Portland Planning Commission

April 25, 2023

Commissioners Present

Michael Alexander (virtual), Wade Lange, Mary-Rain O'Meara, Nikesh Patel (virtual), Michael Pouncil, Eli Spevak (virtual; left at 6 p.m.), Erica Thompson

Commissioners Absent

Steph Routh

City Staff

Patricia Diefenderfer, Sandra Wood, JP McNeil, Tom Armstrong, Ariel Kane, Sam Brookham, Morgan Tracy

Documents and Presentations for today's meeting

Chair O'Meara called the meeting to order at 5:11 p.m. and provided an overview of the agenda.

Items of Interest from Commissioners

Commissioner Thompson: Update on Inclusionary Housing Work Group. Initially intended to wrap up this month, but the process has been extended to consider more variables and program changes. The initial scope was fairly limited, but now the effort is asking members about what else they think should be considered for potential changes. This direction will be discussed on Friday, and the work group is now expected to continue into early summer.

Director's Report

none.

Consent Agenda

- Consideration of minutes from the April 11, 2023 Planning Commission meeting.

Commissioner Alexander moved to adopt the Consent Agenda. *Commissioner Lange* seconded.

Y7 (Alexander, Lange, O'Meara, Patel, Pouncil, Spevak, Thompson)

The Consent Agenda passed.

Parking Compliance Amendments Project

Work Session / Recommendation: JP McNeil, Sandra Wood

Presentation

Disclosures

none.

JP provided a reminder/overview of the Parking Compliance Amendments Project – bringing the Zoning Code into compliance with the State's rules.

There are three main components of the proposal:

1. Remove minimum parking requirements citywide.
2. Update and simplify parking maximums.
3. Add new development standards for large parking lots.

There is a proposed **amendment** in response to an existing loophole in the long-term bike parking rules for elderly and disabled housing. The issue was created when the bike parking standards were updated in 2019. To fix the loophole, the proposal is to move the elderly and disabled housing long-term bike parking standard from Chapter 33.266 (the parking chapter) back to Chapter 33.229, Elderly and Disabled Housing where it originated:

- Move the standard from the parking chapter (33.266) back to the elderly/disabled housing chapter (33.229).
- Closes loophole for lower bike parking allowance for elderly and disabled housing.

Sandra provided an overview for making motions as this is the first vote the Planning Commission makes as a body. There are 6 steps to making a motion (slide 4).

Commissioner Thompson moved to amend the Proposed Draft as shown in the staff memo dated April 17, 2023. Since we're touching the chapter, cleaning it up for loopholes and ambiguity is pertinent. *Commissioner Spevak seconded*.

Y7 (Alexander, Lange, O'Meara, Patel, Pouncil, Spevak, Thompson)

The amendment passes.

Vote on PCAP package

Commissioner Spevak moved to recommend that City Council adopt the report and amend the Zoning Code per the Proposed Draft as amended. *Commissioner Thompson* seconded.

Y7 (Alexander, Lange, O'Meara, Patel, Pouncil, Spevak, Thompson)

The proposal is adopted and will be forwarded to City Council.

Garbage & Recycling Rates

Briefing: Eben Polk and Quintin Bauer; Neil Johnson

Presentation

Eben introduced himself and the rate-making process for residential garbage and recycling collection services in Portland.

Quintin walked through the process, which is specific to the residential collection. Franchise covers single family, duplex, triplex, fourplex, but not multifamily or business locations, or construction and demolition. Residential accounts for under one-third of the waste generated in Portland.

Today's focus is particular to the annual rate review for the residential collection system. Quintin provided an overview of the rate review process, which is a tight timeline as all years are (slide 4) as well as details about how and what the rates cover.

Current major service levels are noted in slide 5.

Costs that drive rates are:

- an adjustment in the fees from haulers to BPS for the franchise fee
- inflation – not added to current rates but applied to the actual costs of providing service (forecasted Jan 2023 – June 2024) of about 2%.
- Wages ~ 10% increase.
- Fuel costs – diesel expected to decrease about 20%, CNG about 16%, so about 19% lower in the next FY.
- Disposal fees and recycling processing costs. The tip fee is expected to be increase 9.2% this year.

Haulers report how much garbage they collect, and we also have a second check by CES at PSU. We also have costs for yard debris and food scraps about 4.5% increase expected.

Recycling rates are also taken into effect, which used to be a decrease in costs, but now there is an upward pressure on rates.

We are still working on final rates, but likely a 10-14% increase for FY 2023-24. Staff will return to the Planning Commission on May 9 for the hearing and recommendation on these rates, then rates go to City Council on May 24, taking effect on July 1.

Commissioner Lange: Is the tipping fee substantially higher than usual?

- Eben: This would be a second consecutive increase in the 8-9% range. This fits in what Metro Council adopted last year to manage expectations over the next 5 years. This is still a significant increase compared to prior years.

Chair O'Meara: I'm interested in the rate reduction. Do we have a sense of how much that would be, or is there more research needed to determine this scale?

- Quintin: We are just kicking off this process, and we will have time for stakeholder engagement, looking at other jurisdictions, etc.

Commissioner Alexander: On the distribution of cart sizes, is the responsibility of looking at right-sizing carts – is that with the haulers or BPS?

- Quintin: We have an education and outreach team that works on this. The haulers also have responsibility to distribute information throughout the year.
- Eben: If a franchised collector is seeing a consistent overflow, they are reaching out to the customer. Incentives are fairly invisible – through monetary mechanisms, we are trying to encourage people to right-size.

Commissioner Spevak: Oregon DEQ has $8M in grants right now to electrify haulers. One out of two Portland haulers were funded, but they sometimes have a challenge with applying for grants. Does Portland help haulers apply?

- Eben: Trucks can cost up to $500k, so it's a meaningful cost in the system. We are active in reducing emissions in our fleet on a variety of levels.

Commissioner Thompson: Where in the franchise agreement process are we? What are opportunities for discussion?

- Eben: These are 12-year terms, but in the fifth year the City can pause and review and ask questions about how well the franchises serve our community, make improvements, etc. This just launched, and after 6 months, City Council can renew the term with a revised franchise agreement to start a new 12-year term. The last franchise review process in 2017-18 did a fairly deep dive review of how the franchise system could be revised and better include BIPOC-owned companies. We also looked at demographic information from franchisees. In the intervening years, there have been 100 people graduate from Driving Diversity (driver training), and the City has been using its own procurement power (e.g. through public collection contracts) now awarded to COBID firms. So the opportunities the City has in waste and recycling were primarily in places outside the franchise, but we are continuing to work to see how the system can improve in this area. 90-day notification is now required to give COBID firms an opportunity to review and potentially participate.

Commissioner Thompson: Given the range of (high) increase we're expecting this year, it would be helpful to go back a handful of years and look at the total increase – then break it down by the subcategories of increase categories so we can understand where those costs are coming from.

Commissioner Pouncil: Can you talk about the low-income rate assistance and how it works? You mentioned there was a possible increase in wages, and I'm curious about that as well.

- Eben: On the low-income program, we initiated a project to explore and then propose a low-income qualifying discount for costs. At this point, it is something we're committed to exploring and proposing, but we don't know the scope or magnitude at this point.

- Neil: We look at union contracts, and haulers have been facing challenges finding employees. What we're seeing for costs of employment and union contracts are large increases. New union contracts were just renegotiated. This is a weighted average with the general cost of employment index to get to the costs and increases we're seeing this year. Haulers have been efficient in driving down labor hours for services they provide generally. The 10% increase is over 18 months… so about 7.6% increase over the year.

Commissioner Thompson: How has the public been alerted about being able to provide testimony on this topic?

- Eben: It's a process without a wide scope of discretion. The code requires us to look at the costs and then adjust the fees, which City Council is required to do. Educationally it's important for us to understand concerns about cost drivers and community with stakeholders to look at and manage those over time. But we're on a very defined track each year to meet the target required in City code.

Chair O'Meara: This project will continue to the May 9 Planning Commission meeting.

Training

Briefing: Tom Armstrong, Ariel Kane, Sam Brookham, Morgan Tracy

Housing Policy & Planning Presentation

Tom introduced the staff and noted the sections of training for today:

- Comp Plan Chapter 5 (Housing)
- Supporting documents (2010 Housing Needs Analysis, state laws)
- Past housing projects (Mixed Use Zones, IH, BHD, RIP, S2HC, Mobile Home Parks)

There are 5 high-level broad goals that address the supply (the quantity), the affordability, the location, Big A affordable housing, and the quality of housing. Policies are bundled in related groups.

The first group (slide 6) addresses the State requirements to provide adequate land or development capacity for a wide range of housing types. Housing access policies address the discriminatory barriers to fair and equitable access to housing. Housing location policies are part of our Healthy Connected City strategy and provide direction to expand housing opportunities in complete communities. Housing affordability policies address both Big A affordable housing and housing affordability.

The Comp Plan is a bit light on homelessness issues. At the time (2012-16), the thinking was that Homelessness was a separate issue and not directly related to land use planning. One specific reason was we did not want to the Homelessness strategic plans to become land use decisions and subject to appeals to LUBA. Both City and State policy are better recognizing the connection without the entanglement.

Commissioner Alexander: Targeted populations living in complete neighborhoods – is there a distinction between occupancy and ownership in those units? What is being measured over time?

- Tom: To date we have not gone that deep in terms of looking at the access to opportunity across demographics, ownership/rental. But we can dive into this as part of the upcoming Housing Needs Analysis.

Commissioner Lange: How is affordable housing defined in the Comp Plan? Regarding complete neighborhoods, how do you create a complete neighborhood?

- Tom: Anything that is regulated or has a contract with the Housing Bureau. These are at least 30-year contracts, and now they are 99-year contracts with inclusionary housing. Complete neighborhoods factors are listed on slide 11. There are a mix… so for example, access to parks and transit we can work with our bureau partners to fill in the gaps, which we've been doing lots of in East Portland. Healthy food and commercial services can be done through our work in zoning updates where we might expand commercial mixed-use zoning for example.

Commissioner Patel: The total vulnerability risk map – how often is this data updated?

- Tom: It had been a few years, but we just updated it. We have made a commitment now to update it ever two years. The demographic data doesn't change that quickly, but we want this to be a reliable tool. The risk factors are listed on slide 8.

Commissioner Pouncil: On middle housing, I'm curious if there has been any plan to keep those communities affordable and watch how much gentrification can affect complete communities as they develop.

- Tom: It is a multi-pronged strategy, and it's more than middle housing. At the highest level, it's trying to drive a lot of the market-rate housing into areas that are complete. With that come inclusionary housing requirements. We also are working to create more complete neighborhoods and spread the demand out across the city.

Further questions about policies and goals can be submitted to staff, and we can reply in a memo.

Ariel provided an overview of housing trends (slides 16-27). Housing preference is usually shaped by the size and needs of a household. However, the actual choice and eventual place of residence for a household is significantly influenced by household income. Understanding current and future affordable housing needs by identifying and describing household types and most likely to struggle to meet the cost of housing based on their income.

Housing Cost Burden is defined as spending more the 30% of household income on housing costs. Area Median Income (AMI) are based on regional income levels set by household size. 80% AMI level is roughly $60k for a one-person household (double the minimum wage) and $85k for a four-person household. About 31% of Portland households are low-income and cost burdened. We have 84,582 of the city's households needing more affordable housing to be able to live comfortably, safely, and in their neighborhood of choice.

Overall we're seeing a trend towards more households occupying multi-dwelling units. We have seen about 75-80% in the multi-dwelling category in the past couple of years. We are also seeing more renters in the large buildings.

In terms of permits, over the last 3 decades we've seen an increase in permits going to multi-dwelling units. As lots become harder to find, we see the production of single-family units declining. Clearly, the Great Recession in 2009-12 shows a drop in units permitted. Post Great Recession, housing production jumped from 3,000-4,000 units per year to 5,000-6,000 units per year with an all-time peak of 7,000 units in 2017. The other trend is the emergence of ADUs in 2010, which is when the City started to offer an SDC waiver.

Multi-dwelling unit production represented 80% of all housing units produced in 2021 and 78% in 2022. The 2021 estimate for housing units in the city shows that over half of the units are detached single family homes. About 23 percent of all housing units are within buildings with 20 or more units.

The share of units getting built in Central City has remained pretty consistent, but the share of units built in Western and Eastern areas has declined significantly.

The City of Portland currently has 24,231 units of regulated affordable housing, making up roughly 8 percent of the city's total housing stock. Out of the 24,231 regulated affordable housing units in the Metro-provided dataset, 15,656 units (65%) are within areas considered vulnerable (BPS Areas of Vulnerability). These vulnerable areas have a higher proportion of renters, communities of color, population without a bachelor's degree, and households with income below 80% MFI (median family income).

Out of a total of 140,000 multifamily homes (buildings with two or more units) in Portland (SOH, 2021), approximately 17% (24,000) are regulated affordable units and 83% (116,000) are market rate, unregulated, or unsubsidized affordable units. Approximately half of Portland's naturally occurring affordable housing units are located within the Inner market area.

Commissioner Alexander: I have questions as we look at shifts in housing. I'm trying to figure out the math as we talk about the emergence of multi-dwelling units while losing one type of housing. I am reacting to a significant disproportion of housing being developed in inner versus outer Portland. We haven't figured out how to break the discrepancy between investment and gentrification.

- Tom: Yes, this is the trade-off. If we're not making the trade-off and constraining the housing in the community, prices go up as we see in California a lot. We have been more biased towards creating more housing to help our larger goals such as creating complete communities and reducing carbon emissions.

Commissioner Patel: Do we have data on the average permit review time from application to building permit approval by building type?

- Tom: We can get some of this data, and there is a task force working to speed this along.

Commissioner Thompson: I'm curious about the drop-off in ADU counts. I also want to clarify if ADU includes all or just those that have agreed to the constraints of the SDC waiver.

- Tom: Starting in 2011-12 we offered the SDC waiver for ADUs. So in 2010 we did some changes to the Zoning Code to make it easier and clearer to build ADUs. The dip in 2019 was when we started requiring a requirement for the SDC waiver to not be a short-term rental for 10 years.

Tom: The Housing Needs Analysis (HNA) is required under Statewide Planning Goal 10. We have to show we have enough capacity to accommodate 20 years of housing growth. Starting in 2019 and even up to today, there are changes, upping the requirements for housing planning. We are starting this year to update the analysis every 6 years with a 3-year progress report as well.

The HNA includes 5 main components (slide 30). The state is also requiring a housing production strategy – a list of specific actions that the City will undertake to promote development to address a housing need identified. Portland is already doing a lot to promote housing production. This production strategy is an opportunity to assess – what are we doing, what could we do better, and what are new initiatives that we should be doing (slide 31-32).

Sam provided an overview of the housing forecast (slides 33-35). This is from the 2015 Growth Scenarios Report, which outlined a need for a demand for an additional 123,000 additional households by 2035. Forecast growth represents only about one-third of the total households expected in 2035. Two-thirds of the housing units that will exist in 2035 already exist today. Thus, Portland's existing development pattern defines many of the challenges in achieving our goals.

75 percent of the new development is expected to take place in centers and corridors that are ready to accommodate this growth. The Central City is expected to accommodate 30 percent of future growth. Focusing growth in and around the Central City may be the most cost-effective way to provide the greatest level of service to the greatest number of Portlanders.

Most (77%) of the new development is expected to take place in complete neighborhoods, but the 80% goal cannot be achieved simply by only focusing growth in existing complete neighborhoods – Portland needs infrastructure investments to create more complete neighborhoods. The 2015 analysis showed the combination of the growth pattern and the infrastructure investments will increase the number of households in complete neighborhoods to 73 percent by 2035. We update this analysis as part of the HNA.

80 percent of all new housing built in Portland between now and 2035 will be multi-dwelling (5+units) buildings. The Residential Infill Project changes to allow for more middle housing types could change this mix but not significantly.

Development trends continue to show a market preference for the Central City and Inner Neighborhoods, but East Portland has significant growth potential. So far, we are tracking with that forecast including the Great Recession and the pandemic. As part of the HNA, we will update the growth forecast out to the year 2045.

Sam continued with information about the Buildable Lands Inventory (BLI), slides 36-40. The Buildable Lands Inventory (BLI) is supply side – it is the estimate of the development potential that is possible under current plans and zoning after considering infrastructure and physical constraints.

The BLI previously used a Floor Area Ratio (FAR) based capacity model that identifies vacant and redevelopment capacity through a function of utilization of allowed FAR by zone. But we are now using an approach that applies a market feasible development capacity lens that looks at where development is feasible, and at what scales. This market feasible development capacity approach identifies development capacity where development is financially feasible, as opposed identifying development capacity purely from zoning and development entitlements.

Portland's existing zoning and Proposed Comprehensive Plan has more than enough development capacity to accommodate future residential growth. This excess capacity creates an opportunity to make choices about where to focus or prioritize that residential growth.

Chair O'Meara: Did vacant land include industrial land, parks, open spaces, etc? Older structure areas?

- Tom: We exclude parks and open space and most publicly owned land. We include land that's owned by the Port or Home Forward, for example. The BLI we do both sides – employment and housing at the same time, and we'll bring the employment side to you in a couple meetings. Industrial land is excluded. For mixed-use, we use about 60% for our calculations.

Commissioner Thompson: On the feasibility analysis, is there coordination or conversation about downtown office buildings, lesser seismic requirements, etc? Is this an opportunity to make these explorations more real?

- Tom: We haven't looked at that for a couple reasons – we have lots of capacity in the Central City already; there is no zoning barrier to the conversions… so this goes from a BPS policy to Prosper. This could be highlighted in the housing strategy forthcoming.

Commissioner Pouncil: Stabilizing costs and affordability – has there been a look into how to make developers pay into an affordability account to help build affordable housing? Are there tools in place to help bring the price of housing down (subsidized, etc)?

- Tom: Is does start with the demand and absorbing it. Building new market-rate housing is expensive. The Housing Bureau will have research completed on this later in the year. But we also are growing a lot of high-income households in Portland. So more production can relieve the pressure on existing households.

Immediate takeaways (slide 42) and next steps (slide 43).

Housing Initiatives Presentation

Morgan provided an overview of recent housing initiatives from 2017-23. When we're talking about housing, there is a broad spectrum of need (slide 3).

Of 123k additional households, about 30% will be in Central City; 50% in centers and corridors; and 20% in neighborhoods. Slide 5 highlights the general zoning in the city. To add perspective, the Comp Plan says 80% growth in about 57% of the city's area, with 43% single-dwelling.

Project overviews for:

- Central City 2035 (slides 7-9)
- Commercial / Mixed-Use (slides 10-11)
- Multi-dwelling Zones: Better Housing by Design (slides 12-14)
- Single-dwelling Zones: Residential Infill Projects 1 and 2 (slides 15-18)
- Manufactured Dwelling Parks (slide 19)
- Shelter-to-Housing Continuum (slides 20-21)
- Inclusionary Housing (slide 22)
- Design and Historic districts: Design Overlay Zone Amendments (DOZA) and Historic Resources Code Project (HRCP) (slide 23).

Adjourn

Chair O'Meara adjourned the meeting at 8:01 p.m.

Submitted by Julie Ocken