes. We are unique. We are treated as condos. It's a bit scary.

Christopher Lancefield: I am a realtor, not a property owner. This regulation provides buildable land for developers from people who cannot afford to do retrofits. I think you could do a Bancroft loan to help property owners retain ownership rather than being forced to sell. I think this oppressive for mom-and-pop operations.

Debora Wicks: My husband, father-in-law and I own a stone fabrication company in SE Portland. It's manufacturing. We use a lot of electricity and our equipment is big and is hard to move. This mandate would displace us; moving our equipment is cost-prohibitive and finding a new place, we would have to do that. This would devalue our building and take away our livelihood at the same time. I would like to put our faces to this decision.

Carl Coffman: In 2007 I stumbled on a building on Park Ave and decided to redevelop it. The original plans were to do a full seismic upgrade and we changed that because it would be so expensive it would have been cheaper to tear it down. We did a lot of seismic upgrades but not everything mandatorily. It doesn't fit neatly in the categories you've decided. What we're asking is that do a look-back so buildings that have already work done because part of it are done to Phase 2 and Phase 3 already.

Casey Jonquil: I would like to emphasize my feeling and everybody else's. I own a warehouse in NE. In all likelihood, I can't afford to retrofit. According to your discussions I can raise the rent or sell. Raising the rents doesn't work. I would lose tenants and lose income. Selling? Good luck selling. A bank will not give a loan on this building. It's a triple bind. I also question thoroughness of the process. My building isn't even a brick building. I question why I'm in here. And my next-door neighbor has a similar building from the same era, probably same builder, and he's not on the list. I don't want to get him in trouble but I wonder if my building should come off.

Darcy Andrews: I am not a building owner. I am a member of the non-profit community here and a member of Norse Hall. It was built in 1928 by immigrants and we go there to celebrate our heritage. Everyone wants to do the right thing. We rent it out just to small non-profit dance groups. They get a low rate. We would all be displaced by this mandate and if it passes it will be torn down. There is a great ethnic and historic value here. We will use our history and culture.

Margaret thanks everyone for personalizing this. She asks them to also be succinct as they committee needs time to deliberate.

Lindsay Levy: If this I am a Skyline mom, West Sylvan mom, Lincoln mom, all URMs. I live near Linnton and I think about that. I know about earthquakes, I was in the SF earthquake in 1989. I would like to know what's being done about gas tanks, bridges, and schools. Also, Rose City park was closed in 2007 because it was unsafe. But now it's open again. Has it been retrofitted?

Ciaran O'Lionarde: My landlord is Jim on North Knott. I live on NE Williams. I am an immigrant. I came to Portland for opportunity. These new buildings are not the Portland I came to and not the Portland I want to live in. The old buildings have great character and need to be protected. Work with these building owners, not against them. Don't let what happened to Dublin happen to Portland.

Avi Ben-Zaken: I think there are two issues. I own brick buildings in Portland. The first issue: I don't think you guys have a choice. An earthquake will happen. For all of us who own them, we have a duty to retrofit them so our tenants will not suffer. Committee, you have to pass this law. And then we must talk as a community about how we can find a finance solution. But I don't think it's a choice. I have been doing brick buildings for 25 years. You have to do the parapets and brace the floors to the walls. If you bought 25 years ago you have equity to do that.

Michael Emert: I am glad I officially got a notice. I resent you making public meetings non-public. You were hand-chosen by two City officials, you have a mandate to do what they want, and you have no skin in the game. If your building is vacant your insurance will go up. I helped found the Hawthorne Business Association in 1983. Our goal was to revitalize Hawthorne. We succeeded. Now you are destroying it. I am 76 years old. My mortgage is paid off last year. I can get a mortgage: 2% finance fee, 11% rate, the payments will be more than my cash flow by \$2,000/month. I will sell it and it will be torn down.

Toni Smith: I am a small business owner and the owner of a URM. I bought a building in 2012. I bought close in because I wanted to invest in Portland. The retrofit will devalue my building and send me out of Portland, maybe out of business. I want to impart to you that many people here bought into Portland because they love the City and believe in what we stand for and want to stay. Please consider this.

Jim Wilson: I own the Leftbank Loft building. It has a 5,000 SF roof. I am getting bids to do the roof and upgrade the parapets and my bids are coming in at \$150,000 - \$170,000. It's a lot of money but it's cost-effective to do it. If you look at studies for other building, a full upgrade would cost \$70-\$140/SF. That would be \$1-\$2 million for my building. My building is worth \$2.2 million. So I can't do that. Step 2 gives us the most bang for the buck. Going beyond steps 2, it's not going to happen. I would save \$105,000 over 15 years; my contractor won't wait to get paid. I think buildings would be safer if we just did steps 1 and 2. We need to find a way to do just steps 1 and 2.

Vik Savara: My current loan is 10 times the value of my land. Based upon what I see proposed, I would have to sell my house, and the only thing I would get is the land value. So I would be bankrupt. I am retired and all my money is in this. I am living off the rent I get. So I would have no house and income.

Also, tenant notification and placarding: very photo I have seen of the Mexico earthquake, it is a cement building. And excluding houses of worship? For me, my house is my house of worship.

John Hollister: If we had 75% of the buildings upgraded to 25.75 then we would not have this meeting today. It isn't the code that's the problem. The problem is implementation. We have a brick building. 85% of people on the development committee at the Pearl District didn't know a URM building is a brick building. People don't know what URMs are. In 1996, we had a change of use and we did step 2. I hope you do not want me to do 3 and 4. I am already a grandfather. I know people who completely replaced their roofs in 1998, 2005, and they were not told they needed to do the retrofit. They should have been told. Implementation again is the problem.

Neil Lee: I am an architect and the vice president of the Chinese Consolidated Benevolent Association and VP of the Bing Kong Tong Association. We just put \$230,000 into that building to do a tuck point line. We expended our funds. We figured phase 1 would cost \$21,000. The Bing Home Kong Association we figure would be \$1.7 million. We do not have that kind of money. It would kick the Chinese community out of Chinatown.

Diana Hwang: As the president and owner of a brick building that is not considered a URM, I am in favor of doing the parapet work. Beyond that, I support the idea of having lots of flexibility. We have a soft story building and we are thinking of retrofitting it, the same issue. This process has brought us to a complete standstill because of the uncertainty coming from the city. What seems reasonable, is to brace the parapets. Our risk in the NW is so much less than San Francisco and LA. I know other cities helped to formulate our mandates, it's overkill here.

Dan Baisley: I'm a business owner in a URM building. When I first heard of this, the notice wasn't official enough to get my attention. I have boys for 24 years, this will impact their livelihood. I don't have the funds to retrofit, especially steps 3 and 4. I will have to sell the building, which at this point, the value will be low. The only person who wins will be the developers.

Michael Apenes: I am the president of Norse Hall. I also support the comments on step 2. Norse Hall: since we're tax-exempt, SB 311 won't help us, and we don't have income stream to service any loan.

Tim Even: I am appalled that you say we skirt the code. We put on a whole new roof with a reputable company and the City inspected it multiple times. They never said we needed to brace the parapet or any other thing. I think the problem is with the City. This change will blight the City. We all believe in safety. But there have been no earthquake deaths in Portland, ever. Cars kill people. Fix the code. Put alarms for earthquakes. And make incentives for safe zones in buildings.

Gwenn Baldwin: I'm here representing Masonry Building Owners of Oregon. I hope you all received a copy of our memo. It's an update to what we sent in July. The minimum components for a mandatory seismic upgrade is that SB 311 needs to be implemented. It does provide some up-front funding. We need to know what we have to work with. 80% is the threshold for financial sufficiency. What about things like mortgage loss? If we're only doing parapets perhaps that isn't an issue. Thank you to the volunteers, this is hard work for a volunteer group.

Ben Kaiser: I also appreciate the all-volunteer group. Let's turn around the lens from private building owners. The state of Oregon has many URM buildings and they did not vote to seismically upgrade the capital. The immediate threat of an earthquake is still 150 years off. The immediate threat of

affordability is today. The premise of the entire structural code is on Red Cross instructions that have no basis in studies.

Nancy Chapin: For the last 27 years, I've been working in Portland's CBD. One of the wonderful things is the buildings. They make Portland unique. This will decimate our unique communities. It forces owners to sell. And that sale... the same thing is happening to our small businesses that happens to the African American community, the Japanese and Chinese communities. We are decimating our small businesses.

John Bradshaw: I own three family business on SE Hawthorne between tenth and eleventh. My dad would be turning over in his grave. What we're talking about is not businesses and profit. We're not talking about longevity. We're talking about jobs. I am the past president of one of the most vital industrial areas in the entire northwest. This is not about facilities. It all comes down to jobs. I've talked to 2 or 3 people who've said they would move out of the City. We would lose jobs, we would lose businesses, I would be glad to come down and introduce you all to the industrial businesses.

Matt Reiel: Our family has owned a URM since 1969, we repointed it, keep up the elevator, and braced the parapets. We are going to need help to do more. But let's all do the roof and the parapets and then we're going to do more with your help. People are going to take our devalued land. We are Oregonians trying to do right. Help us, don't hurt us.

Margaret thanks everyone for their input.

She asks the committee to turn to the agenda.

Margaret says that there have been communications from the committee that staff has responded to, and it may be useful to summarize where the committee is at.

Carmen suggests starting the presentation with options for Class three URMs, and asks Amit to summarize. [Refer to presentation slides for diagrams and labels that participants refer to in the discussion.]

Amit says there were five options provided in the chair's memo.

The first option was to strengthen the triggers for 24.85, the current code. In terms of life-safety, this maintains the status quo; safety is not increasing. It changes the 5-year period to a 15-year period to do with roof replacement and two years to five years for cost triggers. This would maintain the status quo and based on past experience would not increase the number of retrofits.

Option number two is bracing the parapets and tying the walls to the roof within 10 years. The life-safety implications of these are to maintain the status quo. In fact, it is a bit less than 24.85. It would not require bracing for in-plane shear (step D), so it would not be as good as what we are requiring now during re-roofing. For a life-safety standpoint, it would not achieve collapse prevention.

Option 3A is next in order of increasing life-safety benefits and costs. This would add attaching walls to floor and doing in-place shear and roof sheathing, ties, and cross ties as an option (C in the diagram). Option 3B would make wall to floor and sheathing mandatory, rather than optional. Without the sheathing and wall to floor connections, this would be still less than collapse prevention. We could apply the incentives only to the extra / optional work.

Margaret clarifies that under the current code, A, B, and D would be required, only C is being added.

The life-safety implications of these, if the walls are not braced and not thick enough, it would not achieve collapse prevention. 3A is basically the current code because all the additional work is optional.

Amit presents Option 4: Adds a requirement to perform out of plane wall bracing as well. This is closer to Bolts Plus, collapse prevention. This is more intrusive, may need to remove drywall, paint. But you are not re-sheathing the floors, which displaces the tenants. The work is along the exterior walls. This is what has mostly been done in California. This is a bit less than Seattle is considering.

Amit presents Option 5: This includes floor sheathing and vertical bracing where required. This would achieve life safety standards. It is more intrusive.

Amit also notes that if the committee moves towards just steps 1 and 2, then they need to also modify requirements for class 4 buildings so they are not higher than those for class 3.

Margaret asks whether there is a consensus that class 1 and 2 meet a higher standard, the discussion has been around class 3, and class 4 are low-occupancy one and two-story buildings.

Amit agrees; he says that for class 4 buildings they don't need the ASCE-41 assessment and would fall someplace between options 2 and 3.

Brian clarifies that option 5 is not the highest possible standard of upgrade. Amit agrees; it's just modified bolts plus, it's less than the standard for class 1 buildings.

Margaret says the committee is hovering over options 2 and 3. There are some questions about the need for wall bracing in buildings more than 1 story tall.

Tom says that the table that Amit did is a bit different from Margaret's memo. Margaret agrees; she says she recapped the discussion while Amit tried to present some choices.

Margaret says that she agrees there are other recommendations around process that are not captured, but she would like to agree on the standards and then they could talk about timing and incentives.

Peggy says that it is important to state how worried the committee has been about the financial incentives. We want to preserve these buildings. I also cannot ignore the risk of buildings collapsing, however small a chance that might be. Where I am coming down, is the most I can support is option 3A, where we close some loopholes, we continue with existing programs, and we offer some incentives to do a bit more. We have a good strategy but lacking economic tools we cannot do more. We must consider the economic reality of the community. We don't have to shelve these other standards but we cannot go forward without other financial tools. People need money up front to do the work. We should go for a state seismic tax rehabilitation credit.

Brian notes that he spent 8 years on the City's historic landmarks commission and his career is devoted to preserving old buildings. However, current code is more restrictive than option 2. He is more in favor of 3B. A step is an important thing to note is that with SB311, there is more funding than is available now. Owners have no funding now and have to do 3A. This work is still less intrusive and it is a reasonable ask once SB 311 is in place. That is where Brian is at. Suggest using SB 311 for steps beyond A, B and D since those are already required.

Tom C: I was initially in favor of 3B. Until I saw Amit's slides showing the damage between 3A and 3B have the same damage. If that what the slide is intended to show.

There is some discussion of when wall bracing is required related to wall thickness, and what benefit it provides.

Tom C. recommends Option 2 being mandatory and Option 3 A or B be voluntary and SB 311 apply to the entire cost of all the work.

Tom S.: Asks about step C in option 3B. Couldn't the wall collapse anyway, if it's probably not attached?

Amit explains that in step C the load is transferred into the diaphragm, but the diaphragm is not strengthened. So it has some benefit but not all the work to a full life safety work.

Reid says he agrees with Brian. Option 2 is essentially the current code requirements. And 3A and 3B differ only in whether they are mandatory. 3B provides significant improvements and still within the low-hanging fruit. Incentives should apply to it.

Javier: I agree with these concerns. We are looking at 15-17 buildings and we need many millions to do it.

Walt: One of the speakers mentioned we ought to worry about schools first. The state gave out \$130 million for school retrofits last fiscal year. I own 3 URMs myself so I have skin in the game. I did it for about \$35/SF over a number of years. I was able to do it for a reasonable cost, and I was able to get a second mortgage to do the work. I think Bolts Plus is the way to go in the way of safety. Financial incentives for owners are essential. I think ASCE-41 should be limited to buildings worth \$5 million and up. As to how long ago the earthquake occurred; the people at OSU who are nationally respected say odds are 15% in the next 50 years. The City deserves credit for SB 311. We need to lobby for additional financing. We need 80% of the cost to do the work for 3B and up, that is the position of MBOO. The ombudsman position also must be funded. And something has to happen for the penalty we pay to evict the tenants. You can't make us do the work and then fine us for evicting the tenants to do the work.

Margaret asks what Walt supports – Bolts Plus?

Walt says it's impossible to do Bolts Plus without financing. But the owners have to borrow and pay to do some of the work – the City can't be expected to pay for it all. Prosper Portland could help package second mortgages and such. Tax credits, loans, and other items.

Stephanie: I support action 3A and use SB 311 to fund further steps. I work to protect historic buildings and also our non-profit is in a URM that would not benefit from SB 311 to I keenly understand the need for other supports.

Sean: I am torn between 3A and 3B. Having done several retrofits, I know there is nuance. Sometimes a roof replacement is straightforward, sometimes the costs are very high because of equipment and other things on the roof. I would like to be able to consider hardships. I am for 3A and could get to 3B with financial incentives and hardship discussion. If the owner can show their costs are significantly above average, then perhaps they can have some flexibility.

Ken: I like the way Brian walked through incentives and improvements. From a finance point of view, it's complicated to finance. There's a constitutional prohibition from the City lending to private entities. I think it's a reasonable recommendation. Bankcroft Bonds are not available because these are not public improvements. I like the way Brian walked us through to a reasonable point.

Margaret says she also agrees with the approach that Brian suggested. We need to get beyond the code of the early 1990s.

Margaret asks Brian to re-articulate this position to see if the whole group can agree on this. He says he supports Option 3B. The only addition to the current code is step C, attaching the floors to the wall. He also says that tenant relocation should be waived if it is required to do the work.

Peggy asks about the ASCE-41 fees. Are these needed?

Brian defers to Reid. Reid says that some of the steps are needed. The cost estimate could be relaxed, the requirements could be simplified. But in that case a new standard needs to be developed. ASCE-41 provides a clear standard already familiar to engineers.

Tom says he is fundamentally opposed to requiring ASCE-41 in the first 5 years when the work doesn't need to be done for 10 years. He says that if one firm does the assessment, and then the owner waits to do the work, it will need to be re-done anyway. Otherwise, he supports requiring 3A with financial support available for 3B.

Amit says that ASCE is only needed for a retrofit and not for parapet bracing, but there is no lesser standard that could be referenced.

Margaret says there is an advantage to having a published standard.

Tom says they would support it at the time of the upgrade, not ahead of time.

There seems to be a consensus that delaying the ASCE-41 would be acceptable.

Margaret confirms the agreement is a mandatory requirement to retrofit through 3B, contingent upon SB311 being available, and only ASCE-41 when the work is being done, not ahead.

Tom S. says that he and Margaret were on the committee 20 years ago when the original code was adopted. The City has done a terrible job of enforcing the roof requirements. And as a result, a lot of owners have put on new roofs without any mention of that. And that is a problem the City needs to resolve.

Amit says that BDS has missed those in the past, which is regrettable. They have made changes to make sure that doesn't happen in the future.

Peggy says she is sticking with 3A.

Javier says when he read 3B he thought it meant money beyond 311. He says non-profits will need help and there are no resources for them in SB311.

Margaret says that she would like to take a poll to see where the committee is at in terms of reaching agreement. [It was noted following the meeting the committee charter calls for the committee to reach consensus. The motions and votes are considered straw polls to understand how much consensus there is around possible recommendations.]

Brian suggests the group vote on implementing option 3B when money is available on SB311, and with the modifications of waiver of tenant relocation fees, and ASCE-41 not required until the work is proposed to be done.

Reid and Tom S. both second. Five people vote yes: Tom S, Ken, Brian, Reid, Margaret.

Six people vote no: Peggy, Walt (changed his vote to **no** later in the conversation), Sean, Tom C., Stephanie, Javier.

Carmen is not a voting member.

Margaret asks those who did not support Brian's position to articulate what they think is needed or missing.

Peggy says there need to be more incentives, such as a state tax credit.

Sean says that he wants to address the hardship piece.

Stephanie echoes Peggy and Sean's comments.

Tom C. says he supports a mandatory step 3A and with funding from SB 311 available for 3B.

Margaret says that they are not at consensus, and while they may not all agree precisely, she had hoped for more than a simple majority.

Peggy says that counties have a lot of latitude in implementing SB311 and it's impossible to know what the real benefits will be. It might be only a partial credit.

Shelly says that she would like to offer clarification. 75% of the taxing jurisdictions need to agree to the program, but the City can enact it; it would not be a countywide exemption. So the City of Portland would not need to negotiate so much, and the rest of Multnomah County would not need to come along. The City could create the program and the abatements and on an annual basis tell the county who is exempted.

Javier asks for clarification: if the City went in with the school districts only, then the County's portion of the tax would be assessed?

Shelly says that if you get to 75% agreement among taxing districts, then you get 100% of the exemption. It is not a proportionate exemption.

Ken agrees; Portland can initiate the effort and lead it. And 100% of the taxes will be abated.

Shelly says the exemption is on the assessed value of the improvement, not the land.

Peggy says it does not add up to enough.

Walt says there needs to be a package. At this time, he changes his vote to no.

Carmen says that Commissioner Saltzman will not be present on October 19 and Commissioner Fish may also not be present.

Margaret asks if the committee can meet again, with more process recommendations and details of financing, and get back together as soon as the whole group is able to.

Margaret says there are two motions. Peggy suggests there should be some more pre-meeting work done to have clear options presented for a vote.

Peggy also notes that they need to clarify the standards for all the classes, not just class 3. The group generally agrees this needs to be resolved; the issue of notice or placarding may also need to be discussed.

Margaret asks Carmen to poll the committee on a date and ensure that committee members have the options to review available for review and discussion d of time.

The time allotted for the meeting is over, and the group agrees to end the discussion.