

Residential Infill Project

AN UPDATE TO PORTLAND'S
SINGLE-DWELLING ZONING RULES

PROPOSED DRAFT
APRIL 2018

VOLUME 1: STAFF REPORT AND MAP AMENDMENTS

Submit testimony to the Portland Planning
and Sustainability Commission by May 15, 2018
See inside cover for more information



Bureau of Planning and Sustainability
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City of Portland, Oregon
Ted Wheeler, Mayor • Susan Anderson, Director



Housing Options

The proposal provides for more *housing options*, resulting in:

- Increased potential for “middle housing” choices such as ADUs, duplexes and triplexes.
- Greater opportunities for affordable housing production.
- More “age-friendly” housing.
- Added protections and incentives for historic resources.

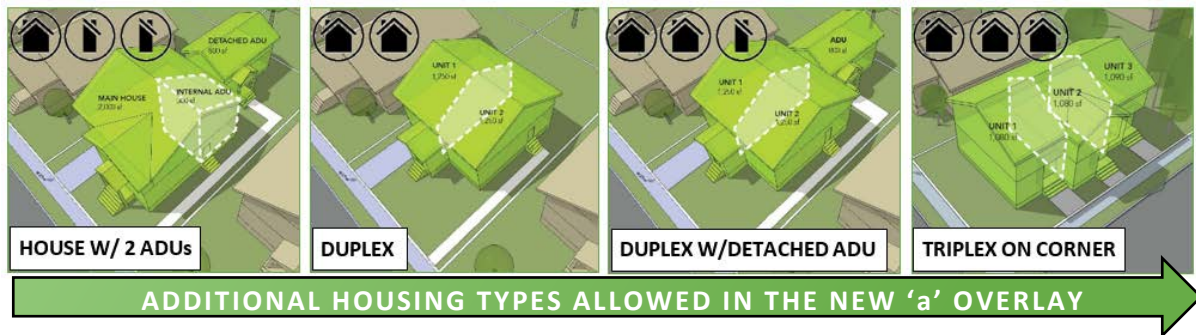
5. Create a new Additional Housing Options overlay zone – the new ‘a’ overlay zone.

Affects Specific R7, R5 and R2.5 zoned properties (those inside the new ‘a’ overlay).

The proposal

- Allow the following additional housing types in the new ‘a’ overlay if they are no larger than a house and one of the units is “visitable”:
 - House with two accessory dwelling units (ADUs), one attached and one detached
 - Duplex
 - Duplex with one detached ADU
 - Triplex on corner lots
- Require the following visitability features for one unit: a no-step entry, wider halls and doors, and living space and bathroom on the ground floor.
- Allow the FAR for all structures to be combined for triplexes on corner lots.
- Do not require parking for additional housing types.

For example:



What is the intended benefit?

Portland is facing some tough choices about how to adapt to the changing housing needs of current and future residents. Home prices keep climbing and apartments are the predominant housing type being built (about 74 percent of units built in 2016). The additional housing types proposed offer **alternatives** to apartment buildings and single houses. In addition, many neighborhoods already have these housing types from past eras of development.

The proposed new housing options can help **increase the supply of housing and smaller units** in a way that fills a gap between single houses and apartment buildings.

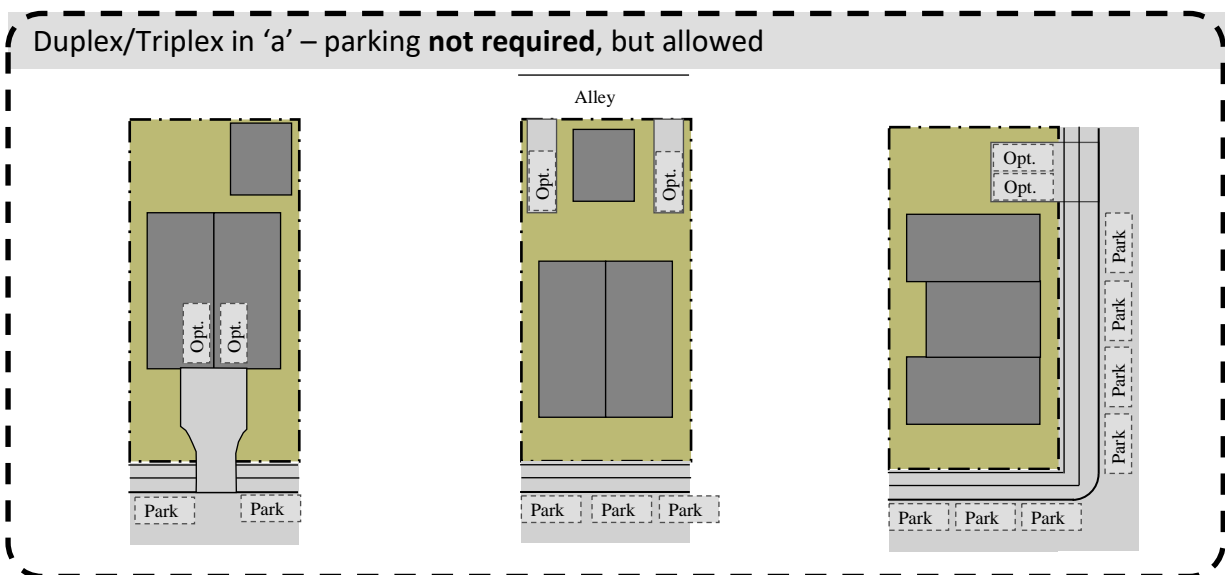
The proposed housing options **use land and resources more efficiently**. Average household sizes have declined in Portland from nearly 4.2 persons a century ago to just about 2.3 persons today. Nationally, home sizes have increased from just over 1,000 square feet to more than 2,600 square feet today. A block of single-dwelling houses very likely had many more people living on it than does today. Allowing two or three families to live where just one family is allowed today in some ways is a return to how many neighborhoods used to function. Smaller unit sizes are also more **energy-efficient** than a single unit twice the size.

The proposed housing options include **new “visitability” requirements** to increase the accessibility and resiliency of neighborhoods. These requirements:

- Add to the supply of housing with fewer barriers to people with mobility impairments (including elderly and disabled persons).
- Add options for households to stay in their neighborhoods as they age and downsize.
- Offer convenience to other users of all ages, who, for example, use strollers or bicycles.
- Help remove barriers that can lead to social isolation for those with mobility limitations.

To be “visitable,” a dwelling must have a zero-step entry, wider hallways and doors (34 inches minimum), a bathroom with adequate maneuvering area and an area to socialize (minimum 70-square-foot room) on the same floor as the bathroom and visitable entrance. This is intended as a relatively low-cost but high-impact way to increase accessibility. It does not accomplish or cost the same as providing for full accessible living, but it does provide a platform for future home modifications that can be tailored to meet the specific needs of the occupant.

Removing parking requirements for these additional housing types recognizes that areas within the overlay are well served by transit. This also helps preserve on-street parking spaces that could be lost to driveways and curb cuts and reduces the amount of lot area used for pavement rather than yard and landscaping.



What else about the proposal should I know?

The additional housing types proposed would only be allowed on lots that meet the following **minimum lot sizes**:

	Minimum Lot Size Requirement (square feet)		
	R2.5	R5	R7
House (with or without ADU)	1,600	3,000	4,200
House with two ADUs Duplex (with or without ADU) Triplex	3,000	4,500	6,300

Larger lot sizes ensure that sites are big enough in conjunction with their associated FAR limits to accommodate reasonably sized units, plus suitable yard area and parking, if proposed.

Combined FAR for triplexes. Triplexes are less likely to have need for a primary structure and a detached accessory building such as a garage. As a result, the proposal allows all the FAR allowed in the base zone for a house and a detached accessory structure to be used for the triplex.

For example, in the R5 zone, a 0.5 to 1 FAR for the primary structure is proposed, while an additional 0.15 to 1 FAR detached accessory structure would also be allowed. For a triplex, these two FAR limits could be combined to develop a single building at 0.65 to 1 FAR.

Triplexes are only allowed on corner lots and not on interior lots. This larger single primary structure works better on corner lots since these lots effectively have two street frontages, which mitigate and work well with the larger building by providing more light and air separation on two sides as opposed to one. The greater street frontage also provides for more on-street parking in addition to enhanced opportunities for units to orient to the public street in a way that is more characteristic of older Portland neighborhoods.

Triplexes on interior lots are more difficult to integrate and design successfully and are not allowed in this proposal. They frequently result in rows of units that face the neighboring property and turn sideways to the public street.



Interior lot triplex (left) and corner lot triplex (right)

Proposed **accessory dwelling units in basements** will also have increased flexibility. Current code limits an ADU to 800 square feet or 75 percent of the primary dwelling unit size. In cases where a basement is being converted, it may either be slightly larger than the 800 square feet allowed, or the house may have just a single level above the basement meaning the ADU exceeds the 75 percent proportion limit. When this is the case, sections of the basement must be walled off as inaccessible, area must be designed for common use between both units, or an adjustment to the standards is required. To create added incentive to retain existing houses and promote additional ADUs, the size restrictions would not apply for converting a basement into an ADU provided that the entire ADU is in the basement and the home is at least five years old.



Example: Basement ADU

6. Apply the new ‘a’ overlay zone in select areas.

Affects R7, R5 and R2.5 zoned properties in the new ‘a’ overlay zone.

Also affects all single-dwelling zoned properties that have the current ‘a’ overlay zone, which will be removed.

(See Section 5: Map Amendments for a description of the methodology used for this proposal.)

The proposal

- Apply the new ‘a’ overlay to properties zoned R7, R5 and R2.5 within:
 - ¼ mile of centers, corridors with 15-minute bus service or MAX stations; or
 - Higher opportunity housing areas (with services, amenities, jobs, schools and parks).
- Reduce the new ‘a’ overlay based on infrastructure and environmental constraints.
- Reduce the new ‘a’ overlay in areas with concentrations of vulnerable populations until programs are available to mitigate displacement risk.
- Expand the new ‘a’ overlay based on proximity to amenities, such as community centers, parks, schools and multiple bus lines.
- Remove the *existing* ‘a’ overlay (Alternative Design Density overlay zone) from single-dwelling-zoned properties. Delete the current ‘a’ overlay zoning code provisions.

What is the intended benefit?

The 2035 Comprehensive Plan calls for housing development throughout the city with a focus on growth along corridors and in centers – Central City and Regional, Neighborhood and Town Centers. The Plan also calls for increasing and diversifying the types of housing available in all neighborhoods. To meet these policies, the proposal would apply an overlay zone that would allow use of the new housing options. The proposal would do this by eliminating the current ‘a’ overlay zone and creating a new ‘a’ overlay for these new housing options.

The current zoning code has an overlay zone – the ‘a’ overlay – that was created decades ago with the Albina Community Plan. Since its inception, many of the provisions (e.g., attached houses, accessory dwelling units) have been shifted into base zone allowances that apply citywide. The remaining overlay provisions have been rarely used and the location of the overlay does not align with the centers and corridors growth strategy. Of the nearly 45,000 properties in the overlay, fewer than 250 properties used these ‘a’ overlay provisions.¹

¹ Staff analyzed building permit records for properties in the current ‘a’ and flagged those that either went through a design review or used the Community Design Standards (prerequisites for use of the ‘a’). Of the 45,420 properties, there were 5,889 permits for new construction or exterior alterations between 1995 and 2016. Of those, 68 properties applied for design review, and 144 properties used Community Design Standards. In addition, according to the 2003 Accessory Dwelling Unit Monitoring Project Inventory, there were 13 ADUs created in the ‘a’ before they were allowed more broadly.

The new 'a' overlay would allow lots within the zone to use **new provisions that encourage additional housing types**. The location of the new 'a' overlay zone aligns with the new Comprehensive Plan to:

- Target growth to areas around existing centers and corridors and, where appropriate, use growth to help support newly designated centers.
- Increase housing supply in areas that are well-served by transit and close to services, jobs, retailers and other amenities.
- Increase affordable and other less expensive housing options in these areas so lower-income households have greater access to the cost savings and benefits of these locations.

Approximately **3.5 to 5.5 percent of eligible lots** are estimated to utilize the additional allowances of the new 'a' overlay over the 20-year planning period, based on rates of use for similar allowances for corner lot duplexes that have been allowed citywide since 1991.²

What else about the proposal should I know?

The current 'a' overlay includes some provisions that will be deleted, but those provisions have already been incorporated into the base zone:

- Flag lots in R2.5 zones: Newer provisions in the base zone already allow flag lots in the R2.5 zone without design review.
- Attached houses in R5 zones: Newer provisions in the base zone already allow attached houses on standard lots in R5 without design review.

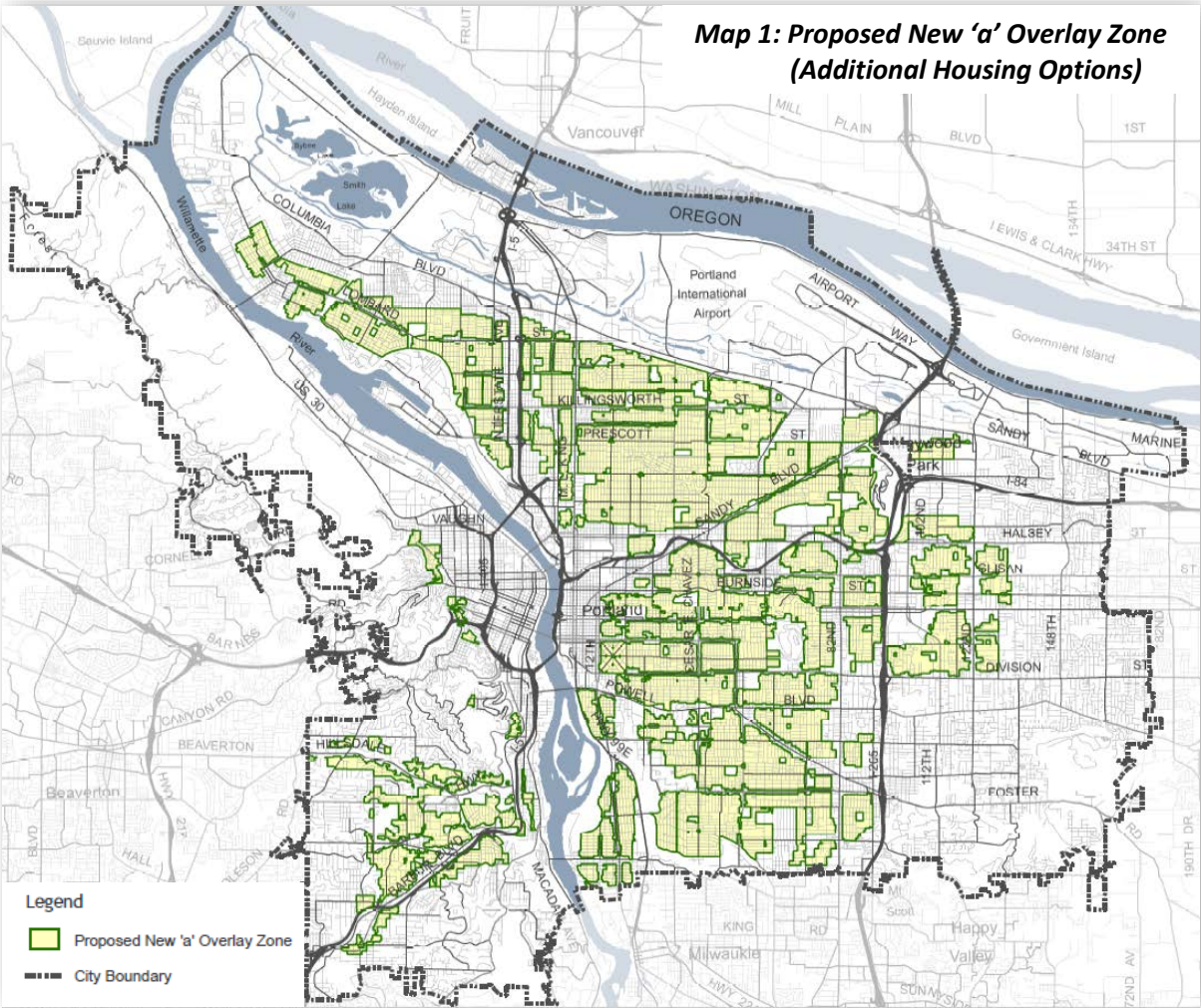
The elimination of the current 'a' overlay single dwelling zone provisions means some R2.5-zoned properties that are at least 4,800 square feet in area will no longer be allowed to build a triplex. With the new 'a', triplexes will be allowed only on corner lots, and duplexes plus a detached ADU will be allowed on other lots.

The proposal continues to include sites in the **David Douglas School District**. There was concern that the proposal could result in growth that could impact the district's recent overcrowding. However, based on the lower occurrence of duplexes on corner lots and accessory dwelling units in East Portland, the rate of additional units with the new 'a' provisions is also expected to be lower.³ This translates to fewer than 20 additional units per year, which does not pose a significant concern to district staff. Portions of David Douglas School District were therefore included in the overlay boundary.

² Duplexes have been allowed on all R20 through R2.5 zoned corner lots since 1991. Staff examined the number of duplexes that existed in 2016 on corner lots in the R7, R5 and R2.5 zones (the zones that are subject to the new 'a' overlay) and found that citywide, corner lot duplexes existed on about 3.5 percent of all corner lots. Within a ¼ mile of centers, about 5.5 percent of corner lots in these zones had duplexes on them.

³ While the citywide average "capture rate" for corner lot duplexes ranged between 3.5 and 5.5 percent (147 to 231 households), this rate was between 2 and 3 percent in East Portland, or between 84 and 126 additional households.

**Map 1: Proposed New 'a' Overlay Zone
(Additional Housing Options)**



7. Provide incentives for affordable housing and historic preservation.

Affects Specific R7, R5 and R2.5 zoned properties (those inside the new ‘a’ overlay).

The proposal


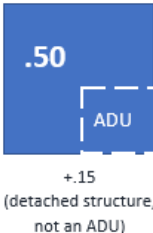






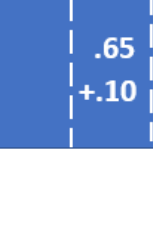

- Allow a bonus of 0.1 FAR when providing:
 - An affordable unit (up to 80 percent of Median Family Income) on-site or
 - Payment in lieu of providing an affordable unit on-site.
- Allow a triplex and an ADU on corner lots when one unit is affordable.
- Promote preservation of historic resources when adding units through incentives such as flexibility in housing types and the ability to combine FAR for all structures on the lot.

What is the intended benefit?

An **affordability bonus** included in the proposal is designed to help make small, affordable infill-housing development projects more feasible. It does this by making more FAR and units available than are allowed for market-rate housing projects.

The **additional FAR option** for projects with affordable units may help improve project feasibility for affordable housing developers and/or allow for larger units to better accommodate families. A **fee-in-lieu** may also be used by market-rate developers to achieve limited additional FAR, which would generate funds for affordable housing programs.

Allowing affordable housing projects to have a **bonus unit option** (four units instead of three) on corner lots can help offset the cost of land. Non-profit housing developers asked that only one of the four units be required to be affordable. They expressed that this would allow them to try to develop projects where the market-rate units help financially support the affordable units. The four-unit option is only allowed on corner lots because of the design issues for triplexes on internal lots (see Proposal 6 for more information).

(R5 example shown)	Housing types allowed – Internal/corner lots		Housing types allowed – corner lots only	FAR max for site by zone
Base zone	 House + DADU	 House + ADU	 Duplex	R7: 0.55 R5: 0.65 R2.5: 0.85
'a' overlay	 House + ADU + DADU	 Duplex + DADU	 Triplex	R7: 0.55 R5: 0.65 R2.5: 0.85
'a' overlay – FAR Bonus <ul style="list-style-type: none"> • 3 units req'd • Up to .10 FAR extra for primary structure only (detached structure kept at .15) • Pay \$/sf (for sf above base FAR) OR • Provide 1 unit affordable @80% MFI 	 House + ADU + DADU	 Duplex + DADU	 Triplex	R7: 0.65 R5: 0.75 R2.5: 0.95
'a' overlay – Unit Bonus <ul style="list-style-type: none"> • corner lots only • 4 units allowed • 1 unit affordable @80% MFI 	N/A	N/A	 Triplex + DADU (other unit configurations through PD)	R7: 0.70 R5: 0.80 R2.5: 1.0

Comparison of affordability incentives (FAR bonus and unit bonus)

Incentives for the **preservation and reuse of historic buildings** are also included in the proposal. These provisions allow added flexibility for conversion of historic houses into duplexes or triplexes or to retain the historic house while adding units elsewhere on the site. Incentives and flexibility are needed because renovation of historic buildings for two or three units can be uniquely challenging and costly. Each project has custom needs and requires specialized knowledge. Certain structures offer better layout potential, while others may require extensive work to upgrade the construction to meet current building code requirements. Moreover, existing site layout and other code requirements can make adaptive reuse more challenging.

The incentives include:

- Allowing flexibility in how the site's total FAR is allocated between historic primary structures and new accessory structures.
- Reducing the minimum lot size requirement for development of duplexes and triplexes in historic buildings.
- Allowing a site to have two ADUs, both of which may be inside or outside the existing house.

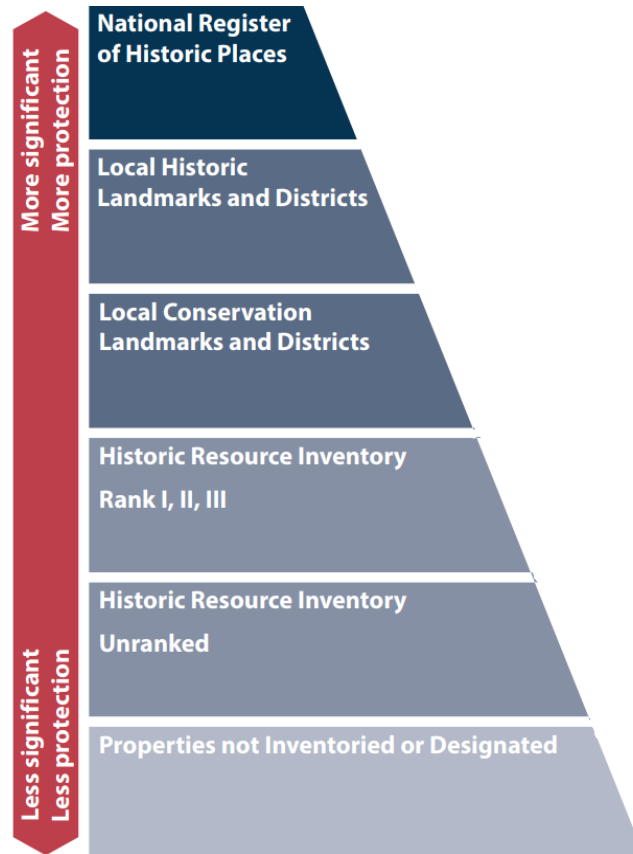
Allowing the combined total FAR to be allocated flexibly among historic and new structures help make it more likely that smaller historic houses will be preserved and supported economically by larger detached accessory structures. At the same time, for larger historic resources, additions to the house can be made, provided that detached structures are smaller or not present.

For new housing options, the minimum lot size increases with the number of units developed. For example, a house in the R5 zone is allowed on a lot that is at least 3,000 square feet in area, whereas a duplex or a triplex requires 4,500 square feet of lot area. The proposed historic incentives would exempt historic conversions from the larger lot size requirements.

Sites with historic resources that are either landmarks or contributing structures in historic or conservation districts may not utilize the bonus provisions of the 'a' overlay if the resource has been demolished.

The design of these projects will be subject to historic resource review (a type of design review) or additional standards depending on a building's historic status. Renovation of buildings listed on the National Register, historic landmarks and contributing structures in historic districts already are required to go through discretionary historic resource review to protect the historic character and significance.

Renovation of some historic buildings – contributing structures in conservation districts and ranked properties on the Historic Resources Inventory – does not require discretionary review. The proposal includes additional standards that will limit the degree of alteration allowed for these properties.



This graphic shows the different types of historic resource designations and their accompanying levels of resource protection.

What else about the proposal should I know?

Sites with historic resources that are either landmarks or contributing structures may not utilize the bonus provisions of the ‘a’ overlay if the resource has been demolished. This strengthens the relationship between the City’s various historic preservation policies by increasing flexibility and incentives for adaptive reuse while simultaneously providing additional housing options and opportunities when the structure is retained.

For conversions of historic resources, the FAR limit includes the primary structure plus any detached accessory structure area and applies to all structures combined for the site. For example, in the R5 zone, a 0.5 to 1 FAR for the primary structure is proposed, while a 0.15 to 1 FAR detached accessory structure is proposed. For historic resources, the combined allowable FAR for all structures would be 0.65 to 1. The intention is to provide greater flexibility for historic resource conversions where the house (which may be less than the FAR maximum for a primary structure) is maintained, such that the leftover FAR can be allocated to detached structures instead. Alternatively, for larger historic resources, additions to the house can be made, provided that detached structures are smaller or not present.



8. Encourage more cottage cluster development.

Affects All single-dwelling (RF, R20, R10, R7, R5 and R2.5) zoned properties.

The proposal

- Allow for an ADU to be built with each house on a cottage cluster site.
- Require at least half of the units to be oriented around a common open space.
- Reduce the procedure type for some cottage cluster reviews from Type III to Type IIx.



For example: Smaller homes clustered around a common open space in Edgewood.

What is the intended benefit?

Cottage clusters are groups of relatively small homes that are typically oriented around a shared common space such as a courtyard or garden. Parking is often relegated to the edge of the site. These clustered developments foster a sense of community among residents and can be modeled to suit many specific living needs. The units could be part of a cohousing project, tailored to older adults or people with disabilities, or built with other innovative attributes.

Planned Development (PD) is the type of permit review process used for new cottage cluster projects. The primary difference between a cottage cluster PD and a standard subdivision is the lack of individual lots. Some or all the cottage cluster units share a lot.

The PD review enables the flexibility needed by cottage clusters to respond to site characteristics, constraints and opportunities. Because a cottage cluster is a break from the standard lot pattern, these proposals are reviewed for their site layout and architecture to ensure compatibility with the surrounding neighborhood.

The proposal accomplishes **four key objectives**:

1. It provides the same opportunities for ADUs as is allowed for houses in a subdivision, whereas the current PD rules do not.
2. It aligns the type of review procedure with subdivisions proposing the same number of units, while applying criteria that are more relevant to the cluster proposal.
3. More specific criteria heighten the importance of the shared open space and elevate it to be a central feature of the PD site when proposing detached primary units (multiple houses).
4. It provides the opportunity for community members to receive public notice and comment on the proposal.

What else about the proposal should I know?

Land use review procedures, in order from least to greatest level of process, include Type I and Ix, Type II and Iix, Type III and Type IV. Most PDs currently go through a Type III procedure, which is decided by a Hearings Officer and, if appealed, by City Council. By comparison, a Type Iix land use review, which applies to smaller land divisions, is less expensive, requires less time to process and is a staff decision. Both procedure types utilize the same approval criteria and provide opportunities for appeals at both the City and State level.

The proposal changes the threshold for PDs so that proposals up to 10 units (excluding ADUs) are processed as a Type Iix case, the same as a standard subdivision. Any proposal in a single-dwelling zone that includes commercial or multi-dwelling structures (structures containing four or more units), regardless of the number of units being proposed, remains a Type III review procedure.

The proposal maintains the current rule that density (which does not include ADUs) must be met. For example, an R5 lot would need to be 10,000 square feet before two primary houses and two ADUs could be developed. In R7 it would need to be 14,000 square feet, and in R2.5 it would be 5,000 square feet.

Section 5: Map Amendments

This section addresses map changes proposed as part of the Residential Infill Project. These changes prioritize growth in and around centers and corridors and increase housing choice and supply in accordance with the 2035 Comprehensive Plan policies 3.15, 3.33, 3.37, 3.43 and 5.6. This section is divided into the following subsections:

- A. Defining the Areas in the New ‘a’ Overlay Zone:** Explains how and where the proposed Additional Housing Options overlay zone (new ‘a’ overlay) will be applied to select areas;
- B. Adjusting the ‘a’ Overlay Boundary Using the Displacement Risk Analysis:** Describes how the ‘a’ overlay boundary was adjusted based on a displacement risk analysis that assessed potential impacts on populations most vulnerable to displacement;
- C. Rezoning Historically Narrow Lots:** Explains how and where the Comprehensive Plan Map and Zoning Map are proposed to be amended from R5 to R2.5 for some historically narrow lots; and
- D. Removing the Current ‘a’ Overlay Zone:** Explains the reasons and impacts for deleting the current ‘a’ overlay, the Alternative Design Density overlay zone.

The previous section of this report (Section 4: Analysis of Amendments) provides the background and analysis of all the proposals, including these map amendment proposals. Section 5 describes the methodology that was used to develop the map proposals.

A. Defining the Areas in the New ‘a’ Overlay Zone

The purpose of an overlay zone is to apply distinct requirements to specific geographic areas. Overlay regulations work in concert with the underlying base zone to further specific goals such as environmental protection or building design quality.

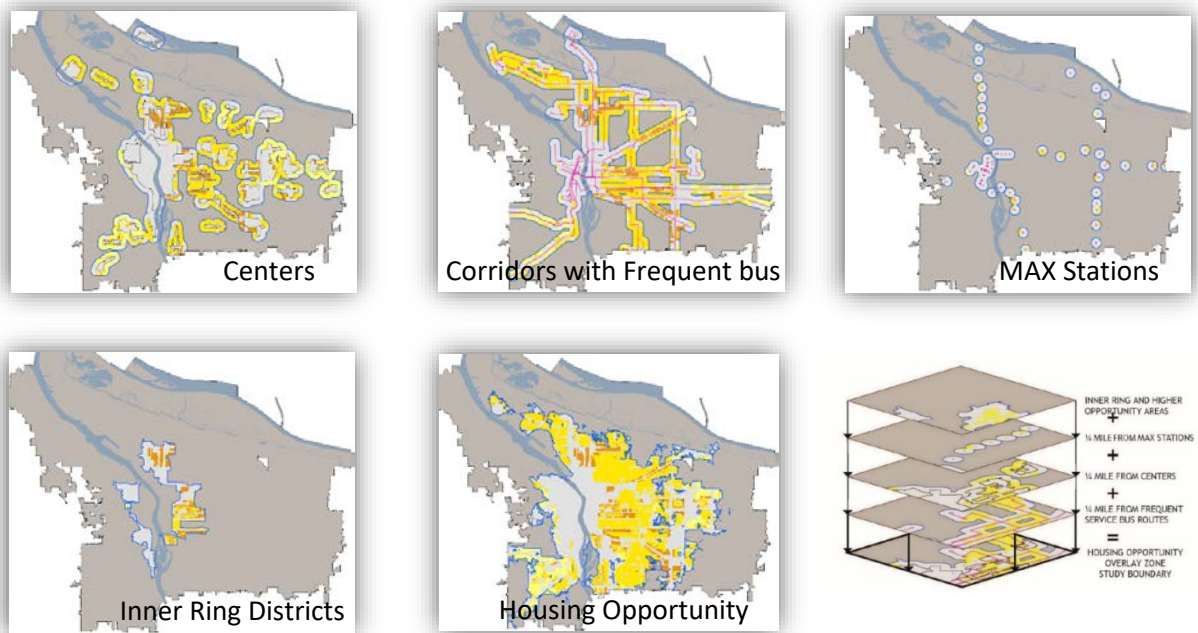
The new **Additional Housing Options** overlay zone (‘a’ overlay) is proposed to “allow for increased density in high opportunity areas including areas near frequent transit, areas designated as Centers in the Comprehensive Plan and areas close to schools, employment and everyday services.” The overlay zone promotes compatible infill development and provides opportunities for a variety of housing types that will accommodate households of varying sizes, income levels and physical abilities. The overlay zone also encourages adaptive reuse of historic properties.

The proposed location of the ‘a’ overlay was developed in five steps:

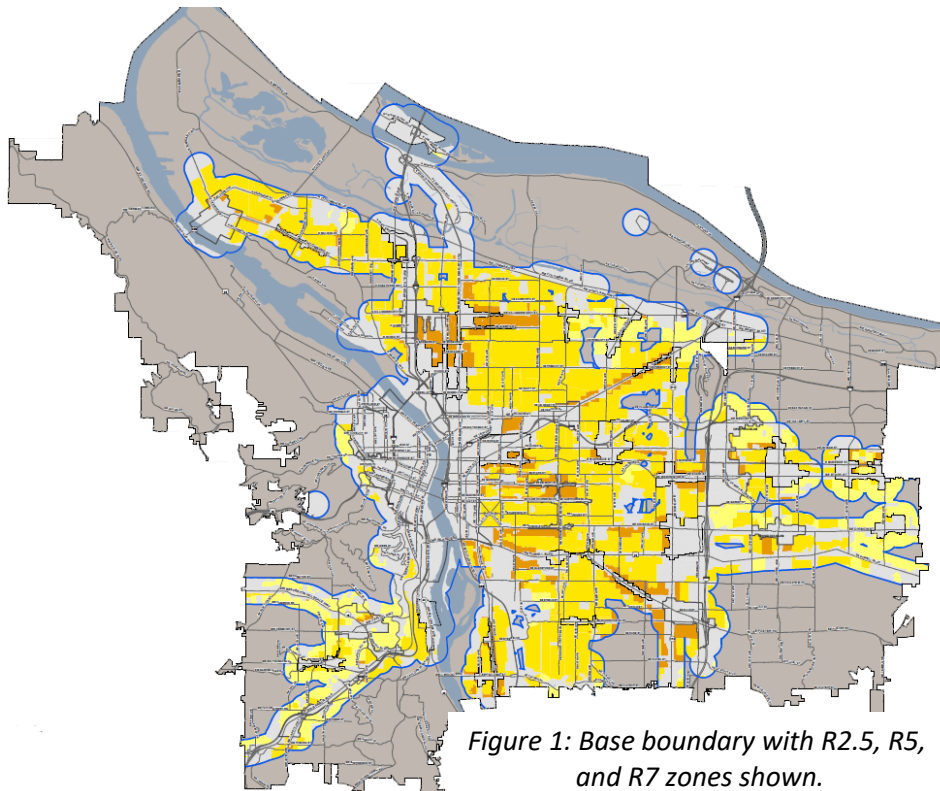
Step 1. Defining the Base Boundary: Centers, Corridors, Transit and Opportunity Areas

The first iteration of the 'a' overlay boundary, published in the Concept Report, identified the area where additional housing types should be allowed in single-dwelling zones. The area was defined based on the combination of the following three layers:

1. Areas within $\frac{1}{4}$ mile (approximately five blocks or a five-minute walk) from:
 - Centers (Central City, Gateway, Town and Neighborhood Centers),
 - Corridors with frequent bus service (15-minute or better headways), and
 - High-capacity transit (MAX) stations;
2. Inner ring districts (neighborhoods within walking distance of Central City); and
3. Medium to high opportunity housing areas elsewhere that may be slightly farther from centers and corridors but still have good transit access, include a well-connected street grid and are near schools, parks and jobs.



The base boundary was developed by combining these different layers.



Step 2. Adjusting the Boundary: Zoning Patterns and Street Centerlines

The Concept Boundary was refined based on the following considerations:

1. **Base zones.** All properties not zoned R2.5, R5 or R7 were removed from the boundary with two exceptions.

The new overlay provisions only apply to R2.5, R5 and R7 zones. However, a small area of R10 zoning (219 lots encompassing 68 acres) is designated on the Comprehensive Plan Map with a future zoning designation of R5. When these properties are rezoned to R5, the overlay will then be applicable. In addition, multi-dwelling zoned parcels with the *existing* 'a' overlay are being addressed through a separate project. The current 'a' overlay provisions will continue to apply to those parcels until they are amended through the Better Housing by Design project.

2. **Street centerlines.** Where possible, the boundary was adjusted to follow street centerlines. Street are less likely to shift than property lines, so this reduces the creation of split-zoned lots in the future.
3. **Zoning pattern.** The boundary was adjusted to create a compact and clear area. This entailed avoiding the creation of small pockets or peninsulas of areas inside or outside the overlay zone.

Step 3. Adjusting the Boundary: Development Constraints

Over 50 potential development constraints were identified by an inter-bureau team of experts and used to evaluate whether areas should be removed from the ‘a’ overlay. The types of constraints considered include, infrastructure and services, natural hazards, historic and natural resources, and zoning regulations.

The constraints were categorized into groups based on the severity of potential impacts if development was increased on the site.

- **Base constraints.** Properties with any of the following “base constraints” were automatically removed from the proposed overlay:
 - Sewer conveyance limitations (due to risks for health and safety)
 - 100-year floodplain (due to risks for health and safety)
 - Natural Resources Inventory (NRI) designation, adopted 2012 (properties with more than 50 percent of the lot in high- or medium-value resource areas)
 - Portland International Airport Noise Impact Zone (due to risks for health and safety)
 - Glendoveer R7 parcels (due to Multnomah County annexation agreement)
 - Johnson Creek Plan District (includes Transfer of Development Rights allowances⁵)
 - Northwest Hills Plan District (includes Transfer of Development Rights allowances⁵)

- **Aggregate constraints.** Properties that had only one of the following constraints were not automatically excluded, but were more closely considered when two or more constraints were present:
 - Stormwater limitations
 - Steep slopes
 - Landslide history
 - Water service limitations
 - Wildfire hazard

- **Other Constraints.**
 - **Physical barriers to centers and transit corridors.** Areas where significant physical barriers that limit convenient connections to centers and transit corridors were removed from the overlay. This includes areas with poor street connectivity, steep topography, natural features and other barriers such as freeways and railroads.
 - **Unpaved streets.** Areas accessed by streets that have not been accepted by the City for maintenance are excluded from the ‘a’ overlay. The lack of a paved street means it is harder to bike and walk, and these streets are less accessible for people with mobility impairments. Unpaved streets also bring maintenance concerns due to reduced durability, resulting in increased stormwater issues and more rapid degradation of the travel surface. Because the condition of streets will change over time, this limitation is

⁵ Transfer of Development Rights allowances provide a mechanism for owners of property in floodplain or landslide-prone areas to transfer development rights (dwelling units) to other properties in the district. Providing additional housing opportunities in these areas would weaken the market for transferring units.

embedded in the 'a' overlay Zoning Code provisions instead of excluding lots on unpaved streets from the overlay boundary on the Zoning Map.

Step 4. Adjusting the Boundary: Proximity to a Combination of Other Amenities

Areas adjacent to the initial boundary were examined in more detail to identify places where proximity to amenities warrants inclusion in the 'a' overlay. This includes proximity to MAX stations slightly farther than ¼ mile, community centers, parks, schools, the presence of multiple bus lines and convenient access to services. For example, part of Arbor Lodge, while not in the concept boundary, was added because the area is close to the MAX Yellow Line Rosa Parks station and to commercial services on N Lombard St.

Appendix F: Map Refinements to 'a' Overlay by District includes a map showing the areas where the concept boundary was expanded based on this step, along with areas removed based on the constraints described above. The appendix also contains district level maps and a corresponding matrix of the reasons why areas were added to or removed from the 'a' overlay zone proposal.

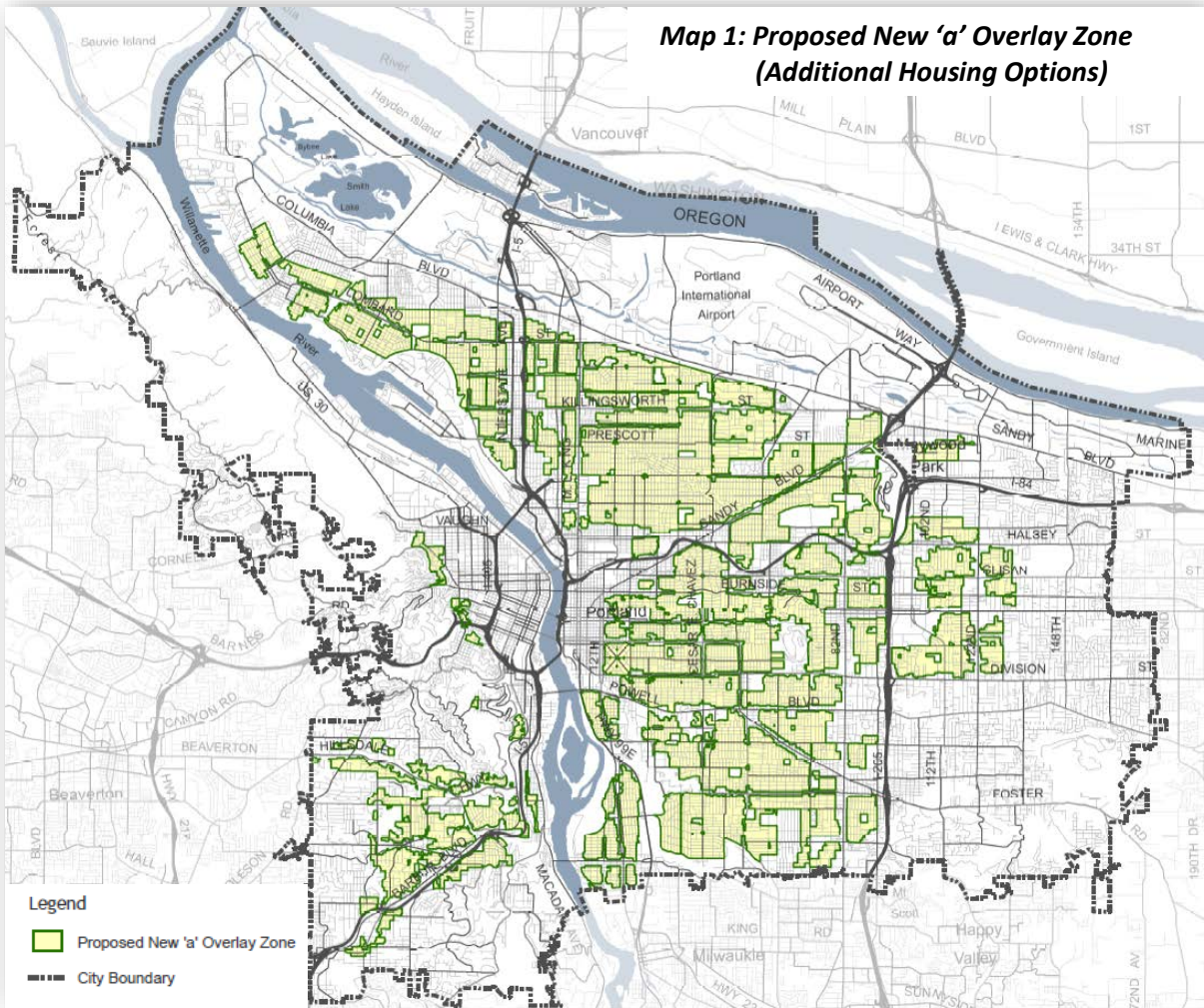
Step 5. Adjusting the Boundary: Displacement Risk Analysis

Finally, the draft 'a' overlay boundary was evaluated for potential displacement impacts on vulnerable populations, and further adjusted to lessen potential impact. The result is that the overlay is not proposed in areas with lower access to opportunity and a higher percentage of vulnerable populations.

A more detailed description of this methodology is included in the next section, B. Adjusting the 'a' Overlay Zone Boundary Using the Displacement Risk Analysis.

Proposal. Additional Housing Options Overlay Zone Boundary

The outcome of these five steps is the new 'a' overlay shown on Map 1: Proposed New 'a' Overlay Zone (Additional Housing Options).



Lots and Acreage in proposed overlay boundary		
Proposed 'a' overlay	Lots	Acres
R10 (Comp Plan R5)	219	68
R7	9,105	1,977
R5	58,979	8,430
R2.5	19,021	2,286
TOTAL	87,324	12,761
Percentage of R2.5-R7	66%	60%
Percentage of SF zones	59%	41%
Percentage of city		18%

B. Adjusting the ‘a’ Overlay Boundary Using the Displacement Risk Analysis

This section provides additional information about the displacement risk analysis, which was used to adjust the new ‘a’ overlay zone boundary in Step 5.

Zoning changes can result in benefits for some and burdens for others. The 2035 Comprehensive Plan includes new environmental justice and anti-displacement policies (5.15 and 5.16). The policies require assessment of whether new plans, policies and code provisions have significant and disproportionate negative impacts, including involuntary displacement, on under-represented communities and communities of color. They also require identifying and implementing strategies to mitigate these impacts.

The final step in developing a proposal for the ‘a’ overlay zone was to analyze its potential to result in involuntary displacement of economically vulnerable households. Based on this analysis, staff adjusted the proposal for the ‘a’ overlay zone and, by extension, the extent of proposed R2.5 rezoning of historically narrow lots.

1. Overview

The displacement risk analysis was used to assess where application of the ‘a’ overlay might unacceptably increase the risk of displacement for low-income households. To do this, the analysis identified areas with high shares of economically vulnerable households based on the race/ethnicity, education level, housing tenure and income of the area’s residents. The analysis also identified areas with medium to high ranked “housing opportunity areas.”

Based on this analysis, areas with higher opportunity but with lower risk of displacement due to having fewer economically vulnerable households were included in the ‘a’ overlay. Areas where there was a higher percentage of vulnerable households and lower housing opportunity scores were removed from the ‘a’ overlay. This approach is based on the judgment that for these areas it is better to avoid potential displacement impacts until more is known about how the proposed housing options will increase redevelopment and/or until programs are funded and in place to mitigate potential displacement impacts in these areas. Neighborhood-level market pressures, and associated neighborhood change, pose a more serious risk to residents who are less economically resilient to weather these challenges.

On one hand, increasing the supply and variety of housing options will allow more people of different income levels to have access to these neighborhoods and their amenities. While on the

Equity Guiding Principle from the 2035 Comp Plan

Promote equity and environmental justice by reducing disparities, minimizing burdens, extending community benefits, increasing the amount of affordable housing, affirmatively furthering fair housing, proactively fighting displacement, and improving socio-economic opportunities for under-served and under-represented populations. Intentionally engage under-served and under-represented populations in decisions that affect them. Specifically recognize, address and prevent repetition of the injustices suffered by communities of color throughout Portland’s history.

other hand, not allowing extra housing options in higher vulnerability areas could reduce redevelopment pressure that may contribute to involuntary displacement of lower income residents, particularly renters.

While there are households that face displacement pressures inside the ‘a’ overlay zone, on balance, more housing supply and choice in high opportunity/low vulnerability areas will help to relieve housing pressures *throughout* the region. Housing demand that exceeds supply, which currently is most acute in housing opportunity areas, is a leading cause of increasing housing costs and resulting displacement pressure. As homebuyers and renters get priced out of those areas, they seek options they can afford elsewhere. This puts pressure on lower income-earners who are then forced farther afield. Sub-area housing markets within the Portland region are inextricably linked.

2. Methodology

The displacement risk analysis used to evaluate the “a” overlay compares an area’s “vulnerability” score with its “housing opportunity” score. The following describes the methods used to calculate and compare these scores.

a. Vulnerability score

For each census tract, vulnerability is measured in terms of the following four equally-weighted demographic factors:

1. Race/ethnicity: Share of population identifying as a person of color (including Hispanic or Latino); the 2015 citywide average was 28 percent.
2. Education: Share of population over 25 years old lacking a four-year degree; the 2015 citywide average was 54 percent.
3. Tenure: Share of households that are renters; the 2015 citywide average was 46 percent.
4. Income: Share of households that are earning below 80 percent median family income (i.e., \$58,800 for a family of four); the 2015 citywide average was 42 percent.

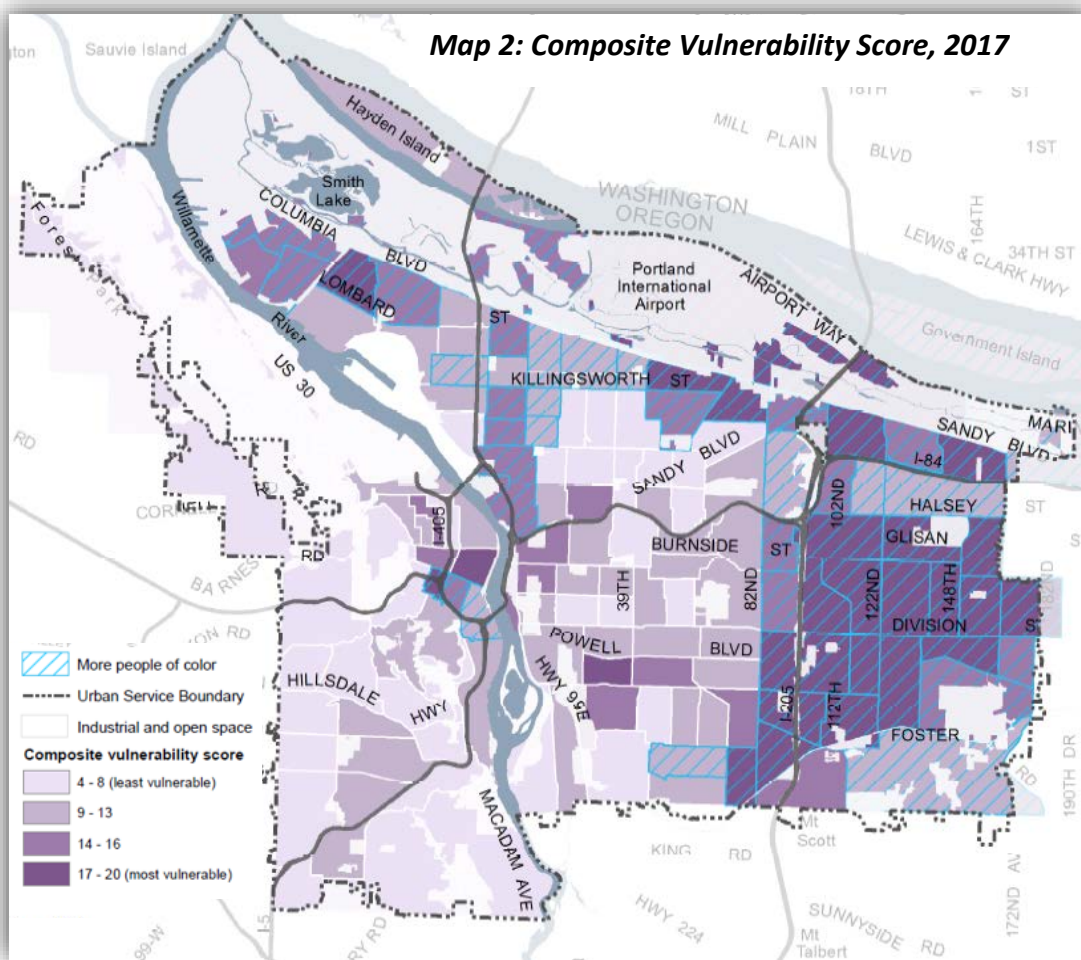
The results of these factors were calculated for each of the 143 census tracts in Portland. These were sorted into five equally sized groups (quintiles). A score of one to five was assigned to each based on which quintile it was in. A higher score indicates higher vulnerability. The quintile scores for each of the four demographic factors listed above were added together to create the tract’s total score.

For example, Tract 75 (in the Cully Neighborhood) has a composite vulnerability score of 16:

- 40.4% people of color (quintile score = 5)
- 66.2% of people lacking a four-year degree (quintile score = 4)
- 42.8% of households that were renters (quintile score = 3)
- 50.8% of households that were low-income (quintile score = 4)

Quintile Share	Quintile Score	Quintile Share	Quintile Score
Share of people of color		Share of households that are renters	
Up to 15.9%	1	Up to 25.5%	1
16.0% to 19.7%	2	25.6% to 37.7%	2
19.8% to 30.8%	3	37.8% to 47.2%	3
30.9% to 39.7%	4	47.3% to 62.9%	4
39.8% or more	5	63% or more	5
Share of people with a four-year degree		Share of households that are low-income	
Up to 34.1%	1	Up to 29.3%	1
34.2% to 44.1%	2	23.4% to 39.5%	2
44.2% to 57.7%	3	39.6% to 46.4%	3
57.8% to 76.9%	4	46.5% to 55.0%	4
77% or more	5	55.1% or more	5

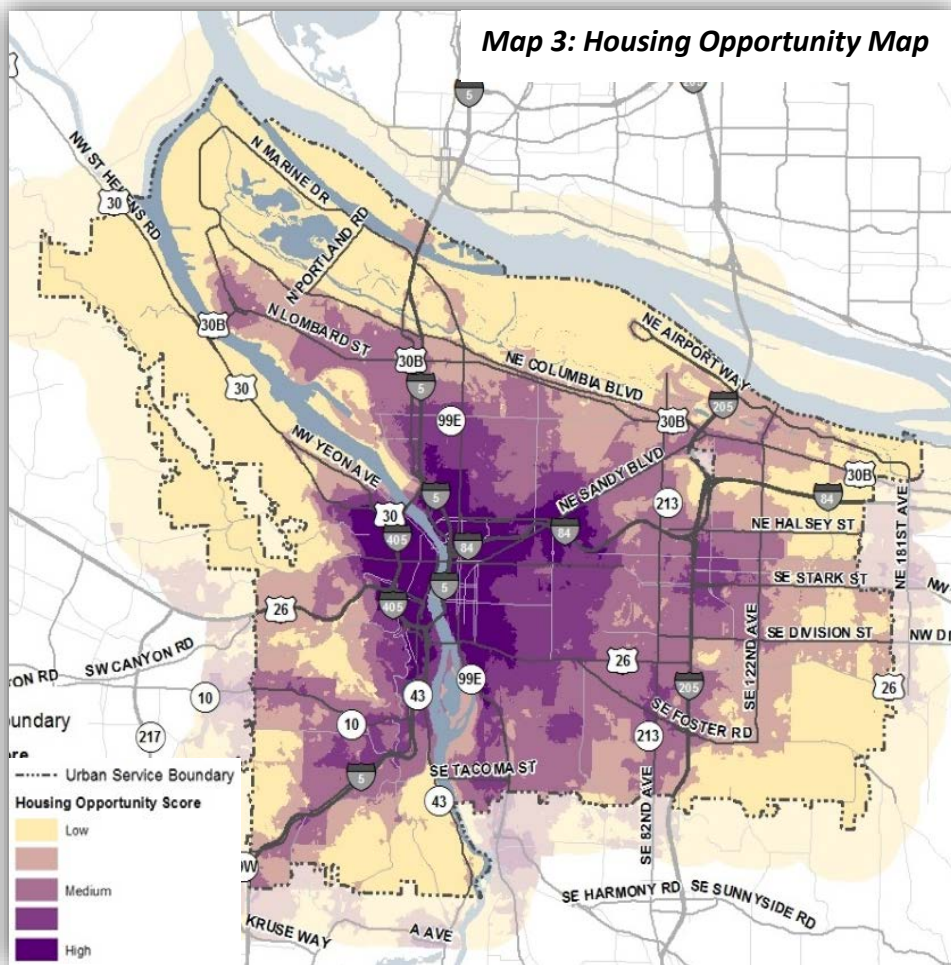
The map below shows the composite “vulnerability score.” It also shows, with the cross hatching, tracts that have a higher proportion than the city average of residents who are members of communities of color.



b. Housing Opportunity Score

Housing opportunity score was calculated based on the following five equally-weighted factors. These were translated into quintile scores for each census tract using a method like that used for the vulnerability score:

1. Childhood education: Weighted by achievement index of schools (60 percent), high school graduation rates (20 percent) and proximity to high-performing schools (20 percent)
2. Employment: Weighted by the density of family-wage jobs (55 percent), lower-wage industries (35 percent) and proximity to adult educational resources (10 percent)
3. Access to family-wage jobs: Weighted 100 percent by the number of family-wage jobs within 60 minutes using mass transit
4. Transportation: Weighted by proximity to transit (MAX, bus) and bike infrastructure (70 percent), density of sidewalks (20 percent) and density of curb cuts (10 percent)
5. Healthy eating/active living: Weighted by proximity to food sources like grocery stores and farmers' markets (50 percent), proximity to parks and natural areas (30 percent) and proximity to health care providers (20 percent)



3. Staff Proposal: Adjust the ‘a’ Overlay Boundary Based on the Displacement Risk Analysis

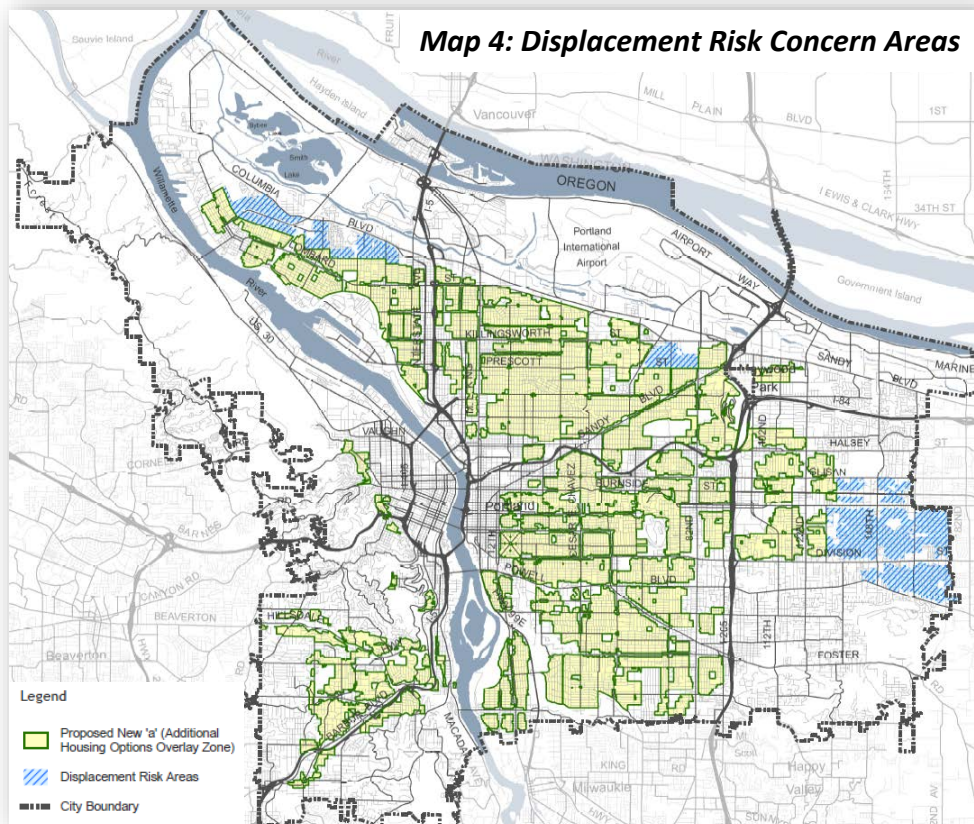
Based on the displacement risk analysis, areas with higher opportunity scores but lower vulnerability scores were included in the ‘a’ overlay. Areas with higher vulnerability scores and lower opportunity scores were removed from the ‘a’ overlay.

The removed areas include blocks in the following locations:

- St. Johns (north of N Smith St.) and Portsmouth
- Cully (north of NE Prescott St. between Cully Boulevard and NE 82nd Ave.)
- East Portland (east of 122nd Ave.)

These areas also scored high for the share of renters and people of color. Not applying the ‘a’ overlay to these areas is consistent with Comprehensive Plan policies to prevent displacement.

The eastern portion of Brentwood-Darlington is an exception. The ‘a’ overlay zone is proposed east of SE 72nd Ave. in Brentwood-Darlington, despite being identified as a high vulnerability/low opportunity area. This area is different from other high vulnerability areas in that there is a relatively high percentage of homeowners in single-dwelling areas. The census tract contains many renters because of the number of apartments in the area, which would not be impacted by this proposal. Homeowners are less likely to be displaced and may benefit from increased allowances for additional housing units. Therefore, this area was not removed from the ‘a’ overlay boundary. See Map 4: Displacement Risk Concern Areas.



4. Proposed Conditions for Future Expansion of the ‘a’ Overlay Boundary

The decision to remove areas from the proposed ‘a’ overlay boundary based on the displacement risk analysis was made to be cautious about how the additional housing options could increase displacement pressure on Portland’s most vulnerable households.

As part of the *Discussion Draft* review, community development organizations and advocates commented that including more areas in the ‘a’ overlay would help increase opportunities for wealth creation and help stabilize low-income homeowners by offering the potential to gain from the development of additional units on their property. At the same time, these advocates argued it is critical to have mitigation programs in place to lower the risk of displacement to low-income households in these areas.

Staff agrees that before the 'a' overlay is expanded into these areas, a full range of anti-displacement mitigation programs must be in place. These programs need to address the issues facing homeowners as well as renters and need to include education, technical assistance and financial tools. The following are examples of the type of activities that already exist that could be expanded or are new and could be further developed:

Programs to support vulnerable homeowners:

1. Offer outreach and education to low-income homeowners about the ‘a’ overlay provisions and their opportunities and risks.
2. Provide technical assistance to low-income homeowners on how to build additional unit(s) on their property and how to manage rentals.
3. Increase funding for financial assistance programs regarding:
 - a. Home-ownership
 - b. Home-repairs
 - c. Down payment assistance
 - d. Loans to homeowners to build additional unit(s) on their property.

Programs to support vulnerable renters of single-family homes:

1. Develop anti-displacement strategies for specific areas facing early stages of displacement risk.
2. Fund education programs for low-income renters regarding tenant rights, financial literacy and other skills that could help them stabilize their housing situation.
3. Pilot a program to give qualified displaced households preference for affordable housing units in or near neighborhoods where they were displaced.

The demand for housing assistance programs already exceeds available resources. The proposal excludes areas with high proportions of vulnerable households until the impacts of the new housing options are clearer and the resources to mitigate the potential displacement impacts are available. Delivery of these programs will likely require additional resource commitment in other bureaus and agencies (e.g., Portland Housing Bureau) and in partnership with non-profit organizations that serve low-income communities. The option to make a payment-in-lieu for bonus FAR could help fund these programs.