

Portland Planning and Sustainability Commission

July 10, 2018

12:30 p.m.

Meeting Minutes

Commissioners Present: Jeff Bachrach (arrived 12:40 p.m.), André Baugh, Mike Houck, Andrés Oswill, Katie Larsell, Chris Smith, Katherine Schultz, Eli Spevak, Ben Bortolazzo (arrived 12:31 p.m.), Michelle Rudd

Commissioners Absent: Teresa St Martin

City Staff Presenting: Dee Walker (PBOT), Tom Armstrong, Morgan Tracy, Sandra Wood, Joe Zehnder

Chair Schultz called the meeting to order at 12:33 p.m. and gave an overview of the agenda.

[Documents and Presentations for today's meeting](#)

Items of Interest from Commissioners

No Commissioners had items of interest.

Director's Report

Joe Zehnder

- Yesterday was the effective date for Central City 2035.
- Eric Engstrom introduced Nikoyia Phillips, BPS' new Community Outreach and Information Representative. The Comprehensive Plan's updated community involvement policies and procedures included committing additional resources and reinitiating the Community Involvement Committee (CIC). Nikoyia will help us keep track of best practices of community engagement and steward the new CIC.

Consent Agenda

R/W #8471: Street vacation request N Hunt St north of N Argyle Way

Commissioner Smith moved to pull this from the consent agenda for brief discussion and questions.

Dee Walker (PBOT) gave a brief [presentation](#).

- The street vacation was proposed by Prosper Portland. A 100% affordable housing development will go on the site in the future.
- The only condition is a BES requirement for stormwater facility, so an easement is proposed.
- Audience members from the purchase agreement body, Prosper Portland, and consultant team are present.

Commissioner Smith expressed concern that the Kenton Women's Village exists on the larger property with which the street vacation would be combined for this development and asked if the village always been considered temporary.

- Dee: Lease has been extended to December and was meant to be temporary.
- Caitlin Burke of the Joint Office of Homeless Services' Alternative Shelter Program confirmed that the use was considered temporary knowing this project was on the boards. We are looking to relocate

the village and we have leads. If for any reason that didn't happen, Catholic Charities will work hard to replace women into housing.

- *Commissioner Smith*: Who is the responsible party for finding housing?
 - Caitlin: So far it's been a partnership between Catholic Charities, the Joint Office, and Prosper Portland.

Motion

Commissioner Smith moved to approve the vacation. *Commissioner Houck* seconded.

Discussion

Commissioner Bortolazzo noted that Otak was hired 3 years ago to do a comprehensive master plan study for properties east of this and it included a small study looking at this site. Joe confirmed that would not represent a conflict of interest.

(Y8 — Baugh, Bortolazzo, Houck, Larsell, Rudd, Schultz, Smith, Spevak; A1 — Bachrach)

Manufactured Dwelling Parks Zoning Project

Work Session / Recommendation: Tom Armstrong

Tom gave a follow-up [presentation](#) on the project.

Tom noted memos sent to the PSC outlining potential amendments.

- Amendment #1 involved a map change to pull a property not currently used as a manufactured dwelling park (MDP) out of the project.
- Amendments #2 and #3 were to amend Title 18 and Title 32 to include the RMP zone in the lists of zones so those chapters would apply.
- Amendment #4 Affordable Housing Bonus involves a 50% increase in maximum density when at least 50% of the units on the site are affordable to those earning no more than 60% AMI.
- Amendment #5 Maximum Density Increase came in response to a testimony letter from MHCO that identified an issue that BPS staff concurs with: 23/56 parks under proposed maximum density would have 10 or fewer excess units available to add or transfer off site. Staff proposes an amendment (#5) to increase maximum density to 1 space per 1,500 sf. This will address about half of those 23 parks. This level of density represented a good compromise across a variety of parks.
- Amendment #6 Increase Density Transfer Area for RMP: The current proposal of density transfers is similar to that for historic landmarks, with density transfer ability within 2 miles of site. However, the Better Housing by Design (BHD) project proposes for all multi-dwelling zones to expand the transfer area to anywhere outside the Central City. This would create two transfer markets: one inside and one outside the Central City. In response to testimony, we're proposing to apply this change to MDP with this project so it applies sooner than BHD goes into effect.

Questions

- *Commissioner Spevak*: Is there an answer to the question about someone taking advantage of the transfer and then applying for a Comp Plan designation change? Would the density outlast the Comp Plan change?
 - Tom: Any new change would have to take that into account.
- *Commissioner Baugh*: Would the new Comp Plan could take away covenants?
 - Tom: It would not; the covenant is recorded against the parcel.
- *Commissioner Baugh*: Could you use the affordable housing bonus and then transfer density?

- Tom: Yes, and you would still be obligated to provide the affordable units either on site or on the transferred site.
- *Commissioner Baugh*: How soon would they have to put the units in?
- Tom: The spaces must be dedicated to that income limit in order to get the density bonus.
- *Commissioner Baugh*: Is the bonus for the land or the unit?
- Tom: It's for the space. Depending on the owner's business model, if they're renting the spaces and no structures, they'd have to rent the space at 60% MFI. We'd work with PHB to determine how much rent you can charge depending on whether you rent or own the structure.
- *Commissioner Spevak*: Our letter to Council should include including language suggesting PHB offer property tax abatements whether or not the owner uses these provisions if they are willing to rent to income-certified residents.
- *Commissioner Bachrach*: So the 50% increase in density would apply if you're adding units to the park?
 - Tom: There are many different situations; as noted in the testimony, 33 of the parks have more than 10 units of excess capacity so they already could add more units under base zone density.
 - *Commissioner Bachrach*: Have people added units to a park in recent years?
 - Tom: We have not tracked this but I would suspect not.
 - *Commissioner Bachrach* speculated that imposing this new zone will cause owners to take a look at their park and decide to add more units since they are limited. Trying to determine if the effort is worth the outcome.
 - Tom: This is a narrow opportunity for the right situation. Nonprofit developer may be able to make this work. Trying to make it so density transfer offsets some of those costs. We also see two new innovative housing types: park model mobile home (much smaller unit) that has led some parks to replace one single-wide with two of these smaller models, and examples elsewhere of new products that are stacked units. Both of these could take advantage of this added density where units are counted.
- *Commissioner Oswill*: We should add to the letter that while this is a good step, it cannot be the end of the City's work to help preserve and support manufactured dwelling parks. Other steps will likely extend beyond Zoning Changes. We should encourage City Council to support and pursue.

Motion

Commissioner Smith moved to vote on the amendments 1-6. *Commissioner Houck* seconded.

The amendments passed unanimously.

(Y9 — Bachrach, Baugh, Bortolazzo, Houck, Larsell, Rudd, Schultz, Smith, Spevak)

Commissioner Smith asked if the Commission-suggested amendments have been withdrawn.

- Tom: They were not formally moved.

Motion

Commissioner Spevak moved to recommend the whole package for approval; *Commissioner Smith* seconded.

Discussion

Commissioner Rudd acknowledged powerful nature of testimony and supports finding way for the City to help parks continue to thrive. Concern with package is how we're going about it. She read Comp Plan Policy 5.37 and the definitions of "encourage," "preserve," and "prohibit" from the Comp Plan. The Comp Plan is looking to encourage these parks, which is why I proposed the conditional use process. This provides more transparency to residents and owners. Whether Comp Plan map amendments meet the policies of the plan is

judged on balance, and the plan is thick, so such a process is vague. We are taking a societal obligation to provide supportive housing and putting it on a small number of property owners; it would be better for the City to take on figuring out criteria for a conditional use permit. The purpose section for conditional use review is a way to encourage preservation of these units without requiring a comp plan amendment. Expressed discomfort with process.

Commissioner Smith discussed the distinction between encourage and prohibit — encourage includes use regulation, and the regulation proposed here does not prohibit, and amendment is possible. Is that within the regulatory scope of “encourage”?

- *Commissioner Rudd*: To me we’re going further than “encourage” intends. Encourage is a softer tool. A conditional use permit would also allow infill of other housing types.

Commissioner Bachrach asked Tom time period for when the previous four parks closed.

- Tom: Since 2015.

Commissioner Bachrach tried to gauge if we’re in an emergency where this is happening frequently. Four parks in three years does not strike me as emergency. Agrees with *Commissioner Rudd* and shares concern about whether we’ve landed on the fairest way to preserve these communities. We want to allow this housing to continue for lower-income communities but also agrees that we’re requiring an expensive, vague Comp Plan amendment process. We could create the criteria for a conditional use with a clearer set of standards that point to affordable housing policies. The goal should be supporting affordable housing, which may require losing a specific community if more affordable housing can be produced. We should take the time to determine conditional use criteria.

Commissioner Baugh: Comp Plan definitions matter, but we are trying a whole bunch of housing solutions that are non-standard. We are stretching definitions in the Residential Infill Project and other areas. I may agree that we could come up with something in a conditional use, but the bar would be so high as to maybe not even be legal so we’d be in the same spot of today to try to preserve a unique set of housing that cannot be replicated. It’s not just about units but about the community we’re trying to preserve. We’re talking about communities in other projects coming before us. We are walking the fine line of preserving these communities while giving property owners some ability to extract value. In the letter, I would support tax abatement idea as long as we have some public benefit attached.

Commissioner Spevak had posed an idea for an amendment to only require a zone change, not Comp Plan amendment change, but pulled it because someone pursuing a change of use would have to show some amount of affordability as a condition, so the additional work required to a Comp Plan amendment wouldn’t be that much because so much of the Comp Plan wouldn’t apply — only policies of equity and affordability. Comp Plan amendment does not exceed zone change amendment process by that much in this case. Asked *Commissioner Rudd* to clarify conditional use idea.

Commissioner Rudd: Intent was that MDPs would be base zone-allowed use and other forms of housing would be allowed through a conditional.

Commissioner Spevak: Some examples in the code require certain criteria to be met through a zone change, so there is precedent, but I think the Comp Plan amendment process is doable. It could be made clear that the issues at stake are mostly about affordability.

Commissioner Houck supports package and favors making a strong statement.

Commissioner Bortolazzo understands Michelle’s concerns but something that emerged in the testimony is that this is housing of last resort. With that, a high bar is warranted whereas a conditional use could be

classified as a lower bar. Staff did a good job clarifying that over the last five years that 10 out of 11 Comp Plan map amendments have been accepted. In favor of package.

Commissioner Larsell: Even though this has come to us quickly, the community has been working on this for a while through a process that is nontraditional for us but very clear and progressive. They have worked hard and long to bring us something important to them and I am very much in favor. I would hate to put it off. Feels drawn to be able to vote for it.

Commissioner Rudd: Agrees with importance and work of community but would be comfortable with more inclusive process with property owners to be involved from the beginning.

Chair Schultz asked *Commissioner Rudd* to reread Policy 5.37. *Chair Schultz* feels this does encourage preservation while also offering an option for property owners to do different things with their land; appreciates *Commissioner Spevak's* perspective that Comp Plan map amendment isn't as complicated as anticipated. Leaning in support of motion.

The package passed 7-2.

(Y7 — Baugh, Bortolazzo, Houck, Larsell, Schultz, Smith, Spevak; N2 — Bachrach, Rudd)

Commissioner Bachrach: Hardest vote on the Commission; expressed wish to pursue *Commissioner Spevak's* targeted zone change.

Commissioner Spevak: Having developed regulated affordable housing for a decade, it's a difficult process. I am holding out for community but respect that there is risk of loss and this code makes it harder to create regulated affordable housing at these locations. Yes

Residential Infill Project

Work Session: Morgan Tracy, Sandra Wood, Joe Zehnder

Morgan noted that the [worksheet](#) we're working with today is available on the website. Morgan gave an overview of today's agenda and started the [presentation](#).

Morgan presented once more the PSC's goals for the project (slide 4).

Proposal 6. 'a' overlay map

Morgan started the discussion of the 'a' overlay map. Rather than going by constraint layer like last work session, this time we will examine 8 areas of the city that were proposed to be excluded from the overlay (three groups of areas). One straw poll will be conducted at the end of each of the three groups.

Morgan presented Map 9 (slide 6) of all single-dwelling zones with proposed 'a' overlay. Circles (slide 7) represent the 8 areas that were proposed to be excluded.

Joe presented how the three groups of areas are organized (slide 8) — East, Displacement Risk, and West.

Commissioner Houck asked why NRI was only shown applying in NW. Joe confirmed that that slide is a summary.

Plan districts

Joe explained East group of three areas (slide 9). Three plan districts are in these areas (airport, Glendoveer, Johnson Creek). Staff noted that the plan districts themselves do not preclude the 'a' being applied; each plan district is specific.

- For airport, hatched areas are limited due to sound impacts.
- Glendoveer has its own set of development standards negotiated to maintain lower density when annexed into the city. The Plan District would be the ruling regulation even if the other zoning allowed more density.
- Johnson Creek includes a transfer of development rights (TDR) provision to get development out of the floodplain area to elsewhere in the district. The transfer option has never been used so this is not on its face an impediment to including it in the 'a.'
 - *Commissioner Smith*: Why is the plan district so much bigger than the floodplain?
 - Morgan: The effective regulations only apply to the floodplain and south area of plan district; beyond that is only a catchment area for potential transfers of development.
 - *Commissioner Baugh*: If we allow ADUs, it would increase the density that could be transferred out?
 - Sandra: Yes, but the receiving site would also increase in allowed density so the receiving site would have less incentive to receive more density.
 - Morgan: Commission direction was that the floodplain was off-limits so we wouldn't want to increase density there. Those areas already have limits.
 - Joe: The point of Johnson Creek Plan District was to get development out of the floodplain; the transfer was put in the code as a sweetener, but it wasn't sweet enough to ever be used. Weighed against the public benefit of increasing housing options, we think the fact that it's in the plan district itself is not a good enough reason to leave it out of the 'a.'

Joe: Recommendation is not to leave out these plan district layers from 'a' overlay.

Commissioner Larsell: If we add more of the city back in, will they need to have the opportunity to weigh in on the plan?

- Morgan: The proposal will go to City Council next.
- Sandra: Notices went to every single-family-zoned property.
- *Commissioner Larsell*: People newly proposed in the 'a' should have the opportunity to weigh in.
- *Chair Schultz*: We do this with a lot of our work; it goes both ways; we're just a step in the process.

Straw poll is to NOT use the Plan Districts as a reason to remove the areas from the 'a' overlay:

- Yes — 8

Transit

Joe described the transit limitation. Morgan described the criteria — ¼ mile from frequent-service bus lines and MAX stops. Joe proposed the question of whether proximity to transit should determine ability to do additional housing options.

Commissioner Spevak: Housing options within the range of a single-family house require less attention to transit than rowhouses, etc. The density of people living there is a positive thing that gives us a chance to have transit in the future. The reason we have good transit today in inner neighborhoods is because of the flexibility in housing options that used to be allowed.

Commissioner Smith: I do not think this should be a factor. Heard two types of testimony on this — if you're going to impose this on me you should impose it on everyone, or if you're going to give someone the opportunity you should give it to me — it's an equality argument. If you're 1.5 miles from transit and you want to put an ADU in the backyard and you think the infrastructure is sufficient or you're willing to put up with the congestion, you should be able to do that.

Commissioner Larsell supports staff's original map and think *Commissioner Smith* made good points and if transit was the only consideration would say the density will drive the transit. Likes that some of East Portland gets 'a' and some doesn't. Has been pushing for an East Portland quadrant plan that's more granular; that would be the time to evaluate how this 'a' overlay is working. East Portland has such different land forms so it's hard to say that inner and outer areas are the same. Became more conservative about how much of East should be included after reading testimony. Asked if staff would be evaluating displacement risk again in the future.

- Joe: If those transit and displacement constraints were gone, we could later apply the 'a.' There is no commitment about when we would do that.

Commissioner Smith confirmed that this map does not show frequent transit on 122nd so would have to be updated.

Commissioner Baugh: We don't have a plan for East Portland to consider affordable housing; we cannot apply an 'a' overlay that would contribute to displacement without talking about it in conjunction with displacement. We are preventing or complicating a community-driven process.

Morgan clarified that this map does not show bus routes that are not frequent transit.

Chair Schultz asked if this transit discussion is only about these three areas or the whole map.

- Joe: This is the place where this discussion is the clearest.

Commissioner Smith: If we are going to use transit — though I don't believe the amount of density warrants it — I'd argue for a ½-mile radius.

Infrastructure: stormwater limitation for East

Joe: These area areas that due to soils or other conditions have limited ability to handle stormwater. Staff did not rule out areas automatically but it was a contributing factor. Most of these areas are zoned R10, R20, or RF — one of the basic ways we handle these bad soils to make them very low density. Stormwater regulations require any development to handle stormwater on site, making development more difficult. The 'a' could create the option to try to do something but it may be too expensive or difficult to protect stormwater.

Natural Resource Inventory for East

Sandra: Map 4 (slide 13) shows the most recent NRI with the Comp Plan. These areas predominantly fall on lower-density zones; where they don't, they fall into environmental (e) zones often.

Chair Schultz posed two ways to look at this — apply 'a' though there are other hurdles that may make this impossible, or do not add the 'a' because other hurdles may make it impossible anyway and we do not want to frustrate people.

Commissioner Houck: Glad we're talking about NRI and not existing e-zones because they're being updated. In 1984, I testified before the Planning Commission and begged the City not to rezone Columbia Corridor as industrial sanctuary because of what *Chair Schultz* suggested with the second option — we created

unreasonable expectations for property owners. When we did the environmental zoning in 1990 all hell broke loose because we were then applying the e-zone on property they had assumed they could developed. The last thing we should do now is repeat that. We should treat the NRI like we did floodplains — do not encourage additional development.

- *Commissioner Baugh* agrees. By themselves, these layers may in and of themselves not be a reason to remove the 'a' but when you combine them and lay out expectations that property owners can do more with the 'a' while regulations prevent or make that too expensive, we're setting unrealizable expectations and that causes conflict.
- *Chair Schultz* offered a counterpoint that as someone who works with these codes, understanding the building of regulations of different code sections gives you the logic as to why you are unable to do something versus not being included or given the ability in the first place. More transparent to do it through layers.

Straw poll: Focusing on Glendoveer, should transit be a constraint?

- Yes — 2

Straw poll: Focusing on Glendoveer, should stormwater be a constraint?

- *Commissioner Spevak*: Stormwater management manual regulates stormwater heavily enough; it is sufficient.
- Morgan: Previous straw poll on stormwater was to consider it as a factor, not one-strike-you're-out.
- *Commissioner Houck*: We do have the stormwater manual, so I don't understand the implications of what we're discussing with stormwater. Would like more technical information from Bureau of Environmental Services (BES) staff. Last time voted not to view it as a constraint because we were looking at west side versus here, where many constraints coincide.
- Morgan: Stormwater manual looks at stormwater based on building coverage; with this project we will maintain or decrease building coverage, so BES perspective is that there are areas that are already difficult to serve with stormwater but this would not exacerbate that.
- *Commissioner Baugh*: Concern is not it makes problem worse but the long-term cumulative maintenance effect for BES calculations. More units require more maintenance.
- Morgan clarified how stormwater and sewage impacts are calculated.
- Sandra reiterated that stormwater is a factor that should be considered and in the case of Glendoveer it was the only constraint so that area should be included.

Sandra repeated that the last consideration was the NRI.

- Mindy Brooks explain the project to redraw the e-zones. Not all the NRI will come into the e-zone; will depend on different factors.

Straw poll: Include NRI as a constraint, one-strike-you're-out:

- Yes — 11

Displacement risk

Joe described the three areas — N: St Johns/Portsmouth, NE: Cully, and E: Hazelwood/Mill Park. Joe explained the displacement risk analysis and low- and medium-housing opportunity areas. We heard testimony on both sides of this issue. We heard most directly from Cully that the options could be a housing opportunity for lower-income households because of smaller unit sizes. The recommendation from staff was that these areas would be left out for now until anti-displacement programs are available.

Chair Schultz asked what applying the 'a' would mean compared to an area that didn't get it.

- Joe: Part of this has to do with vulnerable tenure, and adding units may make a lot more attractive for redevelopment. At the end of the day, you'd end up with more units than just one but the impact on households there now would be a concern.

Chair Schultz confirmed that without the 'a' household size would be limited. By not applying the 'a,' the potential house can only have one ADU, which means you can't divide up the existing house into multiple ADUs or add another structure.

Commissioner Smith noted he was struggling because Anti-Displacement PDX (ADPDX) said this is the wrong tool; we need economic tools, not land use ones. The flip side is that there is opportunity both for property owners who may be lower-income to monetize their investment and create additional units in the process. Leaning toward not using as a constraint but wanting to hear more on how to reconcile these factors.

Commissioner Spevak feels strongly that we heard testimony from all the nonprofits in town asking for these housing options to be available throughout the city. Zoning has been used as a tool for excluding smaller attached housing choices from neighborhoods. Cully's letter comes from a gentrifying neighborhood; people are building huge houses and the 'a' overlay would allow more smaller units instead of a large one. Nonprofits cannot compete in single-family neighborhoods anymore, leaving them to try and find property within the small percentage of the city that is multi-dwelling-zoned. Private market sweets up the single-family lots. I fear living in a neighborhood without options for smaller, attached units that only has large \$700,000 homes with or without an ADU. Nonprofits want to have a role in providing options in these neighborhoods, too. Private market could, too, like skinny homes that provide an affordable entry-level option. Feel strongly that this is one of the few tools we have to create less expensive housing options.

Commissioner Rudd is still concerned about people living together in single-family houses. Do these areas shown have high percentages of renters in single-family houses?

- Joe: Yes — combination of vulnerability including tenure and opportunity.
- *Chair Schultz* asked whether that concern would be redevelopment of single house to divide it into three units. Would the ability to add an ADU make it less likely for individuals to come together to rent a primary home?

Commissioner Larsell would like to maintain this constraint but is less sure about Cully. East Portland area is bigger and doesn't have the same intensity of nonprofits. Pushing for East Portland quadrant plan on jobs, housing, and transportation to make the decision about the 'a' overlay. Against bringing 'a' into all of East because worried about homeowners being bought out and taken advantage of. Would want the 'a' there with the support we've been talking about so people could develop their land themselves.

Commissioner Bortolazzo expressed concern that excluding these areas would do more harm than good; there is pattern of exclusionary zoning. Not extending opportunities for fear could perpetuate this cycle. These are not transit-supported areas because they're not dense enough, and we'd be perpetuating that trend.

Commissioner Baugh: The part of the city beyond I-205 is higher vulnerability because renter percentages are higher as well as people of color. What we're doing is increasing the land value of those properties; it's a naturally occurring affordable area. These people have nowhere to go if bought out. This housing may be less expensive but is not affordable by the 60% definition — who are we doing this for? We don't have the financial tools, and these are not complete neighborhoods and we don't have the tools to make it so. The unintended consequences push people out.

- *Chair Schultz* offered a counterpoint — limiting household size everywhere to help limit redevelopment motivation. Adding opportunity for more smaller units adds opportunity for renters

as well as owners to take advantage of options. If we don't include an 'a', we should strongly encourage programs in our letter. Thinks more displacement risk would occur by not including these areas than by including them.

Commissioner Oswill appreciates this approach regardless of the outcome. ADPDX testimony expressed concern about a history of disinvestment when wealth generation is denied to people. There was an ask that areas be included and anti-displacement tools be added. The question is when, similar to conversations about the Yellow Line in N/NE. Homeowners have a gap in information — people will not know how to use 'a' overlay or access financial resources to build on their property. The concern for homeowners without access to knowledge and funding is that someone else could take advantage of that wealth potential. Renters are living in housing that is seen as an investment vehicle. The owner will make the best decision for that investment vehicle they can — but the displacement risk does not apply only to these areas but anywhere where the potential changes. My interest has turned to what we do after this project passes — there will be redevelopment and displacement and we need to discuss and develop anti-displacement programming whether or not these areas are included.

Commissioner Houck: This started out as a no-brainer to exclude these areas but all of the affordable housing advocates were against that idea, so I don't think it should be a factor.

Straw poll on whether to use displacement risk as a criterion to take these places out (one strike you're out):

- Yes — 3

West side (SW and a small portion of NW Plan District) (slide 20)

Joe: Much of SW is in R10, R20, and RF. The areas on this map were taken out based on a number of factors. Joe showed transit, stormwater, and non-City-maintained street maps. NRI is concentrated around streams. Critique of excluding Southwest was that it seemed like unequal treatment. Sandra noted that transit was a large constraint here; the stormwater, landslide hazard, and steep slopes were also considerations.

Commissioner Houck: Sandra stated that criteria applied to east side could be applied differently than west side, e.g., walking farther to transit would be less feasible due to hills.

- *Chair Schultz* noted that living on the west side and walking far to transit, for example, is a way of life. Struggling with letting transit be a limiting factor for the hills.
- *Commissioner Smith* agrees that topography is different but we've already voted to include topography-related constraints, so we should not treat transit or displacement risk differently here.

Joe suggested that the direction is to take another look at constraints (NRI, steep slopes, and other natural factors) given that transportation is not included as a constraint.

- *Commissioner Spevak* proposed applying the same one-strike factors that we discussed on the east side to the west side. Do not add additional constraints.
- *Commissioner Houck* seconded.

Commissioner Oswill clarified the understanding of the applying the 'a' everywhere argument as seeing single-family zones for their history of exclusion — not so these areas have this problem too but because we should not allow anywhere to be exclusive.

Option 3 – a different defined geography bound by Fremont, River, 80th, Lincoln, 52nd, southern limits (idea proposed by Commissioner Baugh)

- *Commissioner Baugh*: This excludes a lot of areas with minority populations. Who will benefit from what we're going to do? The 'a' overlay is a financial barrier and low-income, minority populations

do not have bank access, equity, creditworthiness, etc. How will we mitigate displacement? ADUs are prevalent in the inner city so give them the opportunity while you figure out the tools to put in place for the rest of the city.

- *Commissioner Spevak*: This is an appropriate line showing the shifts in our city. We learned from Seattle that allowing more ADUs makes people more likely to keep existing houses — which is a way to protect renters in houses. The neighborhoods in Portland built out under single-family zoning while single-family zoning was still rare are some of the most exclusive. If those are left with just single-family zoning, we'll end up getting monoculture, monocrops of housing, but those neighborhoods should also have places where lower income essential community members can afford to live. Wants mix of housing on both sides of this boundary.
- *Commissioner Smith*: This map represents all the neighborhoods that are already thoroughly gentrified; the opportunity for further wealth generation would be constrained to the already wealthy neighborhoods. Problematic.
- *Commissioner Baugh*: Not against 'a' but we need time for the rest of the city to have financial tools to keep people there and preserve housing and help them access opportunity.
- *Commissioner Oswill*: If we do exclude parts of city, a phased in approach that eventually includes everywhere is the only way to move forward. Pressure is needed to develop the tools.
- *Chair Schultz*: We are coming to different conclusions about what will result — is "doing no harm" giving the 'a' or not? Providing more opportunities and varieties helps preserve people staying in place. Limitation on size will help preserve existing stock so I am comfortable applying the 'a' outside this boundary.

Straw poll to apply this boundary:

- Yes — 2

Incentives table (page 6 of worksheet)

Sandra walked through the table of incentives for providing public benefits.

Affordability and visitability

Sandra: If someone provides affordable housing on site, do they get an additional size bonus (in addition to the proposed bonus for doing more than one unit)?

Discussion

- *Chair Schultz*: Do we believe it makes sense to have affordable housing as an incentive?
- Joe: Pro forma analysis on value of adding a single unit (for affordability) showed that it increases the residual land value available but is only appealing to a developer of an affordable housing project. The extra unit is not enough to incentivize a market-rate developer to create an affordable unit, but a nonprofit developer would have greater ability to bid on a lot if allowed more units — worth tens of thousands of dollars.
- *Commissioner Larsell*: If all we did was create an ability for nonprofits to provide more, that would be enough for me — I'm not really interested in the for-profit builders.
- *Chair Schultz* expressed concern is that it means you reduce the ability for a person already owning their home to put an extra ADU or two in their backyard to maintain ownership and create more opportunities — it's an incentive for developers but not for homeowners.
- *Commissioner Baugh* is not opposed to bonuses but is concerned about assuming nonprofits will rush out to do this, because it's not their focus. Not a priority for Housing Bureau. Skeptical that we'll get affordability we're looking for.
- *Commissioner Spevak*: This is indeed a small subset of the affordable housing world; nonprofits are not building ADUs, but they are doing first-time homebuyer projects. This comes up when Portland

Community Reinvestment Initiative (PCRI), REACH CDC, ROSE CDC, Portland Housing Center, or Proud Ground gets a lot and wants to build three or four in a row. This is about competitive advantage, not inducing a private-market developer to do anything differently. Depends on where we land on number of primary units/townhomes — if we land on 3, then we should let affordable housing bonus up for 4. If we land on four allowed by-right, there is not much of a place for an extra unit for affordability — but there is room for FAR.

- *Commissioner Baugh* expressed concern with the 80% affordability level even though nonprofit population is 60% — we need to add more FAR or other incentive to allow them to compete at that level. The biggest need is at 60%. Supports clarity of allowing 4 outright instead.

Straw poll: Is 4 units is acceptable on internal lots?

- Yes — 8

Straw poll: Should one of those 4 units be visitable?

- *Commissioner Smith* noted BDS concerns about visitability — could we put those requirements in Title 24 instead of 33 so they're easier to administer?
 - Morgan: We are exploring that, but there are concerns — we'd need an exception from the State building code division. We're exploring ways to get to the same goal in the zoning code.
- *Commissioner Spevak*: Would provide exception for steep lots from street to entry, not just lots that are steep across the whole property.
- Yes — 4 (not a majority)

Straw poll: Should one of those 4 units be affordable?

- Yes — 2

Straw poll: Is 4 units acceptable on internal lots with no strings attached?

- Yes — 6

Sandra summarized that we're not going to require affordability or visitability to get an extra unit (up to 4).

Is there interest in offering an FAR bonus for affordability?

- *Commissioner Smith* suggested that we can bonus an additional .1 FAR for main structure either by providing an affordable unit or by paying a fee in lieu.
- Joe: If we allow this FAR bonus for the extra unit, consider visitability as one of the ways to earn that extra FAR.
 - *Chair Schultz* would guess that you'd get a lot of visitable units and not many affordable units.
 - Joe: We were skeptical of the benefit of FAR for affordability but it could pay off for visitability.
- *Commissioner Bachrach* is skeptical about the ability of the fee-in-lieu to get us what we want; to make a big enough impact.
- *Commissioner Baugh*: How does this work with scale — are we increasing it too much?

Straw polls about bonus size for visitability, affordability, and fee-in-lieu of affordability were discussed but not taken.

Chair Schultz expressed concern about offering an FAR bonus without knowing how big the bonus would be.

Joe: Is the purpose of this FAR bonus to allow the primary single house to get bigger, or is it to allow a project with multiple units to get bigger?

Commissioner Spevak: FAR increases for extra units should be able to float between the primary house and ADU — you do not get additional floor area for the ADU above the maximum FAR limit proposed.

Commissioner Bortolazzo noted that the FAR alternatives subcommittee met for the first time yesterday.

Commissioner Smith noted that the Commission decided an FAR bonus might be offered for the second and third units but not the fourth. We should decide the base FAR and what/how much we're willing to bonus for as well as maximum caps.

A straw poll for total square footage for the site, regardless of form, was discussed but not taken. PSC direction from previous work session was about 2,500 sf for 1 unit, about 3,000 sf for 2 units, and about 3,500 sf for 3 or 4 units. Bonuses could be added on top of these square footages.

Joe noted that staff will bring further analysis of scale ideas as they relate to number of units and accessory structures before taking a straw poll.

Commissioner Bortolazzo is in favor of discussing this next time given that the potential alternative to FAR has not been decided.

Commissioner Rudd noted she thought the philosophical underpinning was that people would be more okay with more units if the size of the structure was similar to a single house. Is the Commission still thinking along these lines?

- Joe: The analysis we come back with will help us determine if we are moving that direction.

Commissioner Oswill expressed concern with allowing 4 units by right re: FAR for affordable units — an affordable unit will rent at the same rate regardless of 500 sf or 800 sf. FAR does not give an incentive to affordable housing providers to be able to compete for land. Important because Pathway 1000 is providing for rowhouses because that's what community is asking for — not only apartments. People will pick the visitable unit over an affordability fee-in-lieu. This is concerning.

Historic preservation

Chair Schultz expressed concern about incentivizing preservation of historic homes over other non-designated homes. The whole proposal incentivizes preservation for all homes, which is good. Allowing greater flexibility within existing structures and additional density for all internal conversions is good for all structures, not just designated historic resources.

- Sandra: That's what these amendments relate to; we should rename the set of amendments "internal conversions."
- *Chair Schultz:* Allowing 4 units on any lot supports internal conversions on all homes so these amendments may already be addressed.
- *Commissioner Bortolazzo:* What I had in mind was to apply these amendments to any existing structure, not just designated historic. Would give extra competitive advantage to existing units to help support their preservation in response to testimony. Would it make sense to give extra flexibility and incentives to existing homeowners?
- *Chair Schultz:* We need to understand the maximum scale first before we can vote on these amendments related to scale, so we should vote after staff comes back.

- *Chair Schultz* suggested that allowing an additional unit would get no uptake because you're at commercial code.
- *Commissioner Spevak* noted that these amendments were proposed before 4 units were contemplated by-right so they may be less needed now. Larger homes you could convert to multiple units are not at risk of being scraped — these amendments would not help the smaller homes that *are* at risk of being scraped. Big older homes do not need an additional incentive, and if the base code allows them to be divided into multiple units we don't need more incentive.
- *Chair Schultz*: If bonus FAR is still a possible incentive, we should know scale numbers first.

Straw poll: Should existing homes be allowed to convert into 5 units?

- Yes — 6

The Commission discussed a minimum age requirement for the house but decided against it because it's unlikely someone would game the system to add a unit to a recently built house.

Chair Schultz posed the idea for no limit on units in existing houses.

Adjourn

Chair Schultz adjourned the meeting at 4:44 p.m.

Submitted by Love Jonson