

# Portland Planning Commission

September 26, 2023

## Commissioners Present

Michael Alexander, Wade Lange (virtual), Mary-Rain O’Meara, Nikesh Patel, Michael Pouncil (virtual), Steph Routh (virtual), Eli Spevak, Erica Thompson (virtual)

## Commissioners Absent

## City Staff

Patricia Diefenderfer, Sandra Wood, Tom Armstrong, Ariel Kane, Sam Brookham, Phil Nameny

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

*Chair O’Meara* called the meeting to order at 5:02 p.m.

## Items of Interest from Commissioners

- *Commissioner Spevak*: Hosting a festival on October 7 at The Redd. BPS and the County are sponsors. To help Portlanders update their homes in a low-carbon ways. Lots of fun and food and education with contractors. You can also sign-up for Community Solar on the spot.

## Director’s Report

Patricia Diefenderfer

- A reminder that the October 10 Planning Commission meeting will be held in the evening, starting at 5 p.m. This will help accommodate a public hearing for the SE Rising project.

## Consent Agenda

- Consideration of minutes from the September 12, 2023, Planning Commission meeting.

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

Y8 (Alexander, Lange, O’Meara, Patel, Pouncil, Routh, Spevak, Thompson)

The Consent Agenda was adopted.

## Housing Needs Analysis

Briefing/Hearing: Tom Armstrong, Ariel Kane, Sam Brookham

### Presentation

Tom introduced the staff team. Tonight we have a presentation overview of the Housing Needs Analysis followed by a public hearing. Statewide Planning Goal 10 requires cities to ensure enough zoned-development capacity to accommodate housing needs over the next 20 years. The HNA is a background document to the Comp Plan. It is prepared by BPS, recommended by the Planning Commission, and adopted by ordinance by Council. Reviewed by LCDC for review and compliance with state statutes and rules. In 2019, State Legislature passed HB 2003 which increase the requirements for HNAs and added a requirement for the Housing Production Strategy (HPS). In 2023, the Legislature added requirements for an Oregon Housing Needs Analysis, which would establish housing production targets and equity indicators for each city.

The current HNA was done in 2009 as part of the 2035 Comp Plan Update. They provide a factual foundation for making decisions, especially when making findings in other projects. For example, under Statewide Planning Goal 10 (housing), a zoning code or map change that impacts residential development capacity must show that Portland still has a 20-year growth capacity.

We will be repealing the previous 2009 HNA [for the year 2035] and adopting a new 2045 Housing Needs Analysis. And at the same time, we will be updating the Buildable Land Inventory (BLI) by repealing the residential portion of the 2015 BLI.

After further consideration, we need to adjust our approach to the BLI document. We feel the need to split the BLI into two documents: residential and employment. We need to keep the old employment portions intact and in effect until we update the EOA later in 2024. Therefore, on Friday, we will publish a new Residential BLI document that takes all the current information in the joint document and puts it into a stand-alone Residential BLI.

Reviewing existing conditions, recent trends in terms of housing develop inform our forecasted housing need and the buildable land inventory. The new requirement, the HPS, comes after we settle on the production target to go through a process to look at programs and incentives that will help support the development of housing production... later this year and in 2024.

Ariel provided background on the shifting household demographics (slide 7); the Housing Bureau's 2022 State of Housing Report and affordability of homeownership (slide 8); the 2045 housing forecast and existing conditions to understand the baseline (slide 9); the affordability of units, where we anticipate growth at all income levels (slide 10); and housing types and considerations for different types of housing (slide 11).

Sam introduced the BLI, which is the estimate of the development potential that is possible under current plans and zoning after considering infrastructure and physical constraints – this is the supply side of the equation. The BLI is an assessment of the development capacity of land within the City of Portland to accommodate forecasted housing and employment needs through the year 2045.

Last time we did a BLI was in 2016. This time we are expanding the way we are looking at land to include vacant land and redevelopable land (via a pro forma feasibility analysis) to give us our gross development capacity. To get to the net new capacity, we factor in (subtract out) development constraints (26 total) as well as recently added development (as actual capacity) since the base year of this analysis is 2021.

Redevelopment feasibility analysis include the residual land value – the amount of money a developer can spend and still have a theoretically viable project (example on slide 15).

The BLI analysis are seen in the spatial distribution map on slide 16... a concentration in the Central City and other centers as well as corridors, in line with our growth strategy from the 1980s.

Given the total residential capacity (237,000 housing units), there is plenty of availability for our expected growth.

- 69 percent of the new development capacity is in centers and corridors that are ready to accommodate this growth.
- The Central City accounts for 21 percent of total capacity. Focusing growth in and around the Central City September be the most cost-effective way to provide the greatest level of service to the greatest number of Portlanders.
- 75 percent of the new development capacity is in complete neighborhood.
- 89 percent of new development capacity is in mixed use or multi-dwelling zoning (i.e., outside of R zones).

The third question that the HNA seeks to answer is “do we have enough capacity for the units we need?” Portland’s existing zoning 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. Development trends continue to show a market preference for the Central City and Inner Neighborhoods, but East Portland has significant growth potential.

Bringing it back to the recent production level of 5200 as the target. This is roughly in line with the average permits per year. Post-recession, most have been in multi-family units along with a bump in middle-housing since RIP went into effect, as we heard about at the last Planning Commission meeting.

Tom discussed the next phase of this work, the housing production strategy (slide 21). A housing production strategy is a list of specific actions that the city shall undertake to promote development to address a housing need identified. 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. We’re looking at this via income categories at various income levels (tools the City house to support housing development including funding; incentives; and regulations).

As we bring this forward, we are looking at what we’re doing right now, which is a lot. Then we have discussions about what programs are working to double-down on and what things that may be available that we’re not yet doing that we might want to bring into the production strategy.

Tonight we have the public hearing, which we will also continue to October 10. Staff can field questions tonight after testimony then will bring back more information to that next meeting. We need to have Council adopt this in December, so we'll be looking for a recommendation at the October 24 meeting.

### [Written Testimony](#)

#### Testimony

1. Peter Finley Fry: Land use planner in Portland. This is an incredibly important project, and this issue has been so politicized that people don't have an understanding of what's going on. This is the factual base, and I have two things to offer: looking at the new high-density residential zoning, what projects were built in the new zoning versus the old and how we calculate units. The other piece is to look at what is really going on – I think of this as a home versus a unit. Home is where you create wealth... a legacy over time. I want to ask for you to look at the household units to see what is actually going on, how the units are being used... vacant bedrooms, etc. I also want to push forward to the future in terms of market-based solutions. *See written testimony.*
2. Michael Andersen, Sightline Institute: Energy use is just one component of the HNA. We also need to formalize the effects. The trouble is much of our zoned capacity is along freeways, in neighborhoods that fear gentrification, brownfields, largely in a small zone around the Central City.
3. Bradley Bondy: Please don't treat growth projections given by Metro as the gospel. This is fuzzy and imprecise, and we could see growth far exceed these projections. We should be maximizing buildable opportunity zones. Please treat the Metro numbers as a floor as we want to be attracting people to Portland. *See written testimony.*
4. Jennifer Such: Lisa Maddocks, Portland Neighbors Welcome (P:NW): Advocate for housing abundance. HNA shows Portland has capacity for needed new housing, but that is not the only or even the most important question. As we move to the HPS, the location of housing matters. We need to make sure there are new units in a dense urban pattern in proximity to jobs and transportation, throughout entire neighborhoods. Keep these important nuances at the forefront as we develop.
5. Joe Costello: We are looking to move to Portland from the east coast. As space is built out, what is the impact on prices on existing housing? And where will the buyers come from to occupy these homes as they are built out – within Portland or elsewhere in Oregon or from outside of the area? These are things I'm thinking about as soon-to-be residents of Portland.
6. Ted Labbe: Support the work on the HNA, which shines a light on trends and possible remedies. I support the P:NW testimony. I also want to share the challenge about the childcare crisis we are also experiencing. It's important to understand the needs of childcare providers in addition to the housing concerns.

7. Doug Klotz: Increasing units on lots often decreases the costs. In high opportunity areas, we need to zone higher (not single-family) and the City should take advantage of these areas to up-zone. Fully funded inclusionary zoning must also be included. *See written testimony.*
8. Tim McCormick, Housing Alternative Network: From the perspective of someone living at extremely low-income and in informal housing. The basic framework says we should build what's needed and the projected housing needs. This is in itself a fallacy because only a tiny percent of housing occupied by very low-income community members is about the total housing stock. When I look at the landscape of things considered, there isn't much under consideration that will serve the very low-income's needs. What we need moving forward is much more perspective from those close to houselessness and how we might serve them directly.
9. Jonathan Greenwood: Support the P:NW suggestions. This promotes mixed-income and mixed-income neighborhoods... a moral imperative. *See written testimony.*
10. Zachary Leshner: Live in an area with services and opportunities – in an apartment on a dangerous arterial. There is a high opportunity score, but the land is zoned for low-density. Please consider adding capacity in areas like this to be in reach of more diverse households. Support the P:NW testimony.
11. Matt Tuckerman, P:NW: Live in an amenity-rich area. Advocate for housing abundance to build stable situations. Zone for 4-floors and corner stores in the inner eastside. The current frame for the HNA shows we have capacity, but I have questions about this. My core assumption is that Portland is in the midst of a housing crisis, something I think most of us agree on. If we have the zoned capacity, then why do we still have the current crisis? I know there are many other factors, but I question if our assumptions are correct. Zoning should be pro-active to be a city of neighborhoods for all. We should not let the data dictate our plans for the future.

*Chair O'Meara* continued testimony until the October 10, 2023, Planning Commission meeting.

Tom responded to Tom Costello's questions about the impact on existing housing, prices, etc: It is tricky when we look at especially detached single-family homes, we are not building lots more of that type of housing. The BLI shows that 90% of our capacity is in multi-dwelling, so that's where we'll have the most housing opportunities. We hope that by producing more housing (which may be more expensive), as we add more units and keep up with population growth, that has a moderating influence on rents.

The analysis that we have excess zoned capacity has been that way for many years. What we mean by being strategic, we have not turned our back on the capacity issue and making sure we have room to grow. The state law was written for cities outside the metro region, that typically end up expanding their urban growth boundary. We are looking to activate more of what we have in the opportunity areas across the city and keep looking at our zoning map and code.

The single-family homes in inner neighborhoods are too expensive to buy, tear down, and put up 4-plexes. So how do we unlock more capacity in the inner neighborhoods? One way is to expand the

corridors, look at the housing between the corridors, and figure out the threshold of density to make the residual land value viable.

Patricia: As we've been saying, this is the numbers to give us the information and state of affairs. The next phase is where we'll talk about strategies, what we need to do to facilitate the production of housing for types, needs, and income levels. Also, there was testimony about the Metro target – but we actually used a methodology to account for units above and beyond the Metro allocation.

*Chair O'Meara:* There was a note of 800 add for vacation homes – does this include short-term rentals such as Airbnb?

- Ariel: The methodology from the state is the current vacation homes (in theory this includes short-term rentals) to overall units.

*Commissioner Patel:* Thank you to those who have submitted testimony. For the HPS, I remember seeing a slide about offering incentives. Is the IH program part of the HPS as something to be analyzed?

- Tom: Yes, the Housing Bureau with BPS is wrapping up a calibration study that looks at the cost of development and compliance costs with the IH program. It all comes down to the property tax abatement that we offer (full on all units within the Central City to offset the cost of compliance with inclusionary housing). There are other facets such as construction costs and interest rates of course. Outside the Central City, the agreement with the County is to cap to just the affordable units for tax abatement. We can look at this study as it is published shortly and can bring this back to the Commission.

*Commissioner Thompson:* What I'm struggling with for the HNA is unit supply and new unit production and the affordability crisis. It doesn't seem like there is a clear explanation for the crisis. What we're doing isn't working. Our vacancy rates are low (I think), but what are we targeting and where do we need to be? On the BLI, I was curious to better understand how much redevelopment comprises the total availability.

- Tom: Starting with what we're doing is not working – there has been a realization of this. We have been tracking close to Metro's growth allocation, yet we still have an affordability problem. The state is pushing cities to plan for more, yet it's not just about zoning and capacity – that's where the production strategy gets in to see what else cities can do. It is more than the zoning capacity, which is why we're looking at permitting, SDC payment timing, and what else goes into producing a unit of housing. We can look more closely at vacancy rates, but we are at the mercy of private investment here.
- Sam: We can bring back the redevelopment share information. To the question about market volatility on the redevelopment side, the housing prototypes factor in various components. We recognize we're in a very challenging environment for market-rate development, but in the model we have tried to account for some of the volatility (e.g. interest rates). We haven't heard that our assumptions are off-base, so we have been projecting in this way. Similarly for the vacancy rate question, we think of 5% as market equilibrium for rentals; it's a bit lower for single-family units.

*Commissioner Spevak:* Tiny homes on wheels were legalized in the Shelter-to-Housing project... but we don't know how many there are. We track ADUs and mobile homes, but we don't have details on this. I was happy to see the uptick of middle housing, but the big story is customer demand and demographics match. On the three-year check-in, I fear we get there and haven't done anything – so I hope this project could include zoning changes to start seeing some changes as we change the code and map with the HPS if possible.

*Commissioner Routh:* I echo *Commissioner Spevak* in seeing what we can do with zoning changes sooner. The maps of what can be afforded are telling, and our work is not done until those maps substantively change. The note from Ted Labbe about childcare access is also something I would like to echo in how that relates to what families can afford and have as possibilities in the city.

*Commissioner Pouncil:* Advocating for housing abundance and allowing for street-scale housing in residential areas. Something I'd highlight from testimony is talking to people who are close to houselessness and how this could possibly help them and the analysis. Grants for new homeowners is a very valuable tool that we might look to.

*Commissioner Alexander:* Thanks to staff and the public including the written testimony we've received. My comment would be that the analysis would be helpful if I had the opportunity to look at the shift in demographics but also to see how this is different from the projections given in 2009. This is a great framework, but I hope the lessons of the last several years can be brought forward as well.

*Chair O'Meara:* On the HPS and outreach, I would like the Commission to have an opportunity to see this and bring forward recommendations.

## Housing Regulatory Relief Project

Briefing: Sandra Wood, Phil Nameny

### [Presentation](#)

Sandra introduced herself and Phil, the project manager. This is about zoning code amendments that the Planning Commission will have a hearing on at the October 24 meeting. We just published the Proposed Draft and are sharing some details of the proposal tonight.

The general proposal is to temporarily suspend for 5 years, and permanently change several Zoning Code rules, to provide regulatory relief in the building of housing projects.

This is in response to the immediate housing crisis, and there are several sources we drew from in developing the proposal (slide 4).

The housing production survey included about 20 development- and process-related questions. Top responses about zoning items are shared on slide 5. The first four are included in the proposal. The last three are not: maximum height limit requires much more analysis than this project has time for; middle

housing land divisions had only been in effect for 5 months, so we felt it was too early to understand the implementation issues.

Phil highlighted the project's 16 issues (overview on slide 6). Of the 16, most have a temporary (suspending or reducing code for approximately 5 years) and permanent components. He highlighted details of (slides 7-12):

- Item 1 – Bicycle Parking
- Items 2 and 6 – Ground Floor Active Use and Height
- Items 9 and 10 – Ecoroofs and Bird-safe Glazing
- Item 13 – Neighborhood contact
- Item 14 – Design Review Procedures
- Item 15 – Land use Review Expiration Dates

Ultimately, after the public hearing and deliberations, staff proposes the Planning Commission:

- Adopt this report.
- Amend Title 33, Planning and Zoning, as listed in the Proposed Draft. The amendments temporarily suspend and permanently change zoning regulations to provide regulatory relief in the building of housing projects.

*Chair O'Meara:* On ground floor active use, what is the future opportunity to convert to commercial?

- Sandra: This would be allowable, even if built out 100% residential,
- Phil: Building code issues would be what affects or limits this change.

Patricia: This is why we went quickly through the recommendations. As Phil explained, we have regulations that limit or require ground use... and to what standards these ground floors must be built. So we are proposing different treatment in the Central City than the rest of the city.

*Chair O'Meara:* On neighborhood contact, is the applicant still on the site signage?

- Phil: This would be suspended for 5 years. If they are going through a land use review, there is still an option for posting for some things and mailed noticed. The land use review planner would be the contact. Notices would still be sent.

*Commissioner Lange:* I understand the need to do this to help spur more development. After the 5 years, if you have taken advantage, does the property fall into non-conformance? Is mechanical exempt?

- Phil: Specific to long-term bike parking, generally this is an issue when something uses a waiver or suspension and that goes away it would be non-conforming. But many of these provisions are not ones that trigger needed improvement (e.g. ground floor windows) unless they are doing something with that exterior factor. Long-term bike parking is a bit different because it doesn't get triggered unless a project is a major remodel project. Mechanical is triggered by a dollar-figure amount.
- Patricia: This is a good question about people taking advantage of these provisions and what happens down the line. We can dig into this and clarify it more at the hearing.



- Sandra: Process items obviously don't need to be resolved. Most items in the development categories are not on the list of things required to be upgraded in the future.

*Commissioner Pouncil:* For the bicycle parking, I think there is already a state law that says bike parking is a certain amount per unit?

- Phil: The climate friendly rules committee is actually amending this as we speak. They are suggesting the requirement be 1 bike space per unit and we can potentially propose adjustments. Something that state rule won't be in affect until the City updates the Transportation System Plan, but of course we are keeping our eye on this. We worked directly with PBOT and those who develop bike regulations, and they mentioned it at the Bicycle Advisory Committee even before we published this draft.
- Sandra: Currently there is not state requirement for on-site bike parking. In this project we have been asked to move quickly, and we have been to several groups to present this project, and we have seen a letter from the Street Trust come in. People are aware, and we know people will be testifying at your hearing.

*Commissioner Pouncil:* On bird glazing, is this the glass or what actually holds the window in place? Was there discussion with groups such as Audubon?

- Phil: It's the actual glass that provides the reflective quality. I have been more proactive in reaching out notices and emails to Audubon and Willamette Riverkeeper.

*Commissioner Thompson:* I had some similar questions and concerned that *Commissioner Pouncil* asked regarding community groups who had been contacted. Could we have a list or slide that includes the groups that you did reach out to? In terms of climate justice, what about Build/Shift? If there anything we can help with the outreach, we are happy to. On the high-level, I think it's important to be thinking long-term. I know there are crises in front of us and we can be a bit reactive; with all the things put forward as potential changes here, they are not all created equally. Ecological health and bird populations concern me in terms of where that landed in terms of process improvements. I'm also concerned about the ecoroof requirement.

*Commissioner Routh:* I agree with all *Commissioner Thompson's* comments! We are in a housing crisis, and I know uncomfortable things need to be on the table to alleviate some of this. I am also happy to contribute with outreach.

Sandra: I want to clarify that just because the City isn't requiring something temporarily doesn't mean the developer can't provide it.

Patricia: Similar about the ground floor uses and standards, in this intervening time, we would look at if there are ways to achieve similar outcomes in more cost-effective ways.

*Commissioner Spevak:* I have gone through about half the project and may not understand it. I want to send these points and questions to staff ahead of time since I think we'll have lots to discuss.

Sandra: Please send us emails with your questions so we can address them ahead of time via a memo before the October 24 hearing and meeting. We are using the Map App for public testimony for this project, so commissioners can start reviewing testimony there.

*Chair O'Meara*: To the extent there can be data about the costs that are added by some of these things, that would be helpful.

Adjourn

*Chair O'Meara* adjourned the meeting at 7:51 p.m.

Submitted by Julie Ocken