



PORTLAND BUREAU OF EMERGENCY MANAGEMENT

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URM Policy Committee Meeting

Summary Minutes

November 8, 2017, 3 PM

1900 Building, 1900 SW 4th Ave

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

Staff: Carmen Merlo, Amit Kumar, Shelly Haack, Jonna Papaefthimiou.

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

Margaret welcomes attendees and calls the meeting to order.

Carmen reports that a small subcommittee of the Policy Committee met to review the requirements for roof retrofits – particularly the timing of roof sheathing, ties and cross-ties. Initially, these requirements were separate from roof to wall connections. The revised Policy Option 2 now includes these requirements at the same time as parapet bracing, attaching wall to roof and in-plane shear attachments.

Carmen then highlighted the results of the Policy Committee's online survey, beginning with areas of agreement [refer to PowerPoint for language on survey]. Consensus items were to:

- Strengthen the existing 24.85 seismic code to increase the cost / SF / time thresholds for the retrofits of URM buildings.
- Require Class 1 URM building retrofits to immediate occupancy within 10 years.
- Require Class 2 URM building retrofits, except for churches and houses of worship, to meet a standard between life safety (damaged but stable) and immediate occupancy (generally only cosmetic damage) following a design-level earthquake.

Tom expressed that Title 24.85 changes should not incent buildings owners to defer maintenance. There was discussion of what costs are included in the cost / SF / time requirements under 24.85. Amit clarified that a new roof triggers one set of upgrades but does not trigger the full Life Safety standards.

There was also consensus on:

- Requiring churches to brace parapets, cornices and chimneys and attach walls to roof within ten years followed by mandatory placarding.
- Waiving the tenant relocation fee for people displaced by a URM retrofit.
- Waiving or reducing permit fees (which is currently the practice) and triggers for non-conforming upgrades beyond seismic (and adding water upgrades to the waiver list)
- Setting standards for voluntary placarding.
- Providing funding for seismic navigators at BDS and Prosper Portland.

- Allowing a future implementation committee to determine enforcement mechanism.
- Putting a seismic tax credit on City's legislative agenda.
- Encouraging Council to develop a revolving loan fund for URM owners.

Ken suggested a refinement: a revolving loan fund might be administered by Prosper Portland, which is legally allowed to loan money in ways the City of Portland otherwise cannot. There was consensus on this.

There was some discussion among the group about whether Class 2 buildings owned by non-profits should be allowed to meet the same (lesser) standards as religious groups. The sense was that this was a very small subset of buildings. But the consensus was generally that if there were buildings in this category, then they should be allowed to meet the less stringent standard. [The group affirmed this position via email when they reviewed the meeting notes.]

Carmen introduced Amit to summarize options for Class 3 buildings.

- Option 2: Brace parapets, roof sheathing, and attach roof to walls.
- Option 3: All of option 2 plus tie floors to walls. This achieves collapse risk reduction for many buildings.
- Option 4: Out of plane wall bracing if needed.

Peggy asks if Seattle is pursuing Option 4. Amit clarifies that they are pursuing something a bit more stringent.

In the survey, Option 3 had six people in support, Option 2 had two people in support, and Option 4 had two people in support.

Margaret asks what it would take the group to get to Option 3.

Peggy says Option 3 costs too much for owners to pay right now. She says it should be tied to the availability of incentives, with incentives offsetting 75% of the costs for private building owners. She says owners are fearful and SB311 is not enough.

Tom says Option 3 works great with an incentive, there should be additional funds for people who go to this level. And if they can't achieve that, then they can do a lesser level of upgrade. He expresses support for more of an incentive approach.

Margaret clarifies; Tom supports Option 2 as a mandate with Option 3 as the level for subsidy availability.

Peggy says the property tax abatement should be available to everyone, because it's not very much money compared to the total costs.

Jen concurs with Peggy and says it is imperative to fund Class 2 buildings – schools – first. It will benefit the entire City if schools go first. Schools are harder to do, they are getting few bids right now. Funding is not guaranteed and will require voter-approved school construction bonds.

Sean says he would be more comfortable if the timeframe were extended. He says that more time allows more opportunity to figure out the financing. He agrees schools could go first. He also says that a longer timeframe also fits building maintenance schedules better, and doesn't require owners to re-do work that's relatively new. He says that a longer timeframe also reflects that resilience is a long-term goal.

Margaret says the City can set the timeframe.

Carmen says she is opposed to revisiting the timeline; timelines are already longer than any other jurisdiction that does this, and the group has reviewed timelines many times already.

Jim says that he has a concern similar to schools; churches cannot bond and traditional lenders won't loan on a church retrofit. He says there are 35 churches, and half might close. He says small churches could not even pay fines and stay open.

Margaret says that right now the committee has not recommended any retrofits for churches beyond parapet bracing.

Brian clarifies that right now churches aren't required to do anything new beyond the current code. He says that Option 3 is pretty mediocre, the most bang for the buck and ok given the supports available. But from a Life Safety perspective it's not that great – the only improvement over the current code is connecting walls to floors.

He also says that with this standard, SB311 will actually go a long way towards the retrofit and that new financial calculations need to be completed and reviewed, but his initial work indicates that it's pretty helpful. He also says that using incentives to support work that is already required under the current code is not a good use of the resource; therefore, he does not support using SB 311 Tax Exemption for upgrades that are currently required by code.

Reid expresses support and similar sentiments.

Brian also notes that BDS will allow an extension on timeline, by entering into a phased seismic agreement, for roof retrofit if the owner can show there is life in the roof.

Sean says that that would be helpful, and roofs are a primary concern. He says that he is trying to find middle ground and that timeline to reach the standard seems like a good place to focus, but if the roof issue is resolved he may be able to move forward.

Amit says that he did financial analysis of 6-7 buildings, and the additional costs of Options 2 versus Option 3 is \$50-\$150K, and that the benefit of SB311 were 2-3 times that for the buildings he looked at.

Javier says that affordable housing has special challenges that cannot be addressed in 15 years and they would like to come to Council with a special timeline.

Peggy asks if the space has to be vacated for the floor-wall attachments. She says she has heard different things from property owners.

Walt says that he has done it in his buildings, and floor-diaphragm strengthening is a big deal, but wall-floor ties are not that hard.

Brian explains that he talked to an engineer and construction cost estimator to get a design for the retrofit work proposed and figure out what it would cost, and then talked to a contractor who had done seismic strengthening in another city where it was required. And based on this independent research, it was not as expensive as has been represented, nor did it require a mass dislocation.

Peggy says she wishes that they could get the tax exemption funds up front and not over time, to pay for the construction.

Margaret notes that Prosper Portland could link owners to financing, such as through C-PACE, which would give owners money up-front.

Peggy asks if they could recommend Option 3 with verification of 75% of costs covered.

Margaret says that the group can recommend whatever they want, but that this would be nearly impossible to calculate given the diversity of buildings and costs, and the infeasibility of collecting detailed information on most of them. However, SB311 has passed, the benefits are modest for some and good for others, and there is time to do the work. C-PACE is also available now. Prosper Portland also has a long history of working with business owners to shop for loans and make improvements.

Peggy agrees but says that if proposed incentives do not come to be, it will not be helpful.

Brian says that if there was a seismic tax credit and other benefits on the table, he would support a higher standard, but that Option 3 is scaled to the resources they have now.

Margaret says that with the modification that an owner can propose an improvement plan that can exceed 15 years if the building components (like roof) has more than 15 years of life in it, there seems to be more support.

Peggy says she wants to express strong support for Option 3 or better but there just has to be more money. She would like the committee's recommendation to put more pressure on the state to come up with more money. She says it would be really disappointing to spend all this effort and just get a tiny improvement and not forward momentum for more.

Margaret asks how the group as a whole can jump-start this.

Brian says that the group doesn't have to have every answer for 15 years, but by setting a deadline, they create a mandate to move forward. He says that adopting Option 2 lets people think we're doing something when we're not.

Jen says that for schools, a twenty-year timeline is doing something for the number of schools that will require improvements. Carmen notes that the schools are already doing retrofits. Jen agrees they are doing retrofitting, but says they are not prioritizing seismic retrofits of unreinforced masonry.

Margaret agrees, but notes that most buildings are in Class 3.

Javier agrees that affordable housing also cares a great deal about safety but says that they need to be realistic about how fast they can move given all the demands on their resources.

Margaret asks the group if they can agree that Option 3 is the minimum desirable standard to achieve life safety, and that the group should adopt that and should endeavor to seek additional resources and consider timeline exemptions

Carmen asks if the group would go on record supporting a life safety performance standard if cost was not a concern. No one objects to this.

Tom says he would like to understand the impact of SB311 with respect to schools.

Ken clarifies that the state school fund equalizes funding among schools, so acknowledging that there is never enough money for schools, SB311 will not affect income to PPS.

CORRECTION per Ken Rust e-mail dated 11/9/17:

If SB 311 is enacted, public schools would experience property tax revenue loss.

Peggy reiterates support for a tax credit.

Margaret notes that this is a good idea but there is no path forward for this in the next year or two.

Margaret says that the group's position seems to be that they support Option 3, but there is concern that there are not enough resources to support it. She asks to go around the room and hear individual positions.

Ken says that they have to move the ball forward with respect to safety or their work is not worthwhile. He says that he supports moving forward, putting a stake in the ground, and setting a standard, and if resources are truly not available then they can revisit this in a few years with more data on implementation.

Javier agrees, including challenges for Option 3.

Jim abstains.

Sean Hubert says setting aside time concerns, affordable housing concerns need to be addressed separately. He wants to see these together. He says his other heartburn is community centers that are non-profits and need additional supports because they cannot use tax-based incentives. He says with those key issues addressed he is ready to move forward.

Reid supports Option 3.

Peggy says she supports Option 2 and would support Option 3 with more money. She says it cannot be implemented without more public money on the table.

Brian supports Option 3 and echoes the idea to put a stake in the ground, and learn as they go.

Tom Sjostrom says he supports Option 3, subject to SB311 being fully implemented. He acknowledges that Option 2 is already what's required. He says that having worked on Title 24.85 twenty years ago, he is surprised that it did not result in more retrofits, and he doesn't want to wait another 20 years. He also agrees with the ideas of putting a stake in the ground.

Walt says that he expected the group would go to a higher standard. He agrees with much of what was said, and he would like to see 75% funding available to make it doable. He also notes that much progress has been made in the last year, such as SB311. He says no one should have to do Bolts Plus without more financial help, or there should be a hardship provision.

Tom Corollo says that he is still in favor of Option 2 with an incentive to get to Option 3. Tom also notes that the property tax system is inequitable already. He says that owners will do more retrofits if it is financially feasible.

Jen says that if there was more funding she would support Option 3. She would like to see full Life Safety. Her hesitation with Class 3 / Option 3 is that there are limited dollars. For school projects she thinks schools should be a higher priority and that there is not enough labor to do schools and other buildings at the same time. Private sector competition and cost escalation results in fewer school projects getting completed. Public school work requirements can be challenging for contractors, result in higher construction costs (than private sector) and smaller pool of interested contractors.

Margaret says she supports Option 3. She asks Ken about the business license tax.

Ken says that the city could waive some business license taxes for owners doing retrofits. He notes that this is totally within the City's control. The rationale is that if businesses close because of damage to/collapse of the building, they forego future tax revenue so there is a nexus in terms of why the City should fund it.

Margaret summarizes the groups areas of agreement:

1. Support for public safety.
2. Support to move beyond where we are today.
3. Desire for more incentives.

She says the majority of people support option three, but notes some reservations generally:

1. City needs to identify more financial supports.
2. Ensure there are timeframe extensions for affordable housing and non-profits.
3. Monitor program implementation.

Peggy says that the city also needs to attend to the labor market, especially concerns for competing with schools.

Brian says that right now the roof retrofits are already required, and that problem exists right now. And Brian also says that there is going to be more contractors that come in with the mandate, because demand can drive supply.

Margaret asks if there is any person who cannot support the position she summarized.

Sean asks for clarification on the affordable housing timeline. Margaret says that there was discomfort among others in the group about extending special rules for affordable housing. She asks if Sean wants to put forward language.

Sean suggests that the Housing Bureau has 12 months to come forward with a specific request for a new timeline if they need it. He says if that language is in there he can support it. It puts the responsibility on Council to make an explicit, informed decision about whether they really want to use the same timeline for affordable housing, or a different one.

There is agreement to put the affordable housing extension option back in. Only Tom expresses concern; he says it is poor optics. He asks if private owners can participate in the extension program without making the housing affordable for 60 years. Sean clarifies that they could do that, but then they enter into an affordability covenant. Javier says that they could make just a % of the unit affordable, doesn't have to be all, but it does have to be for 60 years.

Margaret suggests that PHB could propose a program for private owners. Sean agrees and says that it could be a way to get some additional units. There is general agreement on this topic.

Margaret asks Carmen to summarize:

Except for Sean, Peggy, Javier, and Tom C. everyone supports Option 3. The rest had conditional support.

Sean: prioritize non-profits and address affordable housing.

Tom C: Option 2 only with SB311 applied to Option 3.

Jen: Schools need to go first.

Peggy: Option 2 unless there are additional significant incentives.

Jim: abstain.

Margaret asks that the staff write something for the group to review by email, with the group to provide edits so that they are comfortable with the language.

Carmen advances slides to address other areas where there was not consensus. [Refer to slides.]

First question was recommendations for Class 4 buildings. Carmen clarifies that Class 4 would not require ASCE-41 evaluation. Reid notes the current proposal for Class 3 is less than what was proposed for Class 4 originally. Peggy suggests just placarding. Jen asks to change the timeline. Walt says its overkill to do everything in Class 3, wall strengthening and wall to floor attachment. Amit clarifies that these would not be required anyway; there is no longer any proposal for wall strengthening and in a one-story building, there is no wall-to-floor attachments – it's just the roof.

Peggy supports Option 2 for Class 4; there is general support for this. Reid asks whether SB311 is available. Brian suggests not because Option 2 is already required by code. No objections.

Next issue is tenant notification; Margaret asks whether there is support for tenant notification. Carmen suggests it would be part of a sale or lease agreement. There is not now specific language proposed. Peggy says people have a right to know. Margaret says that this should be a part of the state legislative agenda. Jonna notes that most cities do not have a URM inventory, Portland is unique in this regard. The group agrees that it could still be an issue to pursue with the state.

Next issue is placarding. Margaret says this should be a part of enforcement. There is agreement.

Carmen asks for clarification on when SB311 financing could be available. Margaret says that SB311 should be available for Option 3, all components.

Carmen describes next steps; will update Policy Committee report, any changes via email. Seeking Council date, likely in January/February. This will ask Council to adopt the Policy Committee report. It would then take about a year to move them to implementation. There would be an implementation committee comprised of URM owners, BDS code staff, Prosper Portland people on SB311.

Jen requests additional information on impacts to school funding from SB311.

Peggy asks to emphasize need to monitor implementation and check in on the policy's effectiveness after five years.

There being no further comments, the meeting is adjourned.