

## Portland Planning and Sustainability Commission

September 25, 2018

5:00 p.m.

### Meeting Minutes

**Commissioners Present:** Jeff Bachrach (arrived 5:03 p.m.), André Baugh, Ben Bortolazzo, Mike Houck, Katie Larsell, Andrés Oswill, Chris Smith, Katherine Schultz, Eli Spevak

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

**City Staff Presenting:** Eric Engstrom, Bill Cunningham, Tom Armstrong, Susan Anderson, Joe Zehnder

*Chair Schultz* called the meeting to order at 5:01 p.m. and gave an overview of the agenda.

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

#### Items of Interest from Commissioners

*Chair Schultz* noted that this meeting is the last for Director Susan Anderson and *Commissioner Oswill*. Kat expressed her appreciation for *Commissioner Oswill* and thanked him for his service, and she praised Susan's leadership and energy. *Commissioner Baugh* also thanked *Commissioner Oswill* and Susan for their service. Commissioners offered a round of applause.

#### Director's Report

Susan Anderson

- About 20 BPS staff will be attending the Elevating Indigenous Voices: A Day of Learning event this Friday. City of Portland employees have been invited to participate in a training designed to elevate indigenous voices in our understanding of place. The training will happen in parallel to a Tribal Nations Summit between elected officials from Northwest Tribes and city leaders. The City of Portland is also partnering with the nonprofit Confluence to connect city employees with Indigenous elders, leaders and educators. The day includes: a story-gathering discussion with invited Native speakers from Northwest Tribes; an educational luncheon with a traditional food-themed menu for Tribal Nations Summit delegates and workshop participants; and a traditional canoe experience on the river with Warm Springs, Grand Ronde and Cowlitz Canoe Families. Mike and Katie will participate in this. We have one more space available for a PSC member, so if you're interested, please let Sallie Edmunds know by mid-day Wednesday.
- On October 11, BPS staff are also participating in the Fair Housing Council of Oregon's bus tour. The tour explores Oregon's hidden history of discrimination, displacement and segregation. We will load into the bus at 7:30 a.m. The bus will pick us up near BPS, and the ride will end back at BPS around noon, immediately followed by a post-tour discussion and lunch (BPS will provide lunch for you and our tour guides). Katie would like to participate in this. Anyone else? Please let Love Jonson know by Wednesday morning for final consideration (we have 2 spots for PSC members).
- Susan thanked *Commissioner Oswill* for his service and praised his leadership, credibility, and passion. Susan thanked the commission for their service during her time with the bureau. She highlighted that together they have shifted the focus from creating great places to also ensuring people in our community have access to housing, jobs, transportation, and more. Susan shared her future plans to take time off and to continue to work on urban development and climate issues.

Joe Zehnder discussed how the PSC should handle racist statements in response to comments made at a Manufactured Dwelling Parks hearing. The recommendation was made in consultation with several City equity managers.

- For any public hearing at the PSC, the PSC chair's intro would include the following:
  - Opening statement by chair
    - Welcome to the Portland Planning and Sustainability Commission.
    - The Commission represents all Portlanders and meets to do the City's business. The Chair preserves order and decorum during Commission meetings so everyone can feel welcome, comfortable, respected and safe.
  - Describe how people may sign up to testify. For example:
    - You may sign up with the Commission clerk to testify on certain matters on today's agenda. Your testimony should address the matter being considered at the time. The Chair determines the length of testimony. Speakers generally have 2 minutes to testify unless otherwise stated.
    - Disruptive conduct, such as shouting or interrupting testimony or Commission discussion, will not be allowed.
    - Thank you for helping your fellow Portlanders feel welcome, comfortable, respected and safe.
- In situations where testimony includes offensive speech, the chair, the director or a PSC member can say: "Those comments are offensive and are not appropriate in this setting. The Commission abides by the City's equity policies and we do not agree with any statements that perpetuate discrimination."

*Chair Schultz* asked if inappropriate testimony should be interrupted with the last statement or if the statements should be used after the testimony. Joe answered that speech should not be interrupted.

### **Consent Agenda**

- Consideration of Minutes from September 11, 2018 PSC meeting

*Commissioner Smith* moved to approve consent agenda. *Commissioner Baugh* seconded.

(Y8 – Baugh, Bortolazzo, Houck, Larsell, Oswill, Smith, Schultz, Spevak; A1 – Bachrach)

### **SW Corridor Locally Preferred Alternative**

Briefing: Eric Engstrom

Eric Engstrom described the three documents given to Commissioners:

- Draft PSC letter in support of the preferred alternative
- Steering Committee report on preferred alternative
- One-page fact sheet

He reviewed past involvement of the PSC on the project, including the draft environmental impact statement (EIS) and the housing strategy.

This letter is about the upcoming City Council action to declare support for the alignment and conditions of approval before funding. The land use decision to adopt the alternative occurs at the Metro Council. Other jurisdictions are being asked to take the same action Portland is.

The letter should look familiar because language was taken from earlier letters and doesn't need as much detail as the past letters.

Upcoming City Council sessions: Housing strategy on October 4, 2018 and locally preferred alternative on 10/10. In both cases, the PSC is invited to transit their letter in person if they choose.

*Commissioner Baugh* thanked Eric and others for their work on the letter.

Nest steps: If City Council adopts the alternative and the housing strategy, both housing strategy and light rail project will go through further financial planning, so funding strategy documents will be developed. For the rail project, the next step is moving into final EIS and design. Design on the Ross Island Bridgehead work is taking shape. Additional planning in West Portland Town Center will accompany station area planning, Ross Island zoning will be fine-tuned, and the South Portland Historic District Design Guidelines will be updated.

*Chair Schultz* suggested that somebody from the PSC subcommittee attend the Council sessions. Commissioner Baugh will attend on 10/4 and Smith will attend 10/10.

Eric requested that the PSC finalize their letter over the next few days so it can go to Council before the 10<sup>th</sup>.

## **Better Housing by Design**

Work Session: Bill Cunningham, Tom Armstrong

### Presentation

Bill gave an overview of the agenda (slide 2).

- Spectrum of zones
- Topics
  - Multi-dwelling zone floor area ratio (FAR) and scale
  - Historic district bonuses and transfers
  - RM4 zone 100' height
  - Pre-existing density transfers
  - Minimum density requirements

He also discussed topics for future work sessions.

*Chair Schultz*: At each of the PSC meetings on the Better Housing by Design proposed draft, we will address the potential for PSC Commissioners to have conflicts of interest related to the proposed code changes. In general, the changes proposed with the Better Housing by Design affect such a broad class of property owners in multi-dwelling zones we do not believe they create a potential conflict of interest for PSC members. Still, in the interest of transparency, we have made the following declarations:

### *Disclosures*

- *Commissioner Bortolazzo* noted that his firm, Otak, worked on code modeling prototypes for the Better Housing by Design project; I worked on this project as Otak's project manager.
- *Commissioner Spevak*: I own three properties with zoning covered by this update: (1) An R2 property with construction on new homes recently completed, (2) A R3 property in the final stages of permitting, and (3) a 50x100 property zoned RH under contract to sell. Development of the first two properties is vested under current zoning. New zoning on the 3<sup>rd</sup> property would only be relevant should the sale fall through.
- *Commissioner Smith*: My principal residence is zoned R1, but I don't have special consideration.
- *Commissioner Bachrach*: My house and 2 other properties I own are zoned R1, but all are built-out, so I also have no conflict.

### *Spectrum of zones*

Bill showed the spectrum of single-dwelling zones in comparison to the multi-dwelling zones (slide 4). The single-dwelling zones could potentially accommodate up to 4 units on a typical lot, which overlaps with multi-dwelling zones. Up to 1:1 FAR is allowable in R2.5 with bonuses, which is where the FAR range for multi-dwelling zones begins.

In the middle spectrum of higher-density single-dwelling and lower-density multi-dwelling – R2.5 and RM1 – have the same height and same potential FAR. Key differences include no maximum density for RM1, no requirement for land division for large site development in RM1, allowances for a broader range of housing types in RM1, and R2.5 zone assumes land division or planned development for more than 4 units on a site.

*Chair Schultz* asked if it was common in other cities to have so many residential zones with very small differences between them. Bill answered that a broad palette of residential and commercial zones is common.

### *FAR/Scale (slide 11)*

Options reflected in testimony:

1. Retain current code (keep maximum unit densities)
2. Support staff proposal (spectrum of FAR, height, coverage)
3. Increase base zone allowances beyond those in Proposed Draft
4. Change the zoning map (upzone from RM1 to RM2 on corridors)

Bill noted that staff did not examine substantial map changes (option 4).

Bill showed diagrams of the new base and bonus FARs for zones (slide 6). Over 90% of the multi-dwelling zones is in the two lower-density zones (RM1 and RM2), so much of our effort focused on these. RM3 and RM4 FARs are similar to what currently exists.

Bill showed the spectrum comparing multi-dwelling and commercial zones (slide 8). Some zones have the same height allowances and location, but there significantly less FAR allowed in the multi-dwelling zones compared to mixed use. Because multi-dwelling zones require side setbacks and limit building coverage. Because multi-dwelling zones are in residential areas, there is expected continuity with existing houses that have side setbacks. Mixed use zones have established patterns of buildings built shoulder to shoulder. If zones had the same lot coverage allowances, fewer types of trees could be planted.

Bill compared RM2 and CM2 as an example – same base height, very different FAR, very different lot coverage (slide 10). Bonuses for affordable housing were designed to be meaningful. Retaining similar scale allowances with more flexibility for what happens inside.

Bill described the bonus FAR options for affordable housing, trees, and historic resources (slide 13).

Bill showed maps of the locations of the zones (slide 14).

Bill described what will change in RM1 (slide 15). Currently, could do no more than 2 units on this type of site. This would allow four units – similar to Residential Infill Project allowances for single-dwelling zones, but you could go beyond. Much more flexibility for additional units in multi-dwelling. Bill showed bonus FAR options (slides 16-17). Deeper affordability bonus would likely only be used by nonprofit affordable housing developers.

Bill showed changes in RM2 (slide 18). Up to 15 units but potentially more. Up to 20 or more with the bonus (not reflecting market considerations – just building envelope), compared to 10 units currently allowed. Structured parking would not count up to 0.5 FAR, which already exists in mixed use zones to discourage large surface parking areas and ensure parking does not take away from housing space.

- *Commissioner Spevak* noted that currently, amenity bonuses exist up to 15 units.
- Bill noted that proposed bonuses would focus on FAR, not building count, offering more flexibility.

Bill showed bonus FAR options (slides 19-20).

Bill showed changes in RM3 (slide 21). Potential density is 18 or more units on 10,000 sf site. He showed bonus FAR options (slide 22). Bonus FAR would not be very possible given setbacks or building coverage – would need to be increased to something more similar to mixed use zone allowances. All deeper affordability bonuses were given additional height and building coverage.

- *Chair Schultz* confirmed that deeper affordability diagram shows 5 stories and more height.
- *Commissioner Larsell* asked about the notch in the building envelope. Bill confirmed it is a step-down that would be required when adjacent to single-dwelling zones.

Bill showed changes in RM4 and potential bonus allowances (slides 23-24). Tom noted that only one project has reached FAR limits in the last 5 years. Bill noted that only one reached allowed 7 stories.

Bill showed photos of historic development in proposed RM1 zones (slide 25) to demonstrate what types of FAR are allowed. Some examples had more units than is currently allowed but all would fit within the proposed FAR.

Bill showed contemporary examples in proposed RM1 zones (slide 26). Most would fit within the proposed FAR, with two that would only fit if using the bonuses.

Bill showed examples in proposed RM2 zones (slide 27). Most would fit within the proposed FAR, with two that would only fit if using the bonuses.

- *Commissioner Spevak* asked if those with family-sized units were the ones that did not comply with base FAR. Bill responded that most examples are townhouse or family-sized units and would be allowed. 2,000 sf is common for townhouses/rowhouses but 1,500 sf is not unusual.

Bill showed a map of potential upzones of RM1 to RM2 along major corridors (slide 28) as suggested in testimony. These areas are common in East Portland, Killingsworth, Cully, and some Southwest Corridors. Outreach has not been done but people in these zones are already concerned about additional flexibility for more units.

#### *Discussion*

- *Commissioner Bachrach* asked what existing bonuses are being eliminated.
  - Bill: Providing play equipment or larger amounts of outdoor space than required, using higher-security door locks, greater sound insulation, solar hot water heaters – people felt that many of these amenities should not compete with greater priority of affordable housing. We are looking at expanding requirements for outdoor space as well as common area in large-site development.
- *Commissioner Bortolazzo* thanked Bill for the spectrum diagrams and noted that they reminded him of Opticos' missing middle diagram. It shows more intentionality in providing a broader range. In comparing mixed use and multi-dwelling zones, it does make sense to have lower FARs for RM zones even though they have the same heights to provide better transition between residential areas and centers and corridors. Staff proposal strikes the right balance between added flexibility via FAR and controlling form and scale of envelope, especially re: lower height in residential areas.

- Bill: Wanted to fine-tune palette of multi-dwelling zones with some having greener feel and other feeling more built.
- *Chair Schultz* expressed interest in a zone spectrum diagram for the whole city. Struggles to imagine how it applies to the map.
  - Tom noted they can look at certain corridors by applying buildable lands inventory (BLI) model to identify places that will likely redevelop and demonstrate the massing.
  - Bill noted they did not look at significant rezoning to change scale allowed in certain areas; applied closest comparable zones.
- *Commissioner Smith* noted Doug Klotz testified that too much RM1 was left on corridors (re: Option 4) and suggested a follow-up project to refine that zoning as *Chair Schultz* suggested.
- *Commissioner Smith* asked if scale with bonuses under old zoning and with 50% bonuses under new zoning are comparable.
  - Bill: Current bonuses could increase number of units by 50%, but you only got 25% for inclusionary housing. Transfers of development rights (TDRs) only applied for historic resources and within the block.
  - Tom: Under today's zoning, could fill envelope with many large units up to, say, 10. *Commissioner Larsell* had pointed out testimony from someone who would no longer be able to build big 3,000 sf units under the proposed changes. More flexibility means can do more, smaller units inside a similar envelope.
  - *Commissioner Smith* confirmed that current zone is not comparable to what's allowed with the 100% FAR bonus for inclusionary housing. Tom noted that increasing the base squeezes both the affordability bonuses without adding 10-20 more feet in height.
  - Bill noted that ability to do very large townhouse units would be more constrained because scale would be tamped down for large units.
- *Commissioner Spevak* is pleased with compromise and willing to not try to rezone now. Should deal with side setbacks on main streets – would like to see a provision exempting from side setback when transitioning between mixed use and multi-dwelling zones.
  - Bill noted this will be discussed in November.
- *Commissioner Baugh* suggested thinking about massing for affordable housing bonuses relative to transit. Should meet with affordable housing folks and strategically look at services to decide how to place those zones better around the city instead of haphazard locations today.
- *Commissioner Baugh* noted that this would give 4- to 25-unit projects more capacity.
  - Tom noted that this would be a possibility, but economic feasibility memo showed that both the townhouse and the apartment flat are feasible, but is up to the decision-making of individual developers, sites, and locations. Hard to predict what we would wind up with because much (80%) of what is built in RM1 today is townhouses.
  - *Commissioner Baugh* reiterated the idea of a future project about supporting a particular product in corridors.
- *Chair Schultz* does not see supporting staff proposal but not allowing more flexibility in number of units in the options – why talk about number of units at all?
  - Bill: We are stopping regulating units; multi-dwelling becomes more like mixed use because do not regulate number of units. There are minimum density requirements, however.
  - *Chair Schultz* confirmed that we are not talking about number of units in maximum allowances – only discussing FAR.
  - Bill confirmed that speaking of number of units only has to do with the modeling we did – the code would not stipulate a maximum number of units
- *Commissioner Larsell* asked what the minimum densities are.
  - Bill: For RM1, 1 unit per 2,500 sf of site area. RM2 1 unit per 1,450 sf of site area. RM3 and RM4 are 1 unit per 1,000 sf. Many of these are existing minimums.

- *Commissioner Oswill* mentioned setting expectations for affordable housing bonus – offering up to 100% bonus for deeper affordability, but have you talked to affordable housing providers? Are they running into a limitation with the FAR, or is funding the barrier to the size or number of units that could be built?
  - Bill noted providers wanted more flexibility for development standards and bonuses for family-sized units. Most important in lower-scale zones. Funding is typically a limitation.
  - Jessica Connor (Portland Housing Bureau) noted that partners wanted the ability to be a receiving site for inclusionary housing – to be able to receive units from another development with a larger bonus.
- *Chair Schultz* expressed concern raised in testimony about setting up a program that makes economic sense – have we studied whether a 50% bonus helps us get there? Will the bonus structure get used?
  - Tyler Bump (BPS): Bonus does help; depends on feasibility of project in location to begin with. Equals about \$5 to \$8/sf in additional value. Does not help overcome feasibility barrier for projects that would not happen to begin with. 50% bonus does help more than current 25% bonus. Helps us move the needle forward where development already exists. Bonus is fairly limited to certain development type – would not move from stick-built to podium. This makes the bonus more challenging in higher-scale zones, which already have feasibility challenges related to building type.
  - *Chair Schultz* asked that if market had lower construction costs, would it really incentivize production? Would it make someone who’s not a mission-driven affordable housing developer actually use it?
  - Tyler: If conditions were better, yes, depending on location. Development feasibility works quite well in corridors with exception of some corridors in NW whose land is already in very high-value use. If market-supportive rents or achievable sales in East Portland get to the point where development is feasible, the inclusionary housing bonus works really well.
- *Chair Schultz*: Does the moderate-income family-sized housing bonus truly incentivize?
  - Tom: The existing bonus has been used; affordable housing providers wanted it to stay. We added an income limit because we did not want to give bonuses for very large luxury townhomes.
- *Commissioner Spevak*: With lower-density zones, inclusionary housing would not be required, but this bonus would help nonprofit developers. RM2 zones are almost designed for affordable housing projects. This speaks to a subsequent rezone project because lower-density zones are in East County, where affordable housing bonuses would work best given higher-density bonus proposals. There should be more parity between distribution of R2.5, R2, and R3 in inner versus eastern neighborhoods so all affordable housing is not located in one place.
  - Tyler noted that there is value for nonprofit providers to be able to take advantage of smaller inner sites.
- *Commissioner Baugh* confirmed that transfer could be used citywide except Central City; current distance is 2 miles. Is there an opportunity or way to prevent one area from receiving a bunch of transfers?
  - Tom: You can only add transfers up to maximum height. In some ways, bonuses and transfers all compete with each other. Mainly utilized on smaller sites/projects that want a small increment. Not expecting a certain hot neighborhood to be overloaded with super tall buildings because not affecting height through bonuses. We can monitor transfer market over time. Given that larger-scale developments will automatically trigger inclusionary housing bonus, transfers will not have a huge impact.
- *Chair Schultz* asked if there was enough height to fully utilize the 50% FAR bonus.
  - Bill: Yes – all modeling showed that it could be accommodated with other development standards.

- *Commissioner Bachrach* noted that inclusionary housing deals in units but we are talking about FAR – is there a translation formula for transfers?
  - Tom: At some point, applicants must show site plan with number of units, which is how inclusionary housing requirements are counted. Up to developer to decide how to do that.
- *Commissioner Bachrach* asked if existing density is comparable to existing zones. Wants to ensure we are not depressing quantity of units we would get in new base zones compared to existing.
  - Bill: Would not be depressing because number of units allowed today could still be built but could also build more. Clearly allowing more units than currently allowed.
- *Commissioner Spevak*: Can the 50% and 25% bonuses be made additive?
  - Bill: Hard to squeeze more than 50% increase in FAR given development standards – would have to bump height or building coverage up.
  - Tyler: Would want to think about relationship to family-sized unit configuration option in inclusionary housing.
  - *Chair Schultz*: If I decided to use 50% inclusionary bonus, could I use the bedroom-count option instead of the unit option in inclusionary housing?
  - Jessica confirmed that would be allowed.
- *Commissioner Spevak*: Would anyone ever take advantage of the 25% bonus?
  - Bill: Different income limit – 100% MFI and 10-year affordability term, which is less stringent than inclusionary housing.
- *Commissioner Oswill*: The City is allowing more FAR transfers – how is that tracked?
  - Bill: Covenants reflect increase or decrease in allowances due to transfers; BDS attaches covenants to permit information.
  - Tom: The City finds out about the transfer at the time it is being used in a new development – then it gets recorded on both properties.
  - Bill: Seattle has staff devoted to transfer provisions (their real estate market is much more heated than ours).
  - *Chair Schultz*: It should all be covered in PortlandMaps.

*Chair Schultz* confirmed support for staff's proposal.

#### *Historic district bonuses and transfers*

Options (slide 30):

1. Support staff proposal (allow inclusionary housing and 3-bedroom bonuses in historic districts; do not allow for FAR transfers or deeper affordability bonus)
2. Modify proposal to allow FAR transfers into historic districts, but do not allow additional height or deep raff bonus
3. Change proposal to not exclude historic districts from any bonuses or FAR transfer options, including allowances for additional height

Bill showed how historic district approaches vary by area and zone (slide 32).

*Chair Schultz* confirmed that inclusionary housing bonus is not given in historic or conservation districts.

- Bill: By-right scale is already too large for historic districts, says Historic Landmarks Commission.

*Commissioner Spevak*: Would Residential Infill Project allow bonuses in historic districts?

- Morgan Tracy (BPS): Single-dwelling zones would allow bonus FAR but no transfers and no additional height.



Bill showed a map of multi-dwelling zoning in historic/conservation districts – 4% is in these districts (slide 33). Higher proportions of higher-density zones in historic districts. Concentrated in NW District and Kings Hill.

#### *Discussion*

- *Commissioner Spevak*: Visceral response is that if we say parts of the city will not particulate in providing for the affordable housing needs of the city, we should look closely at what those areas are. We have equity goals in addition to historic preservation goals. These districts are pretty affluent; there are no historic or conservation districts east of 82<sup>nd</sup> except the road up Rocky Butte. You have raised the bar to locate affordable housing in pretty big parts of the city. Historic properties were scattered across the city and haven't been inventoried east of 82<sup>nd</sup>, but these districts landed in wealthy parts of town. Need to hear case for why parts of the city should be left out in responding to affordable housing issue.
  - Tom: It's a little more complex; this may result in smaller projects that do not trigger inclusionary housing requirements. It does relate to the deeper affordability bonus, but we just saw a project get through the Historic Landmarks Commission under current (lower) allowances.
  - *Commissioner Spevak*: It does raise the bar and make it harder to do projects.
  - Bill clarified that would be entitled to full inclusionary housing bonus in zoning code, but the proposal is to not include FAR transfers.
- *Commissioner Baugh* asked if we are driving properties to build less than 20 units – even if they get FAR but no extra height – is there an advantage for deeper affordability bonus in these districts? Will this bonus occur there?
  - Bill: NW District and Kings Hill base allowances of 4:1 FAR with bonus to 6:1 FAR require a very expensive construction type, so to get up to 7:1 FAR is unlikely to be done. A 50% increase in the larger-scale zones is already a large allowance.
  - *Commissioner Bortolazzo*: True for today's building trends, but important to leave that opportunity open for new technologies like cross-laminated timber. There could be slightly different economics 2, 3, 5, 10 years from now.
- *Commissioner Oswill* wants to make sure we understand how historic districts have been used and their role in exclusionary zoning.
- *Commissioner Spevak* showed maps of the Historic Resource Inventory, multi-dwelling zones and historic and conservation districts and questioned whether the deeper affordability bonus accessed primarily by affordable housing developers should not be allowed in these parts of the city.
- *Commissioner Spevak* noted that in higher-density areas, Historic Landmarks Commission wrote they would not approve anything over 75'. Understood that this would be discussed in the Design Overlay Zone Assessment. We write the zoning code; we should not capitulate.
- *Commissioner Baugh* reiterated discomfort *Commissioner Spevak* has about inequity of not allowing deeper affordability bonus in these areas. Knows Historic Landmarks Commission has tiptoed around affordability and not really addressed it; this is time to put the question in front of them. It is a height issue. It is an equity issue. We should put this issue in front of them to help solve in some of the process.
- *Chair Schultz* expressed concern that historic districts could grow and limitations could expand to huge blocks of the city. They could decide to be a historic district to stop larger development from happening in their neighborhoods. This issue will grow as our city ages.
- *Commissioner Bachrach* noted that the PSC does have a process underway to reconcile this issue.

*Chair Schultz* called a straw poll:

- Option 1: 2 votes
- Options 2: 1 vote

- Options 3: 5 votes

*Commissioner Oswill:* I can sympathize with Historic Landmarks Commission's difficulty addressing affordable housing projects with higher heights, but I agree that is something they should not be grappling with.

#### *RM4 zone 100' height allowance*

Options (slide 35):

1. Staff proposal: Limit to within 1000' of transit stations, and exclude historic districts (75' base height)
2. Current regulations: Limit to within 1000' of transit stations, and do not exclude historic districts
3. Expand the allowance to also apply to streets with frequent transit service, but exclude historic districts
4. Expand the allowance to also apply to streets with frequent transit service, and do not exclude historic districts

Bill showed a map of areas where current RH zoning allows 100' height in historic districts (slide 36).

Bill showed maps of options 1-4 (slides 37-40).

Bill showed photos of recent development in the current RH/proposed RM4 zone (slide 41). Very few fully utilized the 75' height allowance or the 100' allowance near transit stations.

#### *Discussion*

- *Commissioner Smith:* Evolving to think that while historic districts are a worthy goal, allowing restriction of height and FAR to be tools towards that goal inevitably opens up the risk of exclusionary results. Leaning towards not letting historic districts be a criterion for this (75' limitation).
- *Chair Schultz* shared that the historic subcommittee found the issue with getting rid of height limits becomes that you may lose district status with the Feds – this is something the Historic Landmarks Commission grapples with. With a datum line of buildings at 75' and a 100' building interrupting it, do you lose historic district status and then tax credits? Would lean towards not allowing 100' in historic districts but otherwise expand.
- *Commissioner Spevak:* Are we expanding the area of existing 4:1 RH that gets 100' height?
  - Tom: Yes.
- *Commissioner Larsell* asked if builders now are treating corridors close to light rail the same as those close to frequent bus service.
  - Bill: Many variables; many of these areas are not close to light rail but are very popular, while others close to light rail or not popular. Proximity to Central City is a bigger driving factor than light rail.
  - *Commissioner Bortolazzo* suggested that treating frequent transit similar to light rail stations makes sense, especially in the Central City. We should dig deeper into historic district implications that Kat mentioned. Leaning toward option 3.
- *Commissioner Baugh* asked if the 100' would be more of the exception than the rule in terms of how tall buildings are being built.
  - Tom: Yes, but consider *Commissioner Bortolazzo's* comment about how the market changes with emerging technologies.
  - Bill noted that more height is more relevant for condo projects than rental because those typically use steel anyway.
- *Commissioner Bachrach* supports option 3 and suggests keeping 4 as an option for later conversation.

- *Commissioner Smith* asked whether Division-Powell line would classify as frequent transit or light rail stations.
  - Tom noted this is to be determined.

*Chair Schultz* called a straw poll:

- Option 3: 8 votes

#### *Pre-existing density transfers*

Options (slide 44):

1. Support staff proposal (development transfers shift to FAR; no provisions specific to properties that sent or received density under current unit-based regulations; sending and receiving sites “start over” with new FAR allowances in RM1 and RM2)
2. Create regulations that translate unit-density transfers into corresponding decreases or increase in FAR allowances

Bill noted that 9 projects using transfers involved unit density transfers and the rest involved FAR transfers. If we did go with option 2, it would only apply to a small number of properties.

The Manufactured Dwelling Park Zone Project created a formula (1 space = 800 square feet); we would have to figure out how to apply it to this situation.

#### *Discussion*

- *Chair Schultz* asked if additional development allowances went with unit transfers.
  - Bill confirmed that the old model did not result in additional height or building coverage.
- *Commissioner Bachrach* suggested a legal problem—what’s been transferred or received is recorded in the covenant; can the city undo the covenant?
  - Bill: Covenant has termination clause that allows it to be terminated if sites are no longer subject to maximum densities.
- *Commissioner Spevak* noted that option 2 could be a non-issue given the small number of cases and pulled his amendment (option 2).
  - No objections.

Support for option 1.

#### *Minimum density requirements*

Options (slide 45):

1. Modify proposal so units can be added to an existing building without meeting minimum density requirements, whether or not the building footprint is expanded.
2. Retain the current code, allowing any addition of units to a site with existing development to not have to meet minimum density requirements.

Bill explained that currently you can add units without meeting minimum density as long as you come closer to conformance. The proposal would require meeting minimum density standards except when adding ADUs, when internal conversions do not increase building footprint, or site is in flood or landslide hazard areas.

The Bureau of Development Services testified that units can be added to an existing structure even when it expands the existing footprint.

In East Portland, developments not meeting minimum density requirements can currently add units without meeting minimum and still significantly not meet intended density. Adding without coming into conformance

means not adding many units. Bill showed examples of adding a small number of units by keeping existing house (slides 47-48). Since most sites have existing developments, this provides a major loophole from minimum density requirements.

#### *Discussion*

- *Commissioner Spevak*: On smaller sites, this allows you to add more units while retaining the existing house but supports closing the loophole as it applies on smaller sites. When proposing the amendment (option 2), was trying to say that keeping an existing house could let you decrease your minimum density by some amount, which achieves the goal you're trying to meet and is what you do with trees (if you preserve trees, you can reduce minimum density by one or two units) – we should do the same thing and say if you keep the house you can reduce the minimum density by one or two units but would still have to meet that reduced minimum, which incentivizes keeping up the house.
  - Bill: Comparing this to the minimum density change for trees, doing so for a house would add additional code complexity with a formula to determine which houses (what size) qualifies.
  - *Chair Schultz*: Is there a reason to make it as complex as the tree provision or can we do what *Commissioner Spevak* suggested and simply say that saving the house means your minimum density is reduced by one unit?
  - Bill: Could be an option.
  - *Commissioner Bachrach* agreed with avoiding code complexity, but noted it is interesting we'll allow complexity to save a tree but not a house.
- *Commissioner Bortolazzo* suggested a tiered approach to close the loophole for sites >10,000 sf.
  - Bill: Could be an option.
  - *Commissioner Spevak* does not see the logic for different lot sizes because someone could preserve a house and build 38 units instead of 40 on a large lot.
- *Chair Schultz*: Is it possible to combine these options?
  - Tom: Would make code more complex.
- *Commissioner Baugh*: Would expanding an existing house by tearing down everything but one wall to build a bigger house be a loophole?
  - *Chair Schultz*: You would still have to add units.
  - *Commissioner Baugh*: Could be an issue in East Portland with small homes and large lots.
  - Tom: *Commissioner Baugh* is pointing out that you could build a mansion without building the other units.
- *Chair Schultz* is leaning toward *Commissioner Spevak's* option 3 (below).

*Chair Schultz* called a straw poll on option 3 (Reduce minimum density by 2 units if preserving an existing house): 6 votes

*Commissioner Oswill* thanked the Commission for the experience of serving on the commission and lauded the PSC's time, energy, and effort to learn more about equity. He also thanked staff, appreciated the public's participation, and encouraged staff and the commission to welcome the new youth commissioner.

#### **Adjourn**

*Chair Schultz* adjourned the meeting at 7:57 p.m.