Portland Planning and Sustainability Commission

Tuesday, September 22, 2015 5 p.m.
Meeting Minutes

Commissioners Present: Jeff Bachrach, Andre' Baugh, Gary Oxman, Michelle Rudd (arrived 5:30 p.m.), Katherine Schultz, Chris Smith, Teresa St Martin

Commissioners Absent: Mike Houck, Howard Shapiro, Maggie Tallmadge, [1 open position]

City Staff Presenting: Joe Zehnder, Phil Nameny, Matt Wickstrom (BDS), Lisa Abuaf (PDC), Sarah Harpole (PDC)

Chair Baugh called the meeting to order at 5:14 p.m. and gave an overview of the agenda.

Items of Interest from Commissioners

- Chair Baugh: Welcome to Jeff Bachrach, our newest PSC member. Commissioner Bachrach introduced himself as a land use and real estate lawyer. He has a background in affordable housing issues as well.
- Commissioner St Martin: I'm representing the PSC on the Residential Infill Project SAC, and our first meeting was last week. We had great attendance and look forward to meeting with the group.
- Chair Baugh: With Karen's departure, there is a PSC position open on the Airport Community Advisory Committee. The group meets quarterly.

Deborah Stein is our staff participant, and she says the group is really engaging and interesting. She can provide further information for whomever is interested. There isn't a huge rush to fill this position, but we'd like to do so by/in early 2016.

Director's Report

Joe Zehnder

- Last week, Julie sent around the schedule for the Comp Plan work sessions at Council. It noted which PSC members we'd like to attend each session. If you haven't already done so, please let her know if those sessions can work for you and/or if you'll be attending others. We don't want to overcrowd the table with PSC and staff, but we do want about 2 PSC members actively participating at each session.
- We have a card for PSC members to sign that we'll be sending to Karen Gray as a thank you for her service on the PSC.
- This morning the Mayor announced his Business Climate Challenge. Over 400 businesses statewide have signed on.
- The Powell-Division Transit and Development Project just received the International Association for Public Participation's 2015 "Project of the Year" Award. The project received the award for its conscious effort to make sure that equity was a part of the planning process from start to finish.

Consent Agenda

• Consideration of Minutes from the September 8, 2015 PSC meeting.

Commissioner Smith moved to approve the Consent Agenda. Commissioner Schultz seconded.

The Consent Agenda was approved with an aye vote. (Y6 — Bachrach, Houck, Schultz, Smith, St Martin, Baugh)

Documents and Presentations for today's meeting

Accessory Structures Project

Hearing / Recommendation: Phil Nameny, Matt Wickstrom

Presentation

Phil introduced the project and that is a zoning code update. We are looking for a recommendation from the PSC this evening to forward to Council. This is a joint BPS/BDS project under the umbrella of the regulatory improvement program, but this one is more subject-specific than a RICAP project. Matt Wickstrom and Kristin Cooper from BDS and Julia Gisler from BPS are other staff working on the project.

Phil provided an overview of what accessory structures refers to. Currently each type of structure has its own set of regulations. The intent of the project is to simplify the regulations and base them more on bulk and form rather than on function of the structure. The project proposes amendments to the City's zoning code to achieve this. We are not amending any building or other codes. The focus of the project is on detached accessory structures associated with residential development/zones, since that is where the bulk of the existing regulatory complexity lie. However, some other minor changes are being made to other zones to aid in consistency.

Matt gave an overview of some of the issues we face with detached covered accessory structures. The differences in regulations for different types of structures are items the project addresses.

Phil summarized the proposal for small covered structures. We are proposing to create a uniform set of standards in our single dwelling zones for these types of structures. These standards are a hybrid of our current garage and accessory dwelling unit (ADU) standards but will apply universally. One set allows structures within a side or rear setback if the structure meets the size and height limits standards shown. These standards are similar to our current garage standards.

If a detached covered accessory structure does not meet the standards above, it will need to be built to meet the side and rear setbacks. In addition, a detached structure will be limited to an overall height of 20 feet. This height is a universal height that merges the existing ADU height standard of 18 feet with the allowance for other structures to be up to base zone maximums (30 to 35 feet). This height limit allows for a little more flexibility for ADU designs built above a garage but creates a height maximum that allows fewer accessory buildings to become a dominant feature. In addition, for covered detached accessory structures that are between 15 and 20 feet, a set of design standards will apply.

These design standards are an expansion of the current ADU standard but will only apply to the taller buildings that can have more impact on neighboring properties and the street. These standards will apply to all covered accessory structures not just ADUs. They ensure that the structure either matches elements of the house or are built with designed standards — taken from the Community Design Standards. They address exterior materials/trim, window, roof pitch, eaves.

There is a note in the staff memo with the request to include shingles as a type of exterior finish per focus group and similar to Community Design Standards.

There has been interest in this project particularly around ADUs.

- ADU height: Increased while other structures height limit decreased.
- Design standards: Only with taller structures
- Setbacks: Smaller structures allowed in side and rear setbacks

Many of the other changes are being made to be consistent with the covered accessory structures.

For uncovered vertical structures (trellises, arbors, flag poles etc), we are providing an option that would allow the structure in the side and rear setback if it meets similar requirements for the covered accessory structure. This is because there is little difference between an uncovered arbor and a covered patio or carport in terms of impacts from size, bulk and height.

Uncovered horizontal structures can include decks, hot tubs, pools, etc. The changes to this section are being done to clarify the difference between a structure attached to the house and one that is free standing. However, the main set of standards is staying the same.

Another expansion to our code involves mechanical equipment. Currently mechanical equipment must not be located in, or project into the setback, while many other things can project or be placed in the setback. This creates siting problems for things like radon filters attached to an existing house, or things like HVAC units. These changes allow mechanical equipment attached to a house to project 20 percent into a required setback, which is consistent with what is allowed with other building features. Detached equipment will be allowed in side and rear setbacks if it is under 5 feet in height and visually screened. In any of these cases the city's noise standards continue to apply.

Discussion

Commissioner Smith: Under current code, is it easier to construct structure that houses vehicles than it is to construct something that houses people or bicycles?

Yes.

Then I see this as a win-win with the new proposal.

Commissioner Rudd: Why are the farm buildings allowed to be higher?

 These structures are usually in a zone that allows agriculture as an allowed use. The farm building is for storage for farm use, particularly in rural (RF, R20) zones, which are large minimum lot size zones. We don't want to cause someone who is building a barn to have to meet design standards that are intended mostly to safeguard neighbors.

Commissioner Oxman: What are the screening requirements for structures built in the setback?

- With walls (e.g. an ADU): You can't have windows on the walls facing the property line within 5 feet. If the building is going to be open like a carport, the screening would be a 6 foot hedge. How do you manage height restrictions on sloped lots?
- Our code has strict specifications regarding how much of a slope there is. If slope is less than 10 feet, it's measured from the highest point. An ADU then could be taller in perspective, but not in actual height. We primarily don't want the ADU to be the first thing people see on the lot.

Commissioner Schultz: Is there anything that precludes the accessory structure from being built in front of a primary structure?

Accessory structures need to meet the same setbacks. So if you have a very deep lot with the
house on the back, this could be possible. An ADU does have to be at least 40 feet back from a
front property line or directly behind the house.

My house, and my entire neighborhood, has very deep lots with houses set far back. Is there a chance for adjustments in situations like this to build an ADU?

• The provision we added to have more flexibility doesn't necessarily address this, but it's certainly possible to make adjustments.

Commissioner St Martin: If you have more than one accessory structure, what is the standard for the relationship between the two?

• The current standard allows only garages in side and rear setbacks. Most people don't build multiple garages on the same property, but we were concerned that we could now have multiple structures where someone's yard may have building along the entire length. One standard is that the max amount of linear footage in the side and rear setbacks is 24 feet.

Were there any major issues that were not included? Anything we're missing?

• One piece of testimony mentioned things that we are looking to include in the residential infill project including the overall size of internal conversions into ADUs. When does an ADU turn a property into a duplex? We think this will be better addressed in the residential infill project.

Most zones have a 5-foot setback. RF, R10 and R20 have a 10-foot setback, and they don't allow garages in the side and rear setbacks.

Commissioner Bachrach: How many ADUs have you projected to be built in the coming years?

• 3000 new ADUs are projected in the next 20 years, so about 2.5 percent of the total housing growth in the city. If only considering single family development, the total represents a much higher percentage. ADUs can be basements, for example, so not necessarily an additional building on a lot.

Testimony

• Nanci Luna Jimenez: A N/NE Portland resident. My situation is not addressed in this current proposal. The basement is an ADU, and there is no room for a garage or yard. I would like to cover the parking pad to have a detached covered structure, but I can't get a permit for it being detached. I would like to see an addition to the proposal that addresses attached structures so I could connect this to my house. Often carport structures are allowed if they are temporary, but I would like this to be a permanent option.

Commissioner Schultz: Did you ask for an adjustment?

Staff said it would be possible.

- Kris Anderson: I submitted input to staff earlier in the summer. I am planning an ADU, which I started in the spring, but I waited until now because the changes are good, and they are good for my neighborhood. The existing code has incentives for people to build to the maximum 800 square feet. When I was planning mine, I realized the creep and design standards that are involved. What I like about the proposal is it incentivizes keeping things small, which I think is terrific. I want people who are moving here to live close in so they can have an opportunity to not use their cars.
- Kol Peterson: I was part of the focus group, and I'd like to congratulate the staff who drafted this proposal. I was really pleased with the outcome. I also run the citywide ADU tour, so I'm a big proponent of these types of structures. I think all the changes are good and will make the process easier for homeowners. I also like that this does incentivize smaller buildings.

Commissioner Smith: You're the private sector expert. In your bigger picture perspectives on liberalizing regulations, if SDC waiver does expire, how do you see these playing together? You have to deal with the SDC waiver up front. And then the tax issue. Which is a bigger variable?

I don't think these changes will increase production that much. It costs about \$100,000 to build an

ADU, so not everyone will be able to do so. An extension of the SDC waiver is a bigger variable. The tax issue is still a big question mark, which is a County property tax assessment issue. Taxes are a bigger impact, but the SDC fee is up front. They are both really important, but it would be great to go to bat for the SDC waivers to continue.

Takes away the design requirements allows the City to influence good design. When people are looking at ADUs, they are looking at the up-front costs.

Alex Joyce: Allowing some sort of detailing on the structure face could be better than having
just a blank wall for structures in the setback. Was this considered as part of this package?
Also, if you're building in the setback, you could really only have a structure 15 feet tall. But
could you not set back the remaining part of the structure with the ground floor in the setback
where the second story is off-set?

Chair Baugh closed the hearing.

Written Testimony Received

Matt noted about openings in the setback: A structure closer than 3 feet in the setback wouldn't allow openings. An adjustment review could be considered.

Phil commented on the split building heights. When we look at a setback, we generally look at the entire structure. BDS does see people asking for this type of adjustment, but it's a case-by-case basis.

Generally we would deny any 2-story structure in the setback. We'd need to look at the staggered concept on a case-by-case basis.

Commissioner Schultz: In a zero setback situation, how is the maintenance done for the exterior wall?

- There needs to be an agreement between the two neighbors. You could be creating a situation where you can't maintain one side of your structure.
- Usually the wall is at least a foot away so the gutter can be in place, etc. The building code generally has 6 feet between buildings.

Once you attach a structure to the primary structure, there are building codes (e.g. fire code) that come into play. This can be a special situation, but it is tough with tight spots. Our proposal doesn't change provisions for setback on attached structures, but it is an adjustable standard depending on context.

Commissioner Schultz is concerned about the zero lot line. We should have some type of easement with the neighbor.

• Lots of the older parts of the city are built this way. A nightmare scenario may occur occasionally, but we haven't had too many issues that have been brought to our attention. What we are proposing doesn't change this issue.

Motion

Commissioner Smith moved to recommend that City Council adopt an ordinance that:

- Amends Title 33: Planning and Zoning as shown in report and memo;
- Adopts the report as further findings and legislative intent.
- Directs staff to continue refining code language as necessary.

Commissioner St Martin seconded.

Commissioner Smith noted we have an equity issue that because of Measures 47 and 50, and different properties are assessed and market value can be radically different. While it bothers me that an ADU would trigger an assessment, it will close the equity gap on these properties. I'd love to see something address this, but this project is a great step forward, and I'm fully supportive.

Commissioner Rudd: If staff is creating a handout about the changes, it should raise the potential maintenance access issues for ADUs with zero lot lines.

The motion passed.

(Y7 — Bachrach, Oxman, Rudd, Schultz, Smith, St Martin, Baugh)

Post Office Framework Plan

Briefing: Lisa Abuaf, Sarah Harpole

Presentation

Lisa asked the PSC to think about:

- Are we missing anything in our development goals or measures of success for redevelopment of the USPS site that would further support the Portland Plan and CC2035 Plan?
- What are your thoughts about the preferred USPS site development concept's density and height?

She walked through the context of why the proposal is on this site as opposed to, for example, an outer neighborhood. The Post Office is not an active seller of this facility, and they can only negotiate with a public entity.

The Framework Plan put us down a path about the vision and program the public would like to see on this site. We then look into the financial resources that can create public benefits from the site. This is a cycle that we need to keep in mind.

The Framework Plan did look at a broader area, noted as the Broadway Corridor. The City and PDC own lots of sites that are adjacent to the Post Office site, so we wanted to look holistically at this area.

Over the past several years, many policy documents, studies or reports have considered some or all of the Broadway Corridor Study Area. Most recently, the Central City 2035 West Quadrant Plan calls for PDC and partners to:

- Relocate the Post Office and redevelop the site; and
- Requires a master plan process prior to redevelopment of the site.

We are approaching this requirement through a two-phase process.

The first phase is to develop the Framework Plan, consisting of two primary components.

- First we are establishing a Strategic Vision for the broader Study Area consisting of guiding principles and an understanding of existing conditions and opportunities
- We will then build upon the Strategic Vision and explore conceptual-level development plans for the Post Office site.
- This component will inform the likely public infrastructure costs, development potential, and residual land value of the site and will be an important component of informing future decisions regarding the potential acquisition.

If we proceed with acquisition of the site, we will initiate a more detailed Master Plan required by the Central City 2035 Plan, building upon the prior Framework Plan process.

The Framework Plan is being formulated through a series of four charrettes with our advisory committees and extensive public involvement both online and at public open houses. We anticipate presenting the final report to the PDC Board and City Council in October.

We got 1000 points of feedback from the public, mostly about: allowing more height (particularly at the bridgehead); bicycle and pedestrian connections are key; create visual and physical links to Union

Station and activate under the Broadway Bridge; and ensure new public spaces are comfortable for all Portlanders.

Commissioner Oxman: Can you unpack this last statement about the space being comfortable for everyone?

• We asked about design and demographic perspective. Racial/age/income demographic access. The main input was about making sure these areas are safe and clean. We have a report from the consultant with the data that we can share as well.

Lisa shared the steps from creating the Framework Plan through to the development scenarios.

Chair Baugh: How does equity come into the vision statement?

• We had a discussion about this being added to the last statement. If you have suggestions for this draft, we are happy to hear those.

Commissioner Smith asked about making connections to The Pearl. You're leaving out the North Pearl. I would encourage you to think about Marshal and Northrup. And improve the cycle track and the non-friendly place for bikes to go when you hit 9th and the streetcar tracks. I would encourage arrows to be shown on Northrup and Overton because those are important connectors for the project.

 We also worked with PBOT to talk about what Johnson would look like, particularly as you get farther west.

The site is a place being looked at as a terminus for the Powell-Division BRT project as well.

This is a gateway and a district skyline marker. How could this location provide that? What kind of height would we want here?

There is an importance of phasing this plan to build infrastructure concurrent with development. We proposed to keep the post office building initially to reuse parts of it while developing other spaces first.

We tested different design concepts and did a mix-and-match to shortlist different development scenarios. The site is currently zoned 4:1. It's proposed under the West Quad Plan to increase height to 250. One proposal pushes heights to a range of 350-400 in certain areas within the site.

The preferred concept includes 2 additional park blocks pushing into the site. Johnson and Park would be the major accessways, both of which are proposed to be expanded from 60 to 80 feet.

Chair Baugh asked about the size of the building blocks.

- They are about a block; 200 feet each.
- We modeled parking all above grade due to the environmental issues on the site.

We've proposed a pretty low number of parking spaces reflecting PBOT's multimodal goals and through shared parking. The projection of shared parking between residential and commercial is about a 20 percent savings. We have a 7:1 FAR proposed as opposed to 4:1 today.

You need the FAR to get the land value and the square footage for affordable housing.

We financially modeled 25 percent of residential floor area ratio (FAR) assigned to PHB at no cost, which is similar to reserving land for them to develop for affordable housing.

- The FAR (7:1) could happen via the bonus or through increased entitlement with affordable housing requirements.
- This is 25 percent of the full residential square footage. It could be accomplished through development agreements, not necessarily a bonus in the zoning code. We are going to develop

- a master plan provision that is a designation that allows some more discretion to get to this housing result in a more predictable way than the bonus system would.
- Joe: There are probably other ways to lay out the site without the tall tower at the end as is shown in the proposal. As we develop the master plan provisions, we need to consider this and if we allow floor area and height to be moved around the site. We'll have to look at the range of scenarios under which this can be met. At this point in time, PDC is trying to decide if there is enough development that can be created on the site to realize public benefit relative to acquisition cost.

Lisa acknowledged there are various policy frameworks. In terms of the 30 percent affordable housing set aside policy, the amount of TIF policy dictates the goals. The PSC's proposed policy for 30% of all new units dictates a unit based outcome.

What we are proposing translates into a \$31M value to PHB for affordable housing, a 39 percent setaside at the end of the life of the district.

Commissioner Rudd: Do the infrastructure costs include schools?

• Joe: The indication from PPS is that this site is something they are not pursuing. They can't really project a decision like that, but part of what this development gives is increased tax base for the school district. They are looking at the numbers to get confident that there are that many kids in the Central City, and then what it is and where the site is (Lincoln HS and The Ramona are also options).

Does the proposed development impact demand for redeveloping surface parking in Old Town?

 When the consultants projected development for the specific site, they assumed a certain percentage of Central City demand, not that it would suck development demand away from other adjacent areas.

Lisa walked through what's included in the infrastructure costs by phase.

Measures of success are divided into various components:

- Public Realm
- Transportation
- Sustainability
- Shared prosperity and equity

Commissioner St Martin asked about if the site can be considered an ecodistrict.

• Yes, ZGF was the lead architect, and that is something we want to look at.

In terms of the 30 percent affordable housing, the TIF policy dictates the effort, and the PSC proposed policy dictates the outcome.

What we are proposing translates into a \$31M value to PHB for affordable housing, a 39 percent set-aside at the end of the life of the district.

Next Steps

PDC Board on October 14:

- Approve Broadway Corridor Framework Plan
- Authorize Purchase & Sale Agreement with USPS

City Council:

- Approve Broadway Corridor Framework Plan
- Authorize Interim Financing Mechanism

Commissioner Rudd asked about Amtrak as a source of funding for station area redevelopment. Are we looking at this?

• PDC is undertaking preliminary design for the final phase of improvements at Union Station. This design phase is a 3-year project with \$5M federal and local funding and we are working with Amtrak on this scope, but we do not have funding from Amtrak.

Commissioner Bachrach: It looked like we're roughly in \$100k per unit subsidy plus the land contribution. Who is bringing the additional resources? We're still \$100k per unit short. We'll need some creativity to bring down the per-unit costs for affordable housing more generally.

- Yes, we are using the figure PHB uses regarding only the TIF requirement. Usually the developer brings the other resources. Staff will pass this question on to PHB.
- Council had a work session about getting as much production in affordable housing as we can in the upcoming years.

Chair Baugh: The commercial space being more diverse and affordable — how does this occur?

- We do this often with tenanting a building PDC is involved with. Also, the Post Office building doesn't sell or develop during Phase I.
- We can think about calling out particular companies we want to see grow in this area. In terms of middle-income housing, where is that driven from?
- This is feedback from PHB, to ensure we're not building just for very low and very high income. Regarding the height massing facing the river, we had an active and long discussion about this in the West Quad Plan. Did any of that discussion translate to the height you've shown? What about the concern from Old Town?
- Joe: We talked about this with the Multnomah County Health Building. In the West Quad Plan, the USPS site was approved for 250 feet. The diagram in this plan is not the urban design plan; it's a massing of square feet. The way it's laid out now looks like a mass of buildings, but there is the street grid that separates the buildings. The strategy here steps down to the neighborhood more than it steps down to the river, which we can evaluate in an urban design plan. I don't see this inherently in conflict with the West Quad discussions other than the general tenor that the buildings are too tall. We even upped the heights in The Pearl.

Commissioner Schultz added that the concern in Old Town during the West Quad process was more about in the historic areas, not necessarily close to the edge as this site is.

The clock tower is a designated view corridor, so that's protected in the plan.

Chair Baugh asked about parking. Is there more parking in the proposal or less than today?

- It's more parking than what has been there. The rest of the structure today is really just trucks. We landed with .2 per unit affordable, .5 residential, 1.5 commercial.
- Joe: In current practice, this is in synch with how things operate. Our aspirations are for less than that. When the market matures, we likely won't build this many spaces since this is a 20-to-25-year build-out plan.

Chair Baugh: My overall comment is that the presentation doesn't use the word "equity" in a way to talk about Portland. We have spent years putting equity into every plan that has come through this Commission that has gone to Council. This Plan doesn't embrace this concept, so I'm concerned that this becomes an area in which not all residents will be able to participate. If we can't do 30 percent affordable housing downtown, it's not equitable to push affordable housing out to the neighborhoods. I know these are hard choices, costs are high and this is a difficult site to build on. But this is a long-term opportunity so we shouldn't rush to judgement about how we make that investment. We need to bring the housing diversity, which is the basis of our proposed 30 percent affordable housing requirement. I think the land is a good purchase, but we shouldn't rush to develop it. I'm also concerned about schools — this is something we need to plan for.

Commissioner Schultz asked about how many housing units there are in different areas of the Central City and the break-down of affordable housing units.

Joe: These are really good points and pertinent in the point of the project where we are right now. We are trying to decide whether to purchase the property and if the valuation and development is enough to justify the price. Affordable housing is one piece of this. PDC showed it can have up to 700 affordable units out of the proposed 2400... so the question is if this is worth it over 30 years. This is only part of what it costs to develop the units. If we want to devote more in this project to affordable housing, it's a trade-off with other infrastructure. Are the principles and objectives the right ones? Affordable housing piece may need to be more concrete. There are trade-offs that are not resolved, but that's where the project is.

Commissioner Rudd: What is the delta between fair market value and replacement costs?

• What we're carrying in our budget is up to \$80M. We are having an appraisal done, but we will have that information by mid-October.

Chair Baugh commented about jobs. When you look at the Post Office and the diversity of the workforce, that's something. We will get more jobs in this plan than there are currently, but do we get the diversity and middle-income jobs we have today?

- The Post Office jobs will still be in the region, but not necessarily downtown.
- We have about 1000 jobs at the Post Office today.

Commissioner Rudd: It's a question about the highest and best use of the property. Is the Post Office claiming it is a special use facility? Does the Post Office want to be at the airport? Will this development mean things like the nearby surface parking lots will be later to redevelop?

- PDC is appraising the property as a standard warehouse. PDC believes development would complement rather than take redevelopment away from other sites.
- As of today, there isn't a site big enough at Gateway, but that would be a good location, as would sites near the airport.

Chair Baugh: Has PDC looked at if the Post Office said "we're selling and we want a plan to know what you're willing to pay for it and what you would build"?

- The Framework Plan did not involve a scenario to see what the value of the land would be for redevelopment at 4:1.
- They ran a residual land value for 7:1. About \$144M over the life of the sales.

Commissioner Rudd: So the as-is appraisal doesn't look at highest and best use? Why doesn't the City want to know what the market would pay for the site? How do we know if we are paying a premium?

We are taking the conservative approach of if we had to turn around the site and sell today.

Thank you for all your feedback this evening. It would be helpful to have your on-going thoughts around density and height.

We'll be back talking with the PSC about the Central City 2035 Plan in the first half of 2016. We will be bringing the code, which today includes 4:1 FAR with the opportunity for 3:1 more through bonuses with a max height of 250 feet. Provisions of this Master Plan would be included in the code in terms of arrangement of FAR.

Commissioner Schultz: How much more FAR would we need to get to 30 percent affordable housing?

- We did have this modeled, and it ended up at about 9:1. However, the market analysis showed that this would exceed current market projections and/or require a longer time for absorption. There are opportunities in phasing goals.
- Joe: This is distinctly different in terms of zoning in the Central City than what we've done before. But in the past, we gave away the FAR and height (e.g. in Lloyd). At least this time, it's structured to get the public benefit.

Adjourn Chair Baugh adjourned the meeting at 8:11 p.m	٦.

Submitted by Julie Ocken, PSC Coordinator