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Portland Planning and Sustainability Commission

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July 29, 2019

Mayor Wheeler and City Commissioners
City Hall
1220 SW 4th Ave
Portland, OR 97205

Dear Mayor Wheeler and City Commissioners,

The Planning and Sustainability Commission (PSC) is pleased to forward our Better Housing by Design Recommended Draft. The Better Housing by Design zoning code amendments make fundamental changes to Portland's multi-dwelling zones that will help Portland meet its future housing needs, including new incentives that prioritize affordable housing.

The Recommended Draft includes a range of zoning codes amendments that will expand the diversity of housing options in the multi-dwelling zones, provide new incentives for affordable housing, address needs for outdoor spaces and green elements, integrate development into neighborhoods, and provide approaches responsive to East Portland's needs and characteristics.

The Better Housing by Design Project works together with the Residential Infill Project as part of a broader initiative to update the zoning code to expand housing options and address housing affordability in Portland's residential zones. The Better Housing by Design Project focuses on multi-dwelling zones outside the Central City. These zones occupy only eight percent of Portland's land area, but are located in and around the city's centers and corridors and play an important role in providing housing opportunities close to services and transit.

The Better Housing by Design proposals represent years of work and public input. Notably, the proposals incorporate recommendations that emerged from community partnerships, including the East Portland Action Plan and work on Healthy Eating Active Living (HEAL) practices that involved a coalition of public health advocates, affordable housing providers, and tenants.

The Planning and Sustainability Commission held a public hearing on the Proposed Draft in June 2018, followed by a series of seven work sessions from September 2018 through April 2019. The Commission concluded its deliberations on the proposals on April 30, 2019, and voted unanimously on its recommendations to City Council. The PSC supported most of the staff proposals, but developed amendments based on public testimony and PSC deliberations before reaching its recommendations.



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1900 SW 4th Avenue, Suite 7100, Portland, OR 97201 | phone: 503-823-7700 | fax: 503-823-7800 | tty: 503-823-6868

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Key Components of the Better Housing by Design Recommendations

Housing Diversity and Affordability

- New multi-dwelling zoning that regulates development by the size of buildings, with flexibility for the types and numbers of units inside, which provides opportunities for less costly units;
- Increased development bonuses for inclusionary housing projects to facilitate the development of new affordable housing units;
- A bonus for moderate-income, family-sized units;
- A new bonus for projects providing a deeper level of affordability (at least half of units must be affordable to households earning no more than 60 percent of median family income);
- A new “transfer of development rights” incentive to encourage the preservation of existing affordable housing;
- A new development bonus for physically-accessible units to expand housing options for Portlanders of all ages and abilities;
- New allowances for daycares in multi-dwelling zones to help meet the needs of residents;
- Allowances for limited amounts ground-floor commercial uses on major corridors, providing options for “live-work” arrangements in which residents can combine a business with their home; and
- Extension of affordable housing bonuses to historic districts in both multi-dwelling and mixed use zones, with revised zoning to better match the scale of historic buildings.

Outdoor Spaces and Design

- Requirements for courtyards or other common areas for large sites, so that residents in higher-density developments have access to outdoor spaces that support healthy, active living;
- New provisions for ecoroofs and other innovative green features;
- A new transfer of development rights provision to encourage the preservation of existing large trees;
- Limits on front garages and large surface parking lots so that new development contributes to pedestrian-oriented streets and limits urban heat islands;
- Reduced requirements for off-street parking; and
- Requirements for landscaped front setbacks and for large buildings to step-down in height next to lower-density zones to integrate higher-density development into neighborhoods.

East Portland and Street Connections

- New strategies to facilitate the creation of needed street connections, undertaken in partnership with the Bureau of Transportation’s Connected Centers Street Plan;
- New approaches specific to East Portland to improve design, ensuring that new development includes outdoor areas responsive to area characteristics and residents’ needs; and
- Requirements that development sites have enough space for street connections and to support better site design.



Issues of Note

There was a large degree of support for the Better Housing by Design proposals among PSC Commissioners, with few very contentious items. The following are issues that were the focus of very divided public testimony or that were of particular concern to commissioners.

Density and Parking

Housing density and parking were the focus of the most divided public testimony. Public testimony expressed concern about allowing greater numbers of housing units and potential impacts on the availability of on-street parking. Conversely, there was also a large amount of public testimony supportive of greater housing density and eliminating parking requirements in the multi-dwelling zones, including requests for even greater development scale.

The Recommended Draft's provisions reflect PSC's belief that the multi-dwelling zones, located as they are in and around centers and corridors, are appropriate locations for greater housing density and reduced parking requirements. In addition, the proposals balance allowances for additional housing units with provisions that ensure the design of development integrates with neighborhood characteristics and includes outdoor space.

Zoning in Historic Districts

The PSC heard diverse testimony regarding the proposed zoning regulations for historic districts, some of which have the highest density zoning outside the Central City. The Historic Landmarks Commission provided testimony indicating their concern that the scale proposed in the highest-density zones would not meet compatibility-based approval criteria in historic districts. This concern about the proposed allowed scale in historic districts, particularly in the Alphet and King's Hill historic districts just west of the Central City, was echoed in testimony from community members. However, other public testimony related the importance of providing opportunities for high-density housing in historic districts, given their central locations.

The PSC deliberated on how to best balance historic preservation objectives with providing options for housing development in historic districts. The Recommended Draft calibrates development allowances to the scale of historic districts, while providing additional development bonuses for projects that include affordable housing. These provisions:

- Expand development bonuses, primarily for affordable housing, in historic districts in both the multi-dwelling and mixed use zones (currently, development bonuses for affordable housing are not provided in mixed use zones in historic districts).
- Change the zoning map in the Alphet and King's Hill historic districts so that the allowed building scale relates to the scale of larger historic buildings. In some locations the recommended zoning is smaller in scale than existing zoning, while in other locations the proposed zoning is larger in scale.
- Reduce the base FAR (regulating building scale) in the highest density multi-dwelling zone (RM4) when located in historic districts. This is balanced by providing greater development bonuses for inclusionary housing units, which will allow buildings providing affordable housing units to be as large as currently permitted by the base FAR. Projects in which at least half of units are affordable at 60 percent of median family income can be even larger than allowed by the standard bonus.



- Allowances for additional building scale (FAR) to be transferred to other projects from sites with historic structures in conjunction with seismic upgrades, similar to the transfer that is allowed in the Central City.

Displacement and Housing Affordability

Portland has little vacant land in the multi-dwelling zones and detached, single-family houses are the most common type of existing development in these zones. Most development of new multi-dwelling housing will involve replacement of existing houses. The PSC is concerned about the displacement of residents, whether from redevelopment, increasing rents, or from the sale of homes. In the case of the Better Housing by Design proposals, the PSC believes that development in the multi-dwelling zones is important for allowing more people to live close to services and transit, and believe that the proposals include appropriate mitigation measures that will expand affordable housing options, including:

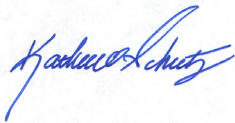
- Expanded bonuses for inclusionary housing;
- A new bonus for deeper housing affordability;
- A moderate-income family housing bonus for three-bedroom units;
- Incentives for preserving existing affordable housing through transfers of development rights; and
- Options for greater numbers of smaller, less costly units.

However, we are concerned that zoning code tools are not sufficient by themselves to fully address the critical issues related to displacement and housing affordability. The PSC urges the City Council to support the development and implementation of strategies to minimize displacement, especially of low-income and minority residents, and to expand programs to increase access to affordable housing options in Portland's neighborhoods.

In conclusion, we recommend the Better Housing by Design Zoning Code and Map Amendments for adoption by City Council because these amendments will play an important role in helping to meet the housing needs of Portlanders and will advance equity objectives. The amendments provide new regulatory tools that will expand housing options close to services and transit, facilitate the development of affordable housing, foster design that supports quality living environments for residents, and provide new tools for creating needed street connections in areas that lack them such as East Portland.

Thank you for the opportunity to participate in the review of this project and for considering our recommendations.

Sincerely,



Katherine Schultz
Chair

