

Portland Planning and Sustainability Commission

Thursday, May 3, 2012

1:00-3:00pm

Meeting Minutes

Commissioners Present: Andre' Baugh (by phone), Mike Houck, Gary Oxman, Howard Shapiro, Chris Smith, Irma Valdez

Commissioners Absent: Karen Gray, Don Hanson, Lai-Lani Ovalles, Jill Sherman, Michelle Rudd

BPS Staff Present: Joe Zehnder, Chief Planner; Tom Armstrong, Management Analyst; Uma Krishnan, Demographer; Julie Ocken, PSC Coordinator

Other City Staff Present: Kate Allen, PHB; Andrea Matthiessen, PHB; Dory Van Bockel, PHB

Vice Chair Shapiro called the meeting to order at 1:03pm and provided an overview of the agenda.

Items of Interest from Commissioners

- *Commissioner Houck* noted that Lenny Dee has a number of case studies on citizen involvement that include examples from around the country that may be of interest to the commission. He will follow up with *Vice Chair Shapiro*.

Limited Tax Exemption Programmatic Changes

Briefing: Tom Armstrong; Kate Allen, PHB

Documents:

- [LTE Summary](#)
- [LTE Multi-Unit Map memo](#)
- [Proposed Multi-Unit LTE Map](#)

The Limited Tax Exemption programmatic changes for both multi-family and single-family are presented.

For single-family, the goals and recommendations are suggested to best align the existing program to close the minority homeownership gap as in line with PHB primary homeownership strategy.

For multi-unit, the changes include combining new multi-unit construction and transit-oriented development. Other changes to the programs include instituting an annual cap on the total number of units or foregone revenue approved annually, and the creation of a competitive evaluation process for the multi-unit program. The following updates, when adopted, will be monitored and evaluated during a three-year pilot period.

The public process to date has been extensive. Staff had a briefing with Council in early March and have held 15 different community forums since then with URAs, land use groups of most neighborhood coalitions, through stakeholder meetings and at the PHAC board hearing on May 1.

Themes from public input for new construction included:

- Single-family cap of 100 applications annually - This is good to balance the tools to advance goals and the tool costs foregone revenue. The cap also is based on the administrative capacity of PHB staff since the application process is intense to manage.

- Single-family proposed cap on sales price of the homes - We can set cap up to 100%, and there is a recommended change to set this currently at 100% of median sales price.
- With a \$1M annual cap, there is a potential multi-unit disadvantage for East Portland in a competitive process.
- The public also voiced concerns around scoring methodology.
- There is a request for more opportunity for public input on project decisions.

The PHAC is working on set of recommendations in conjunction with those the PSC will have at their 06/12/12 hearing. The PHAC supports:

- the home buyer LTE cap to exempt developers who are providing home ownership that has permanent affordability of 60% MFI. This was a recommendation brought by two non-profits, Habitat for Humanity and Proud Ground.
- multi-unit scoring advantage for East Portland.
- flexibility in the application process, especially in first year. The main question is if it is a burden to have only one application time per year for developers.

Next Steps

- Additional review with the revised map in neighborhoods, open public comment.
- PSC hearing on 06/12/12.
- City Council hearing on 06/27/12.
- Multnomah County hearing in early July.
- For the multi-unit changes, this needs to be a very quick timeline so that staff can get applications out and active in August for developers.

BPS staff has helped in developing the multi-unit map, which shows what areas will be eligible for the multi-unit program. In line with idea of the cap, staff looked at areas currently in the project and where we might expand to in an interim basis as the Comp Plan is completed, at which time more map amendments may be made.

The focus for the multi-unit changes is on areas that are more complete neighborhoods and that have access to transit. The map produced at end of March focused on expanding inner SE corridors to include some station areas along the Milwaukie light rail line. The map also proposes removing some areas along St Johns and Lombard.

- N Portland and NE comments from the public were that they wanted the tool to spark development.
- Inner SE constituents had questions/concerns they were being singled-out for expansion.

Based on this input, staff revamped the map and applied two other categories, based on the Metro 2040 growth concept, including Town Centers and Main Streets with transit service. Then corridors (Powell, Barbur) with frequent transit service. The updated map is being circulated through affected neighborhoods via district liaisons and other staff, preparing them for PSC 06/12/12 meeting. Two exception areas to this map revision are:

- N Vancouver/Williams was part of the program before and has been left in even though not designated as Main Street.
- 122nd Ave south of Powell is a Main Street with transit, but reflecting on conversations with David Douglas School District, staff focused that expansion area to Division corridor, north of Powell along 122nd.

Discussion

In the multi-unit requirements, how do you know businesses currently located are meeting the needs of the community? Who makes the judgment call if the businesses are adequate?

- The developer has to make a case for exemption for commercial use. Their request must come with a community-based group advising/recommending that services are currently being met.

N Vancouver/Williams has historical issues regarding equity and race. Have there been concerns from this neighborhood around context issues for the neighborhood?

- There have not been with respect to this tool. Staff attended the Northeast Coalition of Neighborhoods land use group and the Interstate URA advisory committee and heard no reaction to the LTE as a problem. Many see it as an opportunity for affordability in what is getting built now that is responsive to some concerns in this area.

Regarding equity and the benefit to people who will live in LTE housing to have it dispersed throughout city, neighborhoods may see this as a burden because they see excessive concentrations of affordable housing, building style, etc. Spreading the burden is a good thing. If this is a tool to promote mixed-income.

The East Portland argument is that we say we want to help them and are now asking them to come into a pool to compete, but builders/developers will likely go to other places. How should we work with Lents/Gateway/etc who have concerns about being forced into quotas and restrictions?

- PHAC also expressed desire to hear how we can build within constraints (cap) to developers across city. This implies a competitive process. But in support of East Portland goals, it could be possible to give East Portland areas a scoring advantage.

There was a question about the new construction (single-family homes) requirement that “The home must have at least three bedrooms, unless built within a frequent transit service corridor in which case two bedroom homes are allowed”.

- Most builders do build 3-room homes. Some families would like to have a home close to transit service, which might be a smaller family in a smaller unit. This could be an overlay of the TOD guidance on top of HOAs.

Single-Family LTE Map Amendment

Hearing / Decision: Andrea Matthiessen, PHB; Dory Van Bockel, PHB

Presentation: <http://efiles.portlandoregon.gov/webdrawer/rec/4893388/view/>

Documents:

- [Homebuyer Opportunity Map Memo](#)
- [Proposed Homebuyer Opportunity Map & Matrix](#)

This map shows builders the eligible geographies to receive LTE for new single-family construction. State statute prescribes the thresholds we can use as a City to determine distressed neighborhoods and areas of blight within the City, which is what is taken into account in determining the eligible areas.

Staff worked with the City attorney’s office to identify acceptable indicators and looked at available data to demonstrate “distressed neighborhoods and areas of blight”.

The data set includes housing vacancy, number of foreclosed homes, crime rates, median house value, vacant lots and homeownership rate by census tract.

The map was last changed in 2006; some areas in the original map are no longer distressed, but others have become more so and need to be added.

The proposed new map includes approximate 16% of city acres within the map; this is lower than the given threshold of 20%.

Concordia/Alameda/Woodlawn/Sabin (census tracts are not quite aligned with neighborhoods, but they are close) are proposed to be removed. Areas being added are Mill Park, Hazelwood and some areas of Lents. Creston, Montavilla and Brentwood-Darlington had previously been proposed for removal, but in a more recent review, they will stay in.

Testimony

- Justin Wood, Home Builders Association of Portland: PHB's numbers on how many houses are used in the map could be off a bit because areas not previously included could skew the numbers up. It's not clear how development in different areas will change the numbers. The areas that are farther out from downtown may disincentive people to build there, and there is competition to which areas get built out with more homes. PHB's recommendations of the areas being taken out and added in are deserving.

Discussion

PHB staff has been wrestling with the concept of a cap. The average over the past few years has been 120-130 applications, which would go down to 100. They are sensitive to the desires and needs of builders and also sensitive to as you adjust locations that have various sales/property values, you may be impacting areas in which developers choose to build. There is a balance to provide transit with how affordable homes can be.

We have to look at city as a whole, data-driven per State statute.

PHB has put the question of being able to adjust State statute to more city-specific influences on the upcoming legislative agenda for City to make changes.

Motion

Commissioner Houck moved to approve the proposed changes to the Single Family New Construction LTE Homebuyer Opportunity Area Map, to go into effect August 1, 2012.
Commissioner Smith seconded.

The motion passed.

(Y6 – Baugh, Houck, Oxman, Smith, Valdez, Shapiro)

Adjourn

Vice Chair Shapiro adjourned the meeting at 2:01pm.