

## Portland Planning and Sustainability Commission

July 24, 2018

5:00 p.m.

### Meeting Minutes

**Commissioners Present:** Jeff Bachrach, André Baugh, Ben Bortolazzo, Mike Houck, Katie Larsell, Andrés Oswill, Katherine Schultz, Chris Smith, Eli Spevak

**Commissioners Absent:** Michelle Rudd, Teresa St Martin

**City Staff Presenting:** Eric Engstrom, Morgan Tracy, Joe Zehnder, Susan Anderson; Jessi Connor, Matthew Tschabold (PHB)

*Chair Schultz* called the meeting to order at 5:02 p.m. and gave an overview of the agenda.

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

### Items of Interest from Commissioners

*Commissioner Houck* reminded people of the 15<sup>th</sup> Annual Policymakers Ride this Friday. It's about how we close the gaps in the 40-Mile Loop and get safer bicycling facilities on Marine Dr in particular. We start at Blue Lake Park at 7 a.m. to look at "the good, the bad and the ugly" and educate elected and transportation planners on where we need more investments. It's 34 miles out-and-back for this ride.

*Commissioner Smith* noted the PSC subcommittee working on the SW Corridor, both the housing strategy and DEIS (me, Andre, Andres, Ben). We had the draft sent to us from staff, and I'll summarize them. On the housing letter, we're stressing the importance of the housing strategy before finalizing the project. We want to capitalize (e.g. strategic land acquisition) before the project begins.

*Commissioner Baugh:* Part of the emphasis is to meet the stretch goal for housing units and for Council to do everything, not just parts, of the housing strategy.

*Commissioner Smith:* We've gone so far to say that if all the housing strategy components aren't met, perhaps they shouldn't support the transit project.

*Chair Schultz:* Since the letter is coming from the full Commission, I want to be sure everyone is comfortable with this. [confirmed]

*Commissioner Smith:* On the DEIS, it comes back to housing to create the linkage. We're drilling in on the displacement risks and focusing on the methodology... not just direct, but also indirect, displacement impacts. We know the Federal requirements might not make them go there, but we want them to. We talked about the choice of when to stay in Barbur. The temptation to leave Barbur is at least in part to avoid fixing viaducts that need replacement, but we want the street in good condition when it's turned over to us. There are ways to bring money that's not in the project to solve some of this. We identified opportunities to improve the alternative transportation network as well. We support the Ross Island Bridgehead project, which we only lightly discussed as the full Commission.

*Commissioner Baugh:* We are also calling out to actively use the TSP to develop the corridor.

*Commissioner Larsell:* It seems you're taking displacement very seriously, which I'm very much in support of. But in our vote about the 'a' overlay, we didn't take displacement. I want to hear why we're looking at displacement so much in that project but maybe not for RIP.

*Commissioner Houck:* I was impressed with the number of housing advocates that thought we would be providing opportunity, and that's what's persuaded me.

*Chair Schultz:* I wasn't convinced it would cause more displacement. I didn't think the 'a' overlay was definitely causing displacement.

*Commissioner Smith:* I was weighing opportunities created against displacement risk. We need to encourage Council to use other tools; denying the opportunity of the overlay won out.

*Chair Schultz:* I do want to circle back on the Ross Island Bridgehead.

*Commissioner Houck:* It's a huge issue for the neighborhood in terms of connectivity and conditions there.

*Commissioner Smith:* It has been in the TSP to eventually deal with it. Reconfiguring it gives more options for the light rail station, that would ultimately result in a better project.

*Commissioner Bortolazzo:* It's a very important project. Marquam Hill has been a divided neighborhood, so we should try to stitch it back together, and this an opportunity to do so.

*Chair Schultz:* I still have a concern about large commuter parking lots.

*Commissioner Smith:* If you have land available near stations, highest and best use is for housing, not parking.

*Chair Schultz:* But you could have lots that are nicely designed that encourage housing density.

Eric: It was more about the site-specific nature of the particular large lot proposed at the West Portland site. The crossroads are at a place we've designated as dense, walkable urban space. Parking would be part of it, but it's a question about how much. There is concern about using this key site in the middle of the town center for parking. We can clarify that this is about the West Portland Park and Ride site in particular. Staff has been working to see if there is an opportunity to put a large lot one station up. We were trying to minimize how we think about parking, not eliminate it entirely.

*Chair Schultz:* I'm still not totally comfortable with this sentence, but if everyone else is, I'm ok with it.

*Commissioner Spevak:* On displacement, we have TIF, which is a great tool for acquisition for permanently-affordable housing. But most of the city doesn't have that. I like the 'a' overlay to provide less expensive, and a variety of housing types.

*Chair Schultz* will work with Eric to finalize the letters.

## **Director's Report**

Susan Anderson

Susan thanked all the PSC members for all the time they spend on this work. People may not understand how much extra time you're giving, not just in preparing for and being at meetings. It all comes together, and we don't pause enough to thank you. Last weekend was a celebration of the Green Loop during Sunday Parkways.

## **Consent Agenda**

Consideration of Minutes from the June 26 and July 10, 2018 PSC meetings.

*Commissioner Smith* moved to approve the consent agenda. *Commissioner Houck* seconded.

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

## **Residential Infill Project**

Work Session: Morgan Tracy, Joe Zehnder; Jessi Connor, Matthew Tschabold (PHB)

### Presentation

Morgan noted question about affordability and non-profits and priorities of PHB about singular units around the city.

Jessi: PHB's investments are both multifamily and otherwise. Generally we're looking at multiple units per site, but we are also supportive of "one off" units. PHB wouldn't be pursuing the bonus directly as in the Proposed Draft, but some of our driver for supporting the bonus was from our nonprofit supporters to make homeownership work and increase their competitiveness in the market. Obviously there is a need for housing at 60 percent MFI and below. For homeownership opportunities, 80 percent was seen as a cap. Several partners focus at the lower range, so we saw this as a way to keep this flexible.

*Commissioner Baugh*: So then the funding is for mixed-use zones?

- Jessi: Partners can apply for funding in a single-family zone.
- Matthew: nonprofits also get funding from the state, which can be affordable at 30-80 percent. PHB also has indirect with our SDC waiver program, which can go up to 80 or 100 percent MFI depending on housing size. We prioritize both homeownership and multifamily renting.

*Commissioner Smith*: I've been curious about the issue of the capacity of nonprofit partners to manager one-off units. I spoke to some, and I was reassured by that. We have talked about incenting or requiring affordable units for more FAR. How do you feel we should calibrate that to make the program work?

- Jessi: We'd have to work to see what the value is. The calibration varies a bit based on location, which is a challenge.

*Commissioner Smith*: One of the nonprofits poked about dividing properties, which is important to them for creating homeownership opportunities.

*Commissioner Baugh*: I don't see single-family dwellings as a priority for PHB. I'm trying to understand the disconnect.

- Matthew: We fund for homeownership, which is mostly in the single-family range. We work with the nonprofits, and we allocate funds. This is priority for both us and the state. Working with nonprofit partners has been a priority, and we're now expanding more to multifamily.

*Chair Schultz:* As we've been talking about bonusing for an affordable unit, we're looking at single-family sites. So I saw the uptake more in rental than in ownership in this scenario. How does that as a rental look like and work and get managed?

- Jessi: PHB was included with the outreach for RIP. Partners noted that this wasn't on the scale of the volume they're looking for. But the ones targeted to homeownership thought this would be valuable. We did also hear they'd be interested in subdividing the lots.

*Commissioner Spevak:* Multifamily income-restricted rental housing needs efficiency through economies of scale. But smaller and/or attached units can provide less expensive market-rate housing. In single dwelling zones, we should expect income-restricted housing to most likely be ownership rather than rental, either as condos or fee-simple townhomes.

*Commissioner Baugh:* 80 percent is still the cap for homeownership something you're comfortable with for the bonus?

- Matthew: Up to 100 percent depending on household size.

*Commissioner Houck:* Homeownership is a way to wealth-creation, and I'm happy it's a priority.

Morgan: Today's work session will largely be a recap of the subcommittee work and discussions, reviewing the Revised Proposals for any other items or issues that need to be reconciled, and then taking those along with the list of other topics, and ultimately "putting a big bow" on the Scale of Houses and Housing Choice items.

We've pulled together a revised set of proposals based on the PSC's input over the past few work sessions. Also in the packet is a summary of recommendations from the Scale and Parking subcommittees.

### **1. Limit the size of houses (R7, R6, R2.5 zones) while maintaining flexibility**

The Scale subcommittee confirmed that we want to stick with a FAR calculation. We were also looking at other ways to mitigate for size and scale with additional development standards.

BDS noted that FAR, while a bit intimidating at first, is a good alternative. We will work together to help applicants.

Exclude attics and basements from FAR.

### **2. Revise how height is measured (all zones)**

No changes were made, so we're sticking with the Proposed Draft:

- Measure height from the lowest point near the house, not the highest point.
- Clarify that small dormers are excluded from the height measurement.
- Continue to allow 2.5-story houses (30 feet high) on standard lots.

### **3. Improve front setbacks to better reflect those of adjacent houses.**

- Keep the current minimum front setbacks (10 feet in the R5 zone).
- Allow setback to be reduced to align with the house next door in R7, R5 and R2.5 zones.

### **4. Improve building design (R10, R7, R5, R2.5 zones)**

*Building features and articulation*

- Limit how high the front door can be above the ground (exempt lots in floodplains).

- Allow eaves to project up to 2 feet into setbacks.
- Delete current requirement for corner lot duplex entries to face separate streets.
- Delete proposed requirement for covered entry over units.

#### *ADUs and accessory structures*

- Keep current rules for accessory structures (do not further limit height and size).
- Delete current requirement that limits the size of a basement ADU conversion.
- Delete current requirement that restricts the entry door for the primary house and an internal ADUs from being on the same facade.

#### **Parking**

- On a lot abutting an alley, require any on-site parking to be accessed from the alley.
- Delete current minimum parking requirements for residential uses in single dwelling zones.

#### **Discuss Parking Subcommittee proposal:**

- Establish minimum driveway spacing to preserve on street parking.

*Commissioner Smith* noted what we're trying to do is preserve on-street parking as a community asset instead of a private asset via a curb cut and driveway. We looked at tools that could be in Title 33 (that we have purview over) and/or Title 16 or 17 (transportation). The spacing standard is what we can do in Title 33. PBOT may be effective with other tools in 16 or 17, which we would recommend in our letter to Council if that's where we land.

Morgan noted this last piece is something the full PSC hasn't talked about, so if there are questions we can address them.

Joe: We want to confirm these decisions we've made over the past meetings. If there is interest to include the driveway minimum, we can continue this conversation.

*Commissioner Bortolazzo:* This is a good summary, and I agree with the proposals as presented. On parking, I want to know a bit more about the details. Are we encouraging back-to-back driveways to save on space?

*Commissioner Larsell:* I concur with items 1-4 as presented.

*Commissioner Spevak:* Generally in favor. On spacing standards between curb cuts, maybe we just hold this. I want to think about how we can regulate in Title 33 without negatively constraining site layouts such that driveways get forced into the middle of lots or homes get pushed back on the site. I might want to give this to PBOT to work with, so I'm torn on that part.

*Commissioner Bachrach:* I'm generally comfortable, but our discussion tonight on scale and FAR may change my recommendation just a bit. I didn't see the parking group's report before, so I'm still not ready to vote on that. We know eliminating parking minimums is a volatile conversation. I do still have a few issues about design, so I might have some questions later tonight in item 6.

*Commissioner Baugh:* I'm a little uncomfortable, but the next parts of tonight's discussion are what I'm focused on. I'm not sure about removing the ADU size connects with item 6. I'm uncomfortable in the area of parking, but I want to hear how it will work and that discussion. How does this all fit on a lot?

*Commissioner Houck:* I am good with items 1-4 as long as I can weigh in on parking later.

*Commissioner Smith:* I am generally good with 1-4. I have a question about the FAR fungibility. I get we want to be able to more FAR from main structure to multiple others. But what about going the other way? Can you take the 800 feet and move them to the main building? I think that's problematic.

*Commissioner Oswill:* I appreciate how staff has organized this. When I was going through the floodplain item, you have more information and changes about the front door was made. It seems like people have concerns about what is in the 100-year floodplain and what that means in terms of decisions. Would more height be helpful in the floodplain? About internal conversions, 4f eliminates size restriction on basement ADUs. Would we be ok with this on all internal conversions?

- Morgan: We do have to stick with the floodplain recommendation. We'll circle back to the ADU conversion in item 7.

*Chair Schultz:* I'm generally supportive of items 1-4 with more discussion on parking.

Poll: PSC members are generally supportive of items 1-4. (Y8)

#### **5. Apply a new 'a' overlay zone in most areas.**

- Apply the new 'a' overlay to all properties zoned R7, R5 and R2.5 but exclude the following:
  - medium/high NRI
  - stormwater/steep slope/landslide areas
  - sanitary sewer constraints
  - 100-year floodplain
- Delete the current 'a' overlay and related zoning code provisions.

*Commissioner Smith:* On the map, it looks like there is a lot of "white" on the westside. It's like that because this area is already denser than what we're proposing.

- *Commissioner Houck:* Geography on the west side is quite different than the rest of the city. It is still a concern with BES in terms of stormwater management and what the rates may need to be to address issues. I voted to go with the nexus.
- *Chair Schultz:* For redevelopment to occur, you have to show you can deal with the stormwater on-site.
- Morgan: There are 4 ways to meet stormwater requirements. It becomes a question of cost at that point. We aren't increasing housing level here, but there are existing stormwater issues as Houck noted.

*Commissioner Oswill:* I see a little slice in SE Cully that goes from shaded to not.

- Morgan: This is likely because of the steep slopes at Rocky Butte.

*Commissioner Spevak:* How much does stormwater matter in terms of mapping? I thought we were excluding steep slopes and landslide history already.

- Morgan: NRI adds more, which is a one-strike factor.

*Commissioner Baugh:* I want to bring home the point that we might be putting a liability on rate-payers to take care of this, which we shouldn't pass by lightly. All the rate payers pick up the tab.

Poll: Are Commissioners generally in support of Item 5? (Y6)

#### **6. Allow up to four units and allow the FAR to increase accordingly**

- Provide additional FAR if one of the units is affordable at 80% (MFI).

- When there are at least three units, require that one be visitable.
- Lots on non-city maintained streets are not eligible for additional housing types (lots on private streets are eligible).

*Commissioner Smith:* We also included that lots on ODOT facilities would also be eligible for the 'a' overlay... Lombard, for example.

*Commissioner Spevak:* I don't remember what we discussed. If the intent is to make these options on maintained streets, regardless of which government maintains them, this makes sense. [confirmed]

Morgan walked through the size of structures table (slide 19). "Base" is by right. For 3+ units including access. If you want a 4<sup>th</sup> unit, there is more. If you want 3 and a bonus, then you also have to do affordability.

*Chair Schultz:* The concept is at the base you're getting additional square footage for more units. The subcommittee talked about you could get an increase by building an attached ADU, but that doesn't mean you have to rent it out. What it does is allow flexibility as the house turns in the future to be rented out or used for other families. This gets to the desire to have fewer demolitions. But a reminder that the 2500 square feet doesn't include the basement. So as we're thinking size and scale, let's not forget this.

*Commissioner Spevak:* This decreases the base size below what's in the Proposed Draft. We're also pushing for more housing options. You earn your way up to 3. You can also earn size by providing affordability. There was also some sense that we shouldn't get too big, but we didn't have a straw vote on that.

*Commissioner Smith:* There is an interesting corollary about tuck-under garages we can discuss more in the parking topic too.

*Chair Schultz:* Are you comfortable with the nature of the proposal and what you're seeing in the table?

*Commissioner Bachrach:* For a single-family house at base .5, if you want to get to .6, it's a bonus. But the only bonus is affordability, and no one is building a 3000-square foot house.

- Joe: If we include visitability (and not just affordability), that might work. But you're right as presented.
- Morgan: The chart is reflective of the subcommittee minus the affordability and visitability question. In terms of the numbers, it's reflective.
- Schultz: There are 2 ways to get from 2500 to 3000: with bonus or adding another dwelling unit to the structure (attached ADU for example).

*Commissioner Bachrach:* This package kind of shrinks the box from where we were several iterations ago I think...?

- Morgan: In the Proposed Draft, FAR was .65. This takes a different approach because we're allowing for more types of housing on all lots, and we're talking about FAR being combined for all situations, not just triplexes. We're brought the starting end down with an incentive to build ADUs or duplexes. And we've gone higher in terms of number of units and total square footage.
- Joe: Staff supports the gradient approach, the use of FAR to do it. We'll talk about the bonus next. This seemed to be a good way to promote more units. We still have the question of the maximum size and consistency.

*Commissioner Larsell:* I thought I understood it until you started talking about a bonus on a single house. What's the difference between that and 1 and 2?

- Morgan: This is what *Commissioner Bachrach* brought up.
- Joe: This is the affordability option. There could be a visitable option (though we're not recommending this).

*Commissioner Bortolazzo*: I was part of this Subcommittee, and we looked at lots of options and tools. We came back to FAR since it's easier to handle and slightly cleaner. I'm concerned that FAR doesn't necessarily address the site and context sensitivity or scale. So I'm having a hard time thinking about a square foot limit. I would also suggest that we already have added some limitations on height, so we're covered there. If we're serious about regulating the form and shape, I don't think FAR is the right tool for that. I would advocate for more flexibility at the lower end. 2500 is not a response to the public concern about scale. I think we need more flexibility on the lower end. I'm landing back on a higher base.

Morgan: You could game the system (e.g. create more kitchens but not bedrooms), but ultimately, depending on the SDC conversation, you end up paying a lot to do that.

Slide 20 gives examples of "fit" based on size. The most effective thing is the size of the house, and more space feeds into building more. Morgan walked through the slide and examples.

*Chair Schultz* reminded the Commission that we shouldn't forget that we're excluding basements in the square footage measurement, so that's potentially another close to 1000 square feet of space.

*Commissioner Bachrach*: Are houses being built with this kind of maximum lot coverage? If not, this is confusing if they're not realistic or being built.

*Commissioner Spevak*: The ground floor being quite a bit larger than the second floor doesn't seem to happen much in practice. I see most single-family homes having approximately the same size for the first and second floors.

Joe: This is a robust range. As you get to the 4000-square foot range, it's definitely a big structure.

*Commissioner Smith*: Going back to slide 19, part of the reason we charted the FAR subcommittee was to look at alternatives. But my understanding is that BDS has essentially withdrawn their objection to using FAR.

- Morgan: Yes.

*Commissioner Smith*: I'm good with that. I hear the issue that *Commissioner Bachrach* and *Commissioner Bortolazzo* are raising about building a big house. I would suggest we allow an alternate form of the bonus, a fee in lieu to balance providing an additional unit.

*Chair Schultz*: I appreciate this, but I feel more comfortable with getting the extra unit in there. It's not a huge lift for the owner. Then in the future we then have the building stock ready to have another dwelling unit.

*Commissioner Smith*: I also want to touch on the visitability issue. I appreciate the intent, but it's about getting units out there in high-opportunity neighborhoods. So visitability could be a bonus option.

*Questions, discussion, confirmations about item 6:*

**A. Range of sizes. PSC comfortable?**

Is 4000 at the high end approximately correct?

*Commissioner Smith*: Thanks to staff, and I know we're dragging you through this. I'm personally ok with 4000. For those who aren't, are you comfortable with 4000 on corners and 3500 on interiors?



*Commissioner Baugh:* I'm uncomfortable with 4000 because I don't understand the bonus. I don't get the scale question here.

- *Chair Schultz:* From what you're describing, it is how the house presents itself. And/or are you concerned with how much it fills up the lot to the back?
- *Commissioner Baugh:* This is a process about what you see on the street.
- *Chair Schultz:* Perhaps we need to discuss side setbacks then.
- *Joe:* Of all the setbacks that are typically met, a high percentage that are being met are the side setbacks. That doesn't vary as much as the others.

Morgan: When we're trying to think about design and street presentation, trying to develop a standard doesn't end up being clear and objective. One way to address the context issue is to find a size that fits most of the time and you provide flexibility through an adjustment process. The downside is expense and time, but you can then factor in things you can't do here. Clarity and simplicity is what we need to aim for.

Joe: We can't necessarily keep ugly houses from being built, but we can work with scale and allowing for more units in a predictable, understandable way.

*Commissioner Bachrach:* I am bothered with the R7 portion of the proposal as well. I would like to see this get to at least .5 or at least 3000 square feet. Other than that, I'm still struggling with the .5 base in R5, but we'll see where the bonuses end up. I'm ok with a maximum of .8.

*Commissioner Spevak:* I'm comfortable allowing up to 4000 square feet since it's quite difficult to achieve, requiring 3 units and one regulated affordable one. On the bottom end of the range, there are some pretty small R5 lots out there, so maybe if there are situations where we need to establish a minimum square footage entitlement so the FAR calculation doesn't yield too small of an allowed home.

*Commissioner Larsell:* I basically like this quite a lot. If the fee in lieu is set high enough, that is a public benefit, and I like that.

*Commissioner Bortolazzo:* Part of the difficulty is that we're using FAR and square footage as a proxy to scale. But it's not necessarily a direct relationship. I agree that FAR might be a cleaner way to go, but considering the height limitations, I'd rather be a bit more conservative on the extreme ends on the basis that isn't really regulating scale.

*Commissioner Oswill:* What is the average home size?

- Morgan: 1500 square feet city-wide.

*Commissioner Oswill:* So the new development is larger than existing development, so I'm interested in focusing on how we keep FAR smaller. I respect the conversation around scale, but the subcommittee was formed to confirm (or not) FAR was the right tool, and that's what we did.

*Chair Schultz:* I support staff's proposal.

Polls: Commissioners are comfortable with:

- Base of 4000 square feet at the high end in R5. (Y8)
- Base of .5 or 2500 square feet above-grade in R5. (Y6)
- Base of 4200 square feet at the high end in R7. (Y7)
- Base of 2800 square feet on the low end in R7. (Y6)
- Base of 2250 square feet on the high end in R2.5 (Y7)
- Base of 1750 square feet on the low end in R2.5 (Y6)

**B. Form. One primary with one accessory or allow multiple primary structures?**

Does the PSC confirm that we should we keep the limitation for one primary structure on a lot with multiple primary structures only allowed through Planned Development?

*Commissioner Smith:* In either case, is there a scenario with the small building being in front and a big one in back?

- Joe: You have to get an adjustment to do it, but you can under current rules. This is unusual, but we aren't doing anything to change this.

Poll: Are Commissioners comfortable with retaining the limitation for one primary structure on a lot with multiple primary structures only allowed through Planned Development? (Y8)

**C. Visitability. Bonus or a requirement?**

Should we visitability as a bonus or as a requirement in one unit for all 3-unit developments?

Joe: We talked about the value of additional FAR with doing 3 units is probably enough to cover visitability in one of the units. So we were recommending that it should just be made a requirement for the 3<sup>rd</sup> or 4<sup>th</sup> unit instead of a bonus. You're already getting the additional square footage. Then it leaves the rest of the bonus for affordable housing.

*Chair Schultz:* My concern with it being a requirement is that for an existing home to do an internal conversion (which is huge to get to 3 or more units), it seems like it hurts that option. So I want to keep this as a bonus for the flexibility to allow a conversion to off-set costs.

- Morgan: There is already an existing exemption from internal conversions if we're making it a requirement. Visitability is not required for conversions since conversions are already a public benefit.

Poll: Are you in support that the 3<sup>rd</sup> unit need to be visitable? (Y6)

**D. Affordability. Size bonus or unit bonus?**

Should we give affordable units a square foot bonus or only allow 4 units through affordability bonus?

Joe: We were asked to talk with affordable housing providers to think about the economics of this. The developers and pro formas show there is a substantial difference that would help affordable if they got an additional unit. The affordable bonus "pop" came with the additional unit. But PSC backed away from this last time because 4 units would only be achievable for an affordable housing developer. The extra value you get isn't enough for a market-rate developer to build the extra unit. The alternative is the bonus instead of the unit. The FAR option doesn't do enough to incentivize the market-rate builder. There is extra value, but it would almost never be used. Nothing does enough for a market-rate developer.

You would get fewer 4-plexes overall, but they all would have an affordable unit.

*Commissioner Baugh:* I'm not opposed to the bonus, and I'm in favor of 4-plexes on corners. As proposed, it seems to limit this. I'm struggling with FAR because you're really only talking about the 4<sup>th</sup> unit.

*Commissioner Spevak:* I feel more comfortable with providing the bonus FAR, knowing that it won't be used that often. But it gives more of a chance for family-sized units. I'm leaning to the bonus FAR.

*Commissioner Oswill:* I see it as a separate conversation. Fee in lieu was connected to the affordable bonus, but it isn't here. The draw for fee in lieu would be the option to pay an equivalent cost (this is the next question).

*Chair Schultz:* You've convinced me in the way you've shared this. It is a way to incent another option, though I know we won't get a ton of more units. If we even just get a couple 4-plexes, it's another affordable option on the table.

Poll: The base is 3 units and you bonus to the 4<sup>th</sup> unit... an affordable unit is required for the 4<sup>th</sup> unit. (Y3)

*Commissioner Smith:* The public benefit is the extra unit, whether it's affordable or not.

Poll: Allow 4 units by right. If the 4<sup>th</sup> is affordable, then you get an FAR bonus. (Y6)

*Commissioner Bachrach:* This is consistent with the table. [yes]

#### **E. Flexibility. Pay or discretionary review?**

The PSC was interested in a way to allow larger houses in some situations. The current proposal does not include pay-in-lieu option. Allowing this option precludes the ability to consider adjustments, which is the best way for the flexibility the PSC desires.

Joe: The price is a lot of work to figure out for a marginal gain, so we don't think it's the best bang for the buck. If you've settled in the size range, it's probably overly complicating. But it's possible if the PSC wants otherwise.

*Chair Schultz:* When we did it for Inclusionary Housing, it was a way to incent and discourage not including them. This is different though. Seeing where we've ended up today with trying to calculate fee in lieu, I don't see it working in the single-family home area. There are also R10 and R20 lots out there for larger homes in the city.

*Commissioner Smith:* My concern is that there will be a certain portion of the population that doesn't want to be restricted to 2500. Fee in lieu makes it more palatable.

*Commissioner Baugh:* I'm not supportive of the fee in lieu. The cost of the fee in lieu starts to equal, say, the cost of the kitchen.

*Commissioner Spevak:* I am more comfortable with the 2500 feet now, and I'm ok not having the fee in lieu in our proposal.

Poll: Do you support a fee in lieu option? (N8)

**F. Confirm these minimum lot sizes**

	<b>R7</b>	<b>R5</b>	<b>R2.5</b>
<b>Minimum lot size (3+ units)</b>	5,000 sq. ft.	4,500 sq. ft.	3,200 sq. ft.
<b>Minimum lot size (1-2 units)</b>	4,200 sq. ft.	3,000 sq. ft.	1,600 sq. ft.

Morgan: This was an amendment proposed in the first work session. This is just a confirmation of the three separate votes you did then... we applied the concept to each of the three zones.

Poll: Do you support the minimum lot sizes as shown in the table? (Y7)

**7. Provide incentives to retain existing houses that are at least 10 years old**

- Allow an additional .1 FAR to convert existing houses into multiple units:
  - Addition or new detached structure
  - Limit alterations to street facade to 25%
  - More than four units only allowed through design or historic resource review
- Allow one 250 square feet of addition per 5 years
- Allow basement ADU conversions to exceed 800 square foot / 75% size cap.

Morgan: This was previously described as incentives for historic preservation, but the PSC had asked for a broader option (not just for historic). The new proposal goes back to the conversation around bonuses as shown in the underlined text. We're trying to create some additional incentive for more units in existing structures. There is some concern about what an existing house is, so that's why we have the 10-year-old requirement.

Chair Schultz: The table and the bonus for internal conversions instead of affordability could be FAR.

Commissioner Spevak: I'm generally ok with this.

Morgan: It is conceivable to build a house with a 2500 square foot floor plate and then comes back and converts the basement into an ADU if they pay the SDCs. This is about not demolishing to build multiple units.

Commissioner Baugh: In terms of affordability on the existing... would that not work?

Morgan: If we're talking about .1 bonus for affordability, is this additive to the conversion if one of the units is affordable?

Commissioner Smith: Are affordable housing nonprofits likely to do internal conversations? Likely not... so it really doesn't do anything to stack bonuses here.

Chair Schultz: Once you get to the third unit, you have lots of complexity in the building code. So you're spending a lot of money. Having the FAR help off-set is good. Most likely the nonprofits will come for the new build, so this just disincentivizes demolition.

Commissioner Bachrach: Can you explain "More than four units only allowed through design or historic resource review" with the additional .1 FAR to convert?

- Morgan: I think we're looking to strike this since it's not an option going above 4.

Poll: Supportive of allowing .1 FAR as a bonus for existing structures. (Y8)

Poll: Support 7a (removing the 3<sup>rd</sup> bullet point). (Y8)

Poll: Support entire proposal for item 7, striking 7a3. (Y6)

### **Adjourn**

*Chair Schultz* adjourned the meeting at 8:18 p.m.

Submitted by Julie Ocken