

Portland Planning Commission

October 10, 2023

5:00 p.m.

Meeting Minutes

Planning Commissioners Present: Wade Lange, Mary-Rain O'Meara, Nikesh Patel, Michael Pouncil

Commissioners Virtual: Steph Routh, Eli Spevak, Erica Thompson

City Staff Presenting: Tom Armstrong, Sam Brookham, Ariel Kane, Bill Cunningham (BPS); Jessica Conner, Dory Hellyer (PHB); Shane Valle (PBOT)

Documents and Presentations

Commissioner O'Meara called the meeting to order at 5:02 p.m.

Items of Interest from Commissioners

Vice Chair Pouncil: There will be a climate/horror Halloween party at Green Anchor on October 10. There will be family time from 3-6 p.m.

Director's Report

Chief Planner Patricia Diefenderfer shared upcoming opportunities for participation on other workgroups:

- The City will have a Budget Advisory Committee and there is an invitation for a Planning Commissioner to be on that group. The nomination and votes can happen at the October 24 meeting.
- BPS staff have a collaborative working group for the Economic Opportunities Analysis. We would like to have a commissioner participate in that process as well. There will be 6 or 7 meetings on Friday mornings through January.
 - Commissioner Routh volunteered and was voted in as the representative unanimously.
 - Y7 – Lange, O'Meara, Patel, Pouncil, Routh, Spevak, Thompson

Consent Agenda

Consideration of minutes from the September 26, 2023, meeting

Commissioner Thompson **moved** to adopt the minutes and *Commissioner Routh* **seconded** the motion.

Commissioner Lange: Should we clarify the intervals for progress report for the HNA In the minutes?

Tom Armstrong: Our understanding is that the progress report is three years from adoption, so fall of 2027.

Y7 – Lange, O’Meara, Patel, Pouncil, Routh, Spevak, Thompson

Housing Needs Analysis

Tom Armstrong, Sam Brookham, Ariel Kane (BPS)

HNA presentation

Tom Armstrong kicked off a brief presentation on issues that came up at the 9/26/23 meeting.

With this project, we are planning for growth, increasing diversity, planning for an aging population, and seeking to maintain our income diversity. We therefore want to maintain a diversity of housing choices. One of our guiding principles is for healthy connected neighborhoods, and we use that as a lens when looking at how we grow in the future. Under current conditions about 64% of projected growth is in healthy connected neighborhoods, so to meet the goal of 80% complete neighborhoods we need to invest more in those types of neighborhoods.

Displacement came up at the last meeting. As of now, 42% of future growth would be in economically vulnerable neighborhoods.

Sam Brookham presented information to give context to some of the testimony that was received.

The Inner Eastside Opportunity Area was flagged as a proposed area for focused growth by Portland: Neighbors Welcome (P:NW). Overall capacity in that area per the BLA is about 10% of the total capacity (see map in linked presentation). Development capacity is clustered along arterials, which is a function of zoning and development feasibility. 90% of citywide capacity is in multidwelling zones, which are commonly found along mixed-use corridors.

Development feasibility is also important. As shown by the tracking of new middle housing permits post-RIP, you can see a pattern in the form of a ring between the inner areas and outer areas, which is a result of development feasibility.

Sam showed a chart displaying the amount a developer could purchase a 5,000-sf property in inner eastside (\$700k median) cross referenced with the amount a property would need to cost for it to pencil with certain development types. The takeaway is that generally development becomes feasible in this area when you get to apartment-style development. This highlights the challenge of getting in MH in those inner eastside SF neighborhoods and why most is happening in outer areas.

Tom Armstrong gave background on the 2035 Housing Capacity – questions were raised about the previous forecast and why it's not working at the last meeting.

There was an HNA in 2011 based on a 2007 Metro forecast, which was then updated in the 2015 Growth Scenario Report. They projections are relatively similar for planning 25 years out. We recognize that a significant number of existing Portlanders have relatively lower incomes, and we are continuing to plan to meet the need for housing available to a diversity of incomes.

Why isn't this working? When you look at projection over reality, it appears to be pretty close to reality, though maybe a little low – the target continues to grow.

Another factor not considered was more growth in higher income households than expected created upward pressures on prices and rents.

Ariel Kane presented 2010-2021 Housing trends:

- Portland grew by 1,131 more households than produced units. There was an underproduction of 9,385 units.
- Rents increased by about 39% from the median but mortgage rates only increased 3% during same time period.
- Cost-burdened renter households increased by approx. 6,700 while cost burdened households decreased by approx. 10,700.
- An estimated 4,000 STR's registered for tax collecting purposes – we don't have a lot of good data on what is full units vs. renting a bedroom.

Chair O'Meara opened testimony. There were no testifiers. She then closed the written and oral testimony for the HNA Project.

Lang: Where is this headed?

Armstrong: Next steps are that we'll come back, and you will make a recommendation to City Council. You will then draft a transmittal letter, where you can add concerns and suggestions. From there, it goes to developing the housing production strategy (HPS).

Diefenderfer: Council will adopt the HNA in December. But concurrently we're identifying the strategies for how to meet the projections in the HNA in the HPS.

Vice Chair Thompson: If any changes or modifications to the report are necessary, is the transmittal letter the opportunity to highlight or emphasize what we've heard, or will there be an opportunity to make modifications?

Armstrong: Technically the report can be modified, but we are also faced with a December deadline with Council. However, there will be an opportunity to continue working on this as through the HPS workplan. We would prefer we kept moving with the understanding that there is more work happening.

Thompson: With that in mind, I can see the need to move forward, but I would like to see some clarification in the executive summary, which suggests we have plenty of land and opportunities, but doesn't account for the fact that it really matters WHERE that housing is built or address displacement risk in areas that currently have naturally occurring affordable housing. I would like that message to be brought forth more clearly beyond just the letter to Council.

Armstrong: We can elevate some of those issues that are addressed in the document. Some of the other ideas, like looking at heat islands, that's something we're looking at with the HPS.

Thompson: Maybe clarify those issues and then also make it clear that there will be more study with the HPA.

Commissioner Spevak: In the HNA, I would like to see more info on the size of households in Portland. I didn't see that, and I think that's important to have for planning. Also, with rising interest rates, it seems that 2021 data about cost-burdened homeowner households isn't very fresh considering changes with interest rates.

Armstrong: There is a section that talks about household size in the report. We can elevate that to the executive summary.

O'Meara: I saw in the table a need for an approximate 10,000 units for houseless households – how is that number determined? I'm trying to differentiate between the 10,000 units for the houseless and the 53% of housing production needed overall that need to be affordable.

Kane: We took the most recent point in time count for houseless people in 2019 and then add in some additional data and a multiplier. These lowest income households are factored into the 53%.

O'Meara: Since the HPS will include further study, I think that we need to elevate the need for more affordable housing and those numbers in the report.

Pouncil: Has there been any sort of tracking of the higher income new households that have moved in and is there a way to determine that through permitting? And how to influence that?

Armstrong: Most new construction is going to be affordable to higher income households but permitting doesn't really help us track that. There are other sources to help us find what are the range of rents in certain areas.

Diefenderfer: I want to clarify that we're talking about both housing units and households and differentiate between them. We don't have a whole lot of control over the type of housing units that are built. Separate from that is how we get more affordable housing built. You referenced a statistic about the capacity of housing, and I want to clarify what that means.

Armstrong: Earlier we were talking about the zoned capacity and then also that we haven't seen as much development occur in vulnerable areas. To your second point, yes, we want to see more affordable housing in those high-opportunity areas. And that's where we have inclusionary housing to help with that. There are other discretionary policy choices that the City can make to address that as well.

Routh: I'm thinking about older adults. I would like to highlight that intergenerational housing is something to note.

O'Meara: We will continue this until the 10/24 meeting.

Diefenderfer: We've noted the request for more info in the executive summary. We do also have staff from the Portland Housing Bureau about the inclusionary housing.

Inclusionary Housing Calibration Study Presentation:

Dory Hellyer and Jessica Conner (PHB)

Dory Hellyer from PHB gave an overview of the IH program and the study:

- Citywide, calibrating rates and incentives by geography
- Mandatory program at 80% AMI with supplemental incentives to reach below 60% AMI
- Prioritize units on site over fee-in-lieu revenue or units off-site
- Requirement for all buildings with 20 or more units
- Maintain comparable quality, size, bedroom composition, and distribution
- Maintain affordable units for 99 years
- Building units on-site is most common

There are incentives/subsidies to offset the costs.

- Density and Height Bonuses
- Exemption from Property Taxes for 10 years

- In Central City, applies to all units (market rate and affordable)
- Outside Central City, only the affordable units are exempt
- Exemption from Construction Excise Tax
- Exemption from System Development Charges
- Reduced Parking Requirements

Key questions in the study:

1. How does IH fit into the broader picture of development feasibility right now?
2. Are the incentives offered with IH adequate to offset the requirements?
3. Are the policy objectives being met?
 - a. Creating more 60% AMI units and family size units
 - b. Creating affordable housing throughout the city
 - c. Creating mixed-income buildings
4. What can be done to simplify standards, add flexibility, and create more clarity?

IH Calibration Study: Scope and components

- IH Unit Resident Experience
 - *Survey experience of residents of IH units*
- Site Utilization Analysis
 - *Assessment of 12 – 19-unit projects*
- Program Comparative Analysis
 - *Research IH programs in other jurisdictions*
- Development Cost Study
 - *Portland construction cost analysis*
 - *Comparison city cost analysis*
- Development Prototypes Analysis
 - *Analysis priorities: off-site options, reconfiguration, homeownership, and assess full tax exemption outside Central City*
- External Stakeholder Work Group

Housing costs are rising:

- Construction costs in Portland have risen by more than 50% since 2016
- Portland median income increased by 29%
- High-end rental rates increased by 24%

Development prototype analysis findings:

Are the incentives offered adequate to offset the cost of IH?

- Central City = *adequately balanced to offset*
 - Primarily via full property tax exemption
- Outside CC: High-Cost Markets = *offsets less than*
 - Due to partial property tax exemption
 - Particularly in high-cost markets like Slabtown and Goose Hollow
- Outside CC: Low-Cost Markets = *offsets more than*

- Market rate rents are closer to what is required under IH, so the impact of IH's affordability restrictions is negligible in today's market

IH Workgroup recommendations:

1. Program Administration & Design
 - Reasonable equivalency – Align across program; make easier for off-site
 - Off-site building location – Increase distance for off-site locations
 - Reconfiguration – Clarify bedroom standard; remove confusing text
2. Tax Exemption
 - Expand property tax exemption outside the Central City for projects with 60% MFI IH Units.
3. Areas for Additional Analysis
 - Homeownership
 - Policy threshold

IH Analysis key takeaways

- IH program is working in meeting overall policy goals to create affordable, family-sized housing in mixed-use, mixed-income neighborhoods
- Even with balanced IH program, development is currently not feasible due to other market factors, including a rapid increase in construction costs in the last few years
- IH is only City policy where City offsets much (or all) of cost of meeting requirement.
 - *Fully offsetting in Central City*
 - *Other high-cost areas may need additional incentives* to ensure IH is not reducing feasibility
- Minor changes to requirements could simplify, add flexibility, and create clarity for developers and staff

Lower Southeast Rising Plan

Bill Cunningham (BPS) and Shane Valle (PBOT)

LSER presentation

Bill Cunningham introduced the project, which was created in partnership with PBOT as a neighborhood plan that focuses on land use and transportation issues for the Brentwood-Darlington area.

Background –

- Gaps in access to services in the plan area with a lack of local commercial services and connecting infrastructure
- Current zoning is mostly single-dwelling in the area with little opportunity for neighborhood commercial

- There are three neighborhood centers in the vicinity but not within a walkable distance from most of B-D

Project Objective –

- Increase opportunities for neighborhood businesses
- Increase housing choices and affordability
- Expand active and green transportation access
- Support community stability

Plan Components –

- Land use map changes
- Transportation projects
- Community stabilization

Public Engagement – was a lengthy and robust process

- Phase 1 – Issue identification (summer-winter 2021)
- Phase 2 – Create alternatives (spring-summer 2022)
 - Little/no change
 - Enhanced commercial at intersections
 - Corridors
 - Centers and Corridors (most popular option)
- Phase 3 – Discussion Draft (spring-summer 2023)

Land Use Proposals

- Zone change proposals include:
 - RM1 – Small-scale multi-dwelling compatible with single-family
 - RM2 – Mid scale multidwelling in centers and corridors
 - CR – Neighborhood commercial
 - CM1 – Small scale mixed-uses
 - CM2 – Mid-scale mixed uses in centers and corridors

Proposed Growth Concept and Zone Changes – 6.5% of plan area proposed for rezoning

- New neighborhood center
- Small commercial areas
- Corridors

New Brentwood-Darlington Neighborhood Center

- Commercial zoning for main street business district on SE 72nd
- Smaller commercial hub at SE 82nd
- Allow more housing close to center services

Commercial Hubs

- Zoning to expand opportunities for commercial services at key intersections

Expanded Housing Opportunity

- Zoning for more housing along corridors and around centers – close to services and transit

Affordable Housing Preservation

- Goal was to avoid redevelopment of unregulated affordable housing
- Zone changes avoid sites with unregulated low-cost apartments and manufactured dwelling parks (retain RMP zoning)

Rezoning to Open Space near Johnson Creek

- OS zoning for BES properties
- Floodplain and habitat restoration

Community Stabilization – Displacement Risk Analysis

- Analysis shows little displacement risk from zone changes

Community Stabilization – Plan Approaches

- Affordability and stabilization
- Preservation of low-cost housing
- New affordable units
- Small businesses along corridors

Community Stabilization – Recommendations for future action

- Coordination with 82nd Ave planning
- Investments in affordable housing
- Community economic development and workforce development
- Recommendations

Amendments to Comp Plan and Urban Design Framework Diagrams

- New Brentwood-Darlington Neighborhood Center
- Designation of SE 52nd and SE 72nd as Neighborhood Corridors

Proposed Map Amendments

- Comp plan maps
- Zoning map
- Zoning code maps

Transportation Proposals

Transportation Recommendations

- Traffic safety and traffic calming
- Access to businesses, services, and community destinations
- Transit network frequency and directness

Transportation projects strategy

- Corridor improvements
- Neighborhood greenways
- Corridor improvements and neighborhood greenways work together to expand safe biking, walking, and access to transit, which supports the new land use vision

Transit

- TriMet Forward Together – TriMet adopted transit improvements in the area
- Local Street Improvements – Local street priorities- City can't address all of the needs right away. Current focus is for SR25

Next steps

- 11/14: PC work session
- 11/28: Recommendation

Invited Testimony

Pam Hodge: Speaking as a longtime resident of B-D and a Project Committee Member.

Historically known as felony flats with lower income and higher vulnerability. As a long-term B-D

resident, supports the plan because it makes good on longstanding promises made to the community.

Anna Weichsel: Member of the planning committee, resident of BD area, and in the Woodstock NA. Very supportive of the plan. Planning team worked with PSU students to think of out-of-the-box ideas. Was particularly impressed with the balance struck by the plan for environmental concerns and the need for housing and new development.

Public Testimony

Scott Goodman – Supports the plan as described within three themes:

1. Idealism. New MURP graduate and this plan appears to be straight out of the textbooks.
2. As a professional, works on housing issues in my day job, and knows that the “rent is too high.”
3. Personal. As a new parent and is concerned about what his children’s options will be in the future. This progressive plan is a good start.

Lydia Khoroshenkikh – Opposed to the plan and the changes it could bring to the neighborhood.

Bea Lake – Concerned about the upzoning on SE Flavel and SE 72nd – 82nd. It seems that this is profit-seeking developers that will benefit from this. There are plenty of walkable services in Clackamas County.

Masayo Yamamoto – A decade ago, a tax abatement program was allowed in this neighborhood. Does this plan run counter to that?

Matchu Williams – Has enjoyed watching this process come to fruition and this work has been a long time coming. The community outreach was commendable and the MapApp is a great tool. Would encourage that the plan goes further and improve areas where neighborhood greenways intersect with corridors.

Jessica Murri – A homeowner in the neighborhood that worked hard to purchase her home in 2020. Not against the idea of affordable housing but concerned about the proposed changes next to her property that she worked so hard to purchase.

Elaine Kinchen – I am a local homeowner and was glad to find a neighborhood where I could purchase a large lot. There is already plenty of walkable services in Clackamas County.

Chair O'Meara closed written and oral testimony at 7:35.

Planning Commission Round Robin Discussion

Spevak: I came into this project expecting that staff should go further than the proposed changes. I no longer feel that way. Looking at the map, I think most of the changes make sense

to create a more walkable neighborhood. To go further this at this time doesn't make sense since there are closer-in areas that need to see changes to increase density and improve infrastructure there first.

Thompson: There were a couple of themes I heard that warrant further discussion:

- Traffic safety
- Long history of unfulfilled promises
- Many specific locations noted for traffic calming measures
- Concerns about preserving affordability – there does seem to be a need to preserve homeownership opportunities
- The vision for SE 72nd and SE Flavel? What's the vision and the context?

Routh: I have questions about what the street improvements were. Curious about the adjacent underutilized industrial property. Also, I believe that the manufactured home park is zoned in perpetuity. Unsubsidized affordable housing – what is the catchment area of potential impacts?

Lang: I grew up in an area like this and I have a sense of what could happen there. I get excited about the opportunities there, but I need to more about the possible impacts.

Pouncil: I echo Commissioner Lang and think we need to learn more. I also want to commend the community involvement work here. I think it's a stellar example.

Patel: I commend staff for the expansive engagement process. I think the plan addresses the historic disinvestment in the area, which I'm familiar with since I grew up nearby. Created more complete neighborhoods across the city is a priority and this plan seems to do that.

O'Meara: Thanks to everyone, whether this is your first time commenting on the project or have been involved for years. Also, we need to keep in mind there are different ideas to what "underutilization" means. Community planning is a tricky thing, and we need to adopt a plan that supports community stabilization. As someone who has lived in the area since 2012, I want to note that there is a lot of walking in the area and a need for pedestrian safety improvements. I still have questions about how we prioritize transportation investments.

Adjourn

O'Meara adjourned the meeting at 7:52.

Submitted by JP McNeil