

Portland Planning and Sustainability Commission

April 9, 2019

12:30 p.m.

Meeting Minutes

Commissioners Present: Jeff Bachrach, André Baugh (left at 1:40 p.m.), Ben Bortolazzo, Mike Houck, Katie Larsell, Daisy Quiñonez (left at 3:40 p.m.), Katherine Schultz, Chris Smith, Eli Spevak, Teresa St Martin; (1 open position)

City Staff Presenting: Sandra Wood, Morgan Tracy, Arianne Sperry, Bruce Walker, Bill Cunningham, Tom Armstrong, Joe Zehnder, Eric Engstrom, Brandon Spencer-Hartle

Chair Schultz called the meeting to order at 12:32 p.m. and gave an overview of the agenda.

Documents and Presentations for today's meeting

Director's Report

Joe Zehnder

1. PSC interviews: We received a total of 79 applications for the 3 PSC positions. This Wednesday through Friday, a panel (Joe, Nikoyia, Eli, Amy R) will interview the top 16 candidates. We will pare the group down to about 6-7 people who will meet individually for quick interviews with the Mayor, and he'll select his top 3 to be our next PSC members. The June 11 will be their first meeting.
2. PSC bylaws email from Julie on April 2 re: standardizing per City boards & commissions work. There are a few items we're talking through, and then we will forward the final (to be approved by the Mayor) bylaws to all Commission members and the Mayor within the upcoming weeks.
3. BPS staff is delaying the City Council hearing on the Willamette River Greenway Inventory update that PSC voted on to forward to City Council with amendments at your last meeting. Staff had tentatively identified a City Council hearing date of May 30 for the inventory. Staff has decided to wait for final action on the inventory, and have it coincide with adoption of the River Plan/South Reach in early 2020.
4. Today is the last meeting for Teresa, André. Thank you! We will have a PSC reception on April 18 to thank them both. We're all grateful for the time, hours, thought and dedication they both have brought to the Commission. Both have been with the Commission through some of our largest projects, including CC2035, Comp Plan and now RIP and BHD.

Commissioner Smith and *Chair Schultz* thanked both *Commissioner Baugh* and *Commissioner St Martin* for their service on the Commission.

Commissioner St Martin thanked the other commissioners for working with them.

Commissioner Baugh thanked the commissioners and staff as well. Never forget that it's about the people you effect. Equity is people, and if you think about the people, the work gets easier in the decisions you make.

Consent Agenda

- Consideration of Minutes from the March 26, 2019 PSC meeting

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

(Y10 – Bachrach, Baugh, Bortolazzo, Houck, Larsell, Quiñonez, Schultz, Smith, Spevak, St Martin)

Residential Infill Project: letter to City Council

Work Session: Sandra Wood, Morgan Tracy

Chair Schultz noted the updated revised letter and opened the discussion.

Commissioner Spevak: Do these letters contain the major big changes the plan is doing?

- *Joe*: They can. Staff can certainly add a few sentences if you want.

Commissioner Smith: As a relatively minor concern, when talking about the overall reduction re: displacement risk, we talk about three areas, but we may see more. But I'm a bit concerned about the precision of using "three". We could say "a small number of areas".

- Commissioners support this edit.
- *Commissioner Baugh*: The three areas define that there is a problem. So I don't want to lose that or diminish this.
- *Commissioner Smith*: Yes, I understand. My fear may be that there are more, so we don't want to get so specific.

Commissioner Bachrach: We say RIP is going to create a disincentive for demolitions, but I'm not sure how we're reaching that conclusion. I think there was uncertainty about the impacts on demolitions. I fear we're overselling something that may not be true.

- *Chair Schultz*: I think the revised financial analysis showed this.
- *Commissioner St Martin*: But there is a balance since we're allowing other types of units that could balance the single residential homes. The size is an accurate statement, but the corollary piece may not be totally correct.
- *Morgan*: Reduced FAR is a demolition disincentive. And increasing the allowable number of units on a site reduces pressure to demolish elsewhere to create units.
- *Chair Schultz*: Let's not overemphasize this statement (we don't need it twice in the letter).

Commissioner Bachrach: I realize this was a tough vote. But what level of engagement should the minority decision have when the PSC sends a letter to Council? In this letter, there is lots of balance for the minority decision (e.g. displacement). We may have diluted the message that the majority thinks RIP is a good thing. I would prefer to see a second letter with the dissenting position.

- *Chair Schultz*: We don't do separate minority letters from the PSC to Council. This letter tries to strike the balance, particularly about displacement.
- *Commissioner Baugh*: Council wants to know about our discussion. They also want to know when we have close votes why we have a close vote so they are aware of it. The closer the vote, the bigger the portion of the letter we devote to the dissenting opinion.
- *Chair Schultz*: My only concern about starting from the very beginning of the project (e.g. with RIP SAC as *Commissioner Spevak* suggested) is that we have different input based on where the

PSC started and landed. But we could strengthen the positives in the letter and be more intentionally about saying what RIP is accomplishing.

Commissioner Larsell: I like this letter a lot because this Commission had a really good discussion about the benefits *and* our dissenting opinions.

Staff will work to add a bit more detail in the letter about what RIP accomplishes then send the revised.

The PSC will also see “letter number two” once staff drafts it in the upcoming weeks; we can use this same deliberation process for that as well.

Garbage & Recycling Rates

Briefing: Arianne Sperry, Bruce Walker

Bruce provided an overview and background about the last year’s recycling and garbage process. This year we’re back on our regular schedule and will present the proposed rates at the PSC hearing on April 30. They will then be considered by Council on May 15, and the adopted rates for next FY will take effect on July 1.

Arianne walked through the briefing memo. This year’s sample includes 5 franchise haulers and their cost reports. The CPA firm reviews the sample costs, then they are averaged, and the rates will be proposed based on that calculation.

Metro is increasing tipping fees on compost this year, so we’ll see that coming through as an increase this year. But we don’t anticipate upward pressure on the recycling component this year as we saw last year.

Commissioner Smith: What percentage of customers are served by haulers who may be impacted by the Portland Clean Energy Fund (PCEF) surcharge?

- Arianne: About half. But we’ll spread that out as a balance.

Commissioner St Martin: When you did the financial analysis, was there variance between haulers?

- Arianne: There is, which is typical. Some companies are more efficient, but they can change over time.
- Bruce: The target is 9.5 percent. Some are 3-4 percent above that; some below by about the same. but it varies by year, and it’s not always the same haulers on either end each year.

Commissioner Smith asked about the vehicle side guard project.

- Bruce: This is about the PBOT Vision Zero policy. The side guards prevent collision with cyclists or pedestrians from getting dragged under the vehicle. BPS and the haulers took on a pilot program (18 vehicles on both residential and commercial). We are readying a recommendation to come back and take some next steps. Generally the side guards work well on the road. PBOT is taking a pretty significant step in making side guards part of the City fleet as well.

Commissioner Quiñonez: For the Metro tip fee increase for food scraps and yard debris, how will that affect customers?

- Arianne: It could bump up rates \$.30-\$.40 per month.
- Bruce: Our bureau sought to reduce this and spread it out over a couple years, but that didn't take hold with Metro. They want to adjust their costs, and it will factor into our rate review this year.

Chair Schultz: If there is increased competition, why are the rates increasing?

- Arianne: That is a very good question, and we have not gotten clear responses from Metro on their long-term strategy with this approach. What they have indicated is they have to cover costs of handling the material moving through their facilities. Several of our haulers are moving to other facilities, so Metro is seeing less coming through their facilities, hence the rate increase.

Commissioner Baugh: On the PCEF surcharge, can that stay in this realm of work and help the garbage haulers in terms of energy efficiency projects, etc to keep it in this system? Also, can you give us an update on the minority hauler initiative when you come back? Can we get a letter from Metro about their rate increase decision?

- Arianne: Yes, we would be happy to give you an update on the Waste Equity Workplan on April 30.

Chair Schultz: I'd like information if we have the option to not use Metro. Can we ask haulers to go elsewhere aside from Metro? I'd like to better understand the tradeoffs.

- Bruce: They can go to different facilities now. There is some tip fee charge savings, but route efficiency can decrease in this and it may be counter-productive. We analyze what the charges are at other facilities, where the preponderance of material goes, etc.

Commissioner Spevak: When haulers take the waste elsewhere, are they dodging Metro's fees that are used to fund local programs?

- Bruce: Metro's system fees are charged on solid waste, not on recycling or composting, so the regional system fee is not an issue for the yard debris and food scraps. Also, the regional system fee is charged at all facilities—public and private--that receive solid waste from the Metro region, so haulers can't dodge the fee. We do receive a great deal of funding from Metro—about \$800,000 annually. We work closely and cooperatively with Metro, and they are good partners.

Commissioner Bachrach: Does BPS have any control over how the PCEF funds will be spent?

- Joe: The role of BPS in the fund is the fiscal agent. The resolution that created it has instructions about creating the steering committee, which BPS will do over the next year. That group will shape the spending priorities and policies of the fund. BPS will not have an oversight role.

Commissioner Houck: Years ago I testified at Metro to increase the fees, since some of the money goes to clean-up illegal dumping in parks and natural areas.

Better Housing by Design

Work Session: Tom Armstrong, Bill Cunningham

Presentation

Disclosures

- *Commissioner Spevak* owns two multi-dwelling-zoned properties.
- *Commissioner Bortolazzo*: OTAK was hired to do code modeling early on for this project.
- *Commissioner Bachrach*: My house is in multi-family zone, and I own 2 other properties in multi-family zones.
- *Commissioner Smith*: My principal residence is in a multi-family zone, but it's no different from 1000s of people in Portland.

Bill gave an overview of today's discussion. Multi-dwelling zoning is only 8 percent of the city area.

The memo staff provided includes a table of the PSC's requested changes to the Proposed Draft and what's in the Revised Proposed Draft. On April 30, these items will be part of the Revised Proposed Draft.

Most major proposals are still in this draft (slide 5). Bill went through each component of the plan and noted some of the changes and details of some changes between the original Proposed Draft and the Revised (slides 7-17).

These items discussed are all in table 1. Table 2 are primarily technical amendments to address BDS concepts and bring BHD in line with RIP and are relatively small refinements.

Tom reviewed the displacement risk analysis we prepared last May, prior to the hearings on the BHD project. The risk analysis is an iterative process. Last summer the PSC told us we like the BHD analysis, and advised staff to do the same for RIP. When you go back to look at this, it's a simpler approach than what RIP did: for BHD, there is no direct comparison to the Comp Plan (we assume Comp Plan is the base); and it is a simpler financial feasibility analysis. Looking for general trends is more important than the precise numbers in this work. We focused lots on the RM2 and RM1 zones, much of which we find in East Portland and along 82nd Ave.

Tom related the displacement risk analysis burdens (slide 23). Where BHD does a better job than RIP is that we have lots of benefits to balance the impacts (slide 24). We have been fielding calls from affordable housing builders who are interested in where we wind up with BHD.

Chair Schultz: It looks like lower prices per square foot in East Portland. High in inner neighborhoods. So if you're redeveloping in inner neighborhoods, you're creating an expensive product, so displacement is potentially greater. I don't find this consistent.

- *Commissioner St Martin*: I think we're looking at the 120-150 percent MFI here who will be displaced.

Commissioner Quiñonez: Will there be a new analysis given the proposed changes to BHD since last May?

- Tom: We weren't intending to do a full new deep dive, unless the PSC needs it to make a recommendation. That wouldn't be available at least until July. We can do the analysis and present it after you vote and present it at Council if you need.

Commissioner Quiñonez: Given the information we have, would it be possible to get similar information on expected rent levels for new development like what we got with RIP under BHD?

- Tom: Yes.

Chair Schultz: I'm troubled by the inconsistency. I'm surprised at the silence from my fellow commissioners for those who were very concerned about this with RIP.

- Joe: Let's remember the difference in scale in terms of the amount of housing produced between BHD and RIP. There are mitigation strategies in the proposal.

Commissioner Spevak: I would hope we have consistency in the PSC's decisions in terms of our concern and impacts on displacement. It shouldn't matter which program or project or zone they're in.

Commissioner St Martin: BHD is improvement of the style and shape of housing. The areas are already zoned for multi-development housing, so that's not a change. The displacement is real, and it doesn't matter where you live. We should put something in place to help people being displaced regardless of where and who. This project isn't changing the zoned use, so that's the difference I see from RIP.

Commissioner Quiñonez: The biggest difference is within BHD I see a greater likelihood of people being able to stay in their neighborhood.

Commissioner Spevak: The equity issue I'd look at is the area of coverage. RIP is mostly citywide; BHD has a relatively high amount of potential in the area between 82nd and I-205. There might be a pretty strong equity case built in here in a geographic way. I think ahead of us in the future is a mapping project.

Chair Schultz: As this project falls on the heels at Council, we'll want to make sure Council understands the difference in our votes. The RIP letter doesn't describe the nuance about displacement and preservation of neighborhoods.

- *Commissioner Bachrach:* We should give Council some basis for this discrepancy. RIP would displace 100+ low-income families. In this case for BHD, it would be 107 renters if I'm calculating correctly. As a commission, we need to reconcile this.
- *Commissioner Spevak:* BHD will cause displacement, but we're not highlighting it as much as in RIP, which isn't good. All the RIP analysis was baseline versus what RIP can do. These numbers for BHD are the delta as well and show the increase in displacement. So in this case, BHD is worse than RIP compared to the baseline. There is more mitigation in BHD, but also more displacement.
- *Commissioner St Martin:* PSC did vote to go ahead and forward the recommendation to Council even with displacement; so if we forward BHD, we're being consistent in that recommendation. What may be inconsistent is the "extra part" to the letter, so we'd have to make some decisions about what the PSC wants to support going forward.
- *Commissioner Smith:* To me, the two projects are apples and oranges. Both are good for housing opportunity in the long-run. With RIP, there was a closer balance between opportunity and risk. With BHD, the range of opportunities are much greater.

- *Commissioner Bortolazzo:* We should look at displacement, but we have to consider other elements as well. This is one lens that we're still grappling with, and of course it's important, but it should be weighed.
- *Joe:* The common aspect is that a more robust anti-displacement set of tools is needed. So this is a moment where that's actually emerging, and I think it will complement the whole package.

Chair Schultz: There isn't intent at this time to have the same analysis for BHD as we've done for RIP. If this is an issue, please let staff know ASAP.

- *Joe:* We plan to mine the data we have to answer PSC members' questions for the April 30 work session and recommendation time.
- *Tom:* If over the next week PSC members have further questions, please send them to staff so we can bring you answers.

Tom: I heard Daisy looking for more information about expected rent levels. Katie for opportunity for more units in IH. We can come up with some information and estimates for that. Does the Commission need any other details for the April 30 meeting?

Potential Amendments Worksheet

These would be further revisions to what you have in the Revised Proposed Draft.

(1) Eastern Portland minimum site frontage requirements

The intent is to require street frontages wide enough for quality site design and to provide space for street connections.

Staff proposed that for sites more than 160 feet deep within East Portland centers, require a minimum street frontage of 90 feet for new development. This would apply to four areas (slide 34). Bill showed the analysis for each area (slides 35-38).

Options:

1. Retain proposal as is – keep all four centers.
2. Keep only for Jade District and Rosewood centers; drop for Midway and 122nd/Hazelwood.
3. Drop proposal entirely and depend on other tool to meet objectives.

Commissioner Bortolazzo: Are there incentives you considered here as well?

- *Bill:* There are a number of things that having a larger site and providing street space, but there is no FAR bonus or anything specific to incent people to consolidate lots like that.

Commissioner Spevak: From my perspective, Option 2 is where I'm inclined to go because it hits the areas where it can happen more frequently. I don't think it will help street connectivity that much, but it is a good place to try this.

Commissioner Larsell: I would go for Option 1, but 2 would be acceptable for me.

Commissioner Houck: Why would we cut two locations out? If it's a good idea, I'd go for all four areas (Option 1).

Commissioners generally prefer Option 1 (retain proposal as is).

(2) Historic district zoning

During the November 13 PSC work session, commissioners directed staff to continue looking into potential approaches for higher-density multi-dwelling zones in historic districts, particularly regarding approaches that can balance policy objectives that prioritize providing opportunities for affordable housing and other housing options in close-in locations, with policies that call for zoning appropriate for the character of historic districts.

Staff's work was also informed by discussions between Historic Landmarks commissioners and PSC commissioners, where Historic Landmarks commissioners indicated that context is key in their review of new development in historic districts and that the base/bonus scale may not be approved if out-of-scale with the historic context – they related that this is of particular concern with the largest scale RM4 zone. PSC commissioners related the importance of the role of development bonuses in providing incentives for affordable housing, especially in historic districts given their close-in locations, and raised concerns about the effectiveness of affordable housing bonuses that may not have much of a chance of being approved.

Staff recommend the following changes to the proposed zoning map and regulations for the Alphabet and King's Hill historic districts:

- **2A.** In the RM4 zone in historic districts, provide base and bonus FARs of 3:1 and 4.5:1 (instead of the currently proposed RM4 FARs of 4:1 and 6:1).
- **2B.** In the Alphabet Historic District, apply the larger-scale RM4 zone to current RH areas south of NW Glisan/Hoyt, and apply the smaller-scale RM3 zone in areas north of this. This would be a change from the current zoning pattern, where there is an east-west division between the larger- and smaller-scale RH zones. This mapping change would be more responsive to scale of historic building in the district, where larger buildings are concentrated between Burnside and Glisan/Hoyt.
- **2C.** In the King's Hill Historic District, apply the smaller scale RM3 zoning to properties with small historic structures at the edges of the historic district and apply the larger-scale RM4 zone to currently RH zoned areas outside the historic district to the east. This would be a change from the current zoning pattern, where all of the current RH zoning in the historic district have a base FAR of 4:1 and were proposed for RM4 zoning.

For clarification, 2A is only in Historic Districts.

Commissioner Bachrach: When you want to switch zoning, is the original proposal based on the existing FAR?

- Bill: Yes, so this would be a departure from what we've done up to now.
- Tom: Over the last 3 months, we did a mailing to property owners in these areas, and we will send a formal M56 notice to affected property owners if the PSC forwards this recommendation.

Bill: NW District community supports the N/S differences, but they didn't like the bonus FAR. King's Hill support going smaller scale in the RM4 zone and ask for even smaller (RM3). Other community members thought of these are high opportunity areas for housing needs.

Commissioner St Martin: Since the historic district is mostly built out, if we retain the larger FAR, then owners could sell FAR and use that for seismic upgrades.

- Bill: This is part of the next proposed amendment (#3) to transfer underutilized FAR from historic structures.

Commissioner Spevak: If we do the combined proposals for (2), where do we get to with the FAR?

- Bill: Scale would be similar to the larger buildings in the historic districts.

Commissioner Spevak: What if we said FAR for a lot w/o structure is greater for FAR for base zone or the structures on the sides of it? That could go beyond this district.

- *Chair Schultz:* A reminder that this could go both ways if you have small buildings around the site.

Chair Schultz: This seems like a thoughtful way and approach that the PHLC would also appreciate.

Eric: Bill has really done great work on this since the Comp Plan work.

Tom: Brandon was great with the community outreach and PHLC connection as well.

Commissioner Bachrach: I appreciate the elegance of the compromise. But I'm really uncomfortable actually rezoning this, so I'm bothered by 2A and 2C for that reason.

PSC members generally support all three components of amendment 2.

(3) FAR transfer allowances for seismic upgrades

Staff Proposal: Allow an additional amount of FAR to be transferred from sites with historic resources, in conjunction with seismic upgrades.

- Additional transferable FAR would be equal to 50 percent of the base FAR.
- Based on provisions adopted for the Central City.

Brandon: In terms of the seismic upgrades issue, we worked through this on CC2035 Plan with BDS. It would be the same here: a property owner would enter a phase agreement with BDS for the upgrade; if not, it would become an enforcement issue. Whoever received the FAR wouldn't be at fault. Seismic Upgrade minimum standards are included in Title 24.

PSC members generally support amendment 3.

Bill reminded the PSC to please send any further question or potential additional amendments to staff by April 16 so we can prepare for the April 30 work session and PSC recommendation.

Adjourn

Chair Schultz adjourned the meeting at 3:44 p.m.