

IMPACT STATEMENT

Legislation title: Adopt requirements for deconstruction of the city's oldest and most historic houses and duplexes (Ordinance; Code Chapter 17.106)

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Purpose of proposed legislation and background information:

An average of 300 Portland homes have been demolished in each of the past two years. Demolition of housing has raised community concerns related to housing affordability, health, waste, and neighborhood character. The ordinance is intended to address primarily the impacts associated with waste generated by demolitions. Waste associated with construction, remodeling and demolition of buildings represents a significant amount of overall waste generation and landfill debris (20-25 percent). Changes in the wood waste market have significantly reduced options for recycling wood (primary material in housing), creating an increased need to reuse these materials to avoid landfill disposal.

Mechanical demolition is currently the predominant method for removing houses. Mechanically demolished houses result in minimal opportunity for recycling and reuse. In contrast, deconstruction uses disassembly and places a priority on salvaging materials for reuse. The ordinance would increase deconstruction and salvage of valuable materials from the Portland's oldest and most historic houses that would otherwise be mechanically demolished. By preserving and reusing this material, the proposed ordinance helps the City achieve carbon reduction and waste diversion goals while creating jobs and protecting neighborhood health.

- The proposed requirement to deconstruct houses or duplexes built in or before 1916, or houses or duplexes designated as a historic resource, would result in application of the requirements to approximately 34 percent of house/duplex removals.
- Less than 10 percent of house demolitions use deconstruction currently.
- Approximately 8 million pounds (4,000 tons) of material would be salvaged for reuse annually.
- The ordinance supports policies and actions related to the 2015 Climate Action Plan and the Comprehensive Plan Update.

The proposed threshold year of 1916 is intended to increase the percentage of deconstructions at a rate that allows the industry to expand at a manageable pace, adding capacity while maintaining quality, safety and efficiency. The oldest structures tend to have higher-quality building materials that are most valuable and sought-after on the salvage market.

Financial and budgetary impacts:

- Existing Bureau of Planning and Sustainability staff will establish and operate the program as proposed.
- The program will require approximately 20 hours/week in staff time.

- Bureau of Planning and Sustainability staff would be responsible for the program including enforcement.
- No changes to permit review fees are proposed.

Community impacts and community involvement:

A Deconstruction Advisory Group (DAG) was established in April 2015, meeting 16 times since that date. The DAG consists of a broad range of stakeholders including deconstruction and salvage (for and non-profit), home building, commercial development, demolition, neighborhood, recycling, historic preservation, and Bureau of Development Services and Metro staff. DAG members were asked to represent their constituents and to share information with them and provide feedback to the group. The DAG reached a consensus to advance a requirement for deconstruction of certain houses whereby the salvage and building industry would not be overwhelmed and allowed time to adapt and that future steps could be taken to increase deconstruction and salvage activity.

Outreach:

- Four-week public comment period provided for draft code language
- Code language available online
- Copies sent to all Neighborhood Coalitions, Home Builders Association, and Deconstruction Advisory Group
- BPS staff gave briefings to:
 - Development Review Advisory Committee (DRAC)
 - Portland Historic Landmarks Commission
 - Portland Planning and Sustainability Commission
 - Portland Design Commission
 - Northeast Coalition of Neighborhoods Land Use and Transportation Committee
 - North Portland Neighborhood Services Land Use Group
 - Central Northeast Neighbors
 - Southeast Uplift Land Use/Transportation Committee
- Electronic notifications through both BDS and BPS outlets

Impacts to the community include:

- Reduced impacts of potentially harmful dust and increased likelihood of hazardous material discovery and abatement, protecting the health of workers and neighbors.
- Additional deconstruction activity benefits the local economy, supports small enterprises, and creates job opportunities that can serve as pathways to higher-paying construction jobs.
- Reduced landfilled and burned waste.
- Opportunities to purchase affordable building materials.
- Opportunities to purchase old-growth lumber and unique fixtures.
- Increased time to remove a building (2 days for mechanical demolition and 10 days for deconstruction).
- Potential for increased cost of housing units built on sites subject to the requirements.
 - Deconstruction can cost 40 to 80 percent more than mechanical demolition. For example, demolition of an average home may cost \$10,000. Deconstructing the same home could cost \$14-18,000. Multi-dwelling units would spread any

additional costs over multiple units. Demolitions resulting in only one replacement unit (1:1) would see the greatest increased costs.

- The existing deconstruction and salvage industry will see an increased number of projects and material.
- Mechanical demolition contractors may need to adapt their methods or partner with deconstruction firms in order to meet deconstruction requirements.
- Deconstruction has significant carbon reduction benefits compared to demolition by preserving the embodied carbon and energy of existing building materials and avoiding the creation of greenhouse gasses associated with producing new materials.
- Deconstruction training will prioritize participation of people of color, women, and other historically underrepresented groups in the field of construction as a means to provide equitable opportunities within the industry.
- Given the requirements are tied to the age of structure, there is a geographic component to the requirements (older neighborhoods that include pre-1917 housing will likely see the most deconstruction activity).
- Anticipated testimony includes:
 - Members of the Deconstruction Advisory Group (DAG)
 - Home Builders Association (HBA)
 - Development Review Advisory Committee (DRAC)
 - United Neighborhoods for Reform (UNR)
 - Historic preservation advocates
 - The ReBuilding Center
 - Habitat for Humanity/ReStore
 - Earth Advantage
 - Workforce training organizations
- Support/agreement:
 - The Deconstruction Advisory Group (DAG) supports a deconstruction requirement that takes a significant step forward while allowing all parties (builders, deconstruction contractors, salvage retailers, and demolition contractors) to adapt and meet increased activity while minimizing growing pains.
 - Neighborhoods generally view the benefits of deconstruction as a way to reduce the impact of demolitions – less waste, reduced dust/hazmat exposure, reduced carbon impacts. They may also want a more aggressive and immediate approach (see *Objections/concerns* below).
 - The deconstruction and salvage industry supports the requirements as a first step to increasing deconstruction activity in a manner that they can adapt to while not overwhelming the market.
 - Historic preservation advocates are supportive of increased deconstruction activity for structures that must be removed and cannot be preserved/renovated.
 - Metro and Oregon Department of Environmental Quality support the proposal for its waste reduction and public health benefits.
- Objections/concerns:
 - Home builders/developers:
 - Cost – concerns about the increased cost associated with deconstruction and that it will add to already unaffordable housing.

- Time – concerns regarding increased time it takes to deconstruct a house.
 - Labor – concerns that the salvage industry cannot ramp up in time and there may be a long delay in getting deconstruction contractors to begin jobs.
 - Condition/quality (not all houses created equal) – concern that some houses are better off torn down using machinery due to their condition or lack of marketable materials
 - Incentives - may want to see incentives coupled with any requirements.
- Neighborhood groups:
 - Asbestos – requirements do not go far enough to include more houses thereby reducing hazardous material exposure. Some may call for a 1930 threshold (this would represent 66 percent of demolitions).
 - Timeline – may want the year built threshold revisited in a short time period.
- How the Bureau of Planning and Sustainability (BPS) responded to or incorporated concerns into the proposed legislation.
 - Training is an important component of rolling out the requirements and is already a priority for BPS. Training will help build the labor force required to meet work load and will also help ensure safe and effective projects. BPS has contracted with a local workforce development consultant to develop a training and funding plan.
 - BPS will promote the option of using heavy machinery and skilled deconstruction (called hybrid deconstruction) as a viable approach to meeting requirements while also reducing time and cost.
 - The increased number of deconstruction projects will result in more deconstruction firms entering the market place leading to increased competition and innovations that will reduce cost/time.
 - Salvaged material from a deconstruction project can be donated to non-profits and tax deductions associated with the donation can help offset costs.
 - Setting the age threshold at 1916 or earlier limits the number of houses/duplexes subject to the requirements, allowing the industry time to ramp up and adapt.
 - Reporting to Council six months and twelve months after the requirements take effect will provide an opportunity to review the outcomes of the requirements/program and identify any issues that need to be addressed in order to facilitate success or adapt to unforeseen circumstances.
 - The code language allows the BPS director to suspend requirements if they are temporarily infeasible due to economic or technical circumstances.
 - BPS has established a deconstruction grant program with a total budget of \$100,000. Individual grants of \$2,500 are available to qualifying deconstruction projects.
 - The proposed ordinance authorizes exemptions for structures posing an immediate public hazard and for structures that are determined to have limited potential for salvage/reuse due to conditions such as fire, rot, or mold.

Budgetary Impact Worksheet**Does this action change appropriations?**

- YES: Please complete the information below.
 NO: Skip this section

| Fund | Fund Center | Commitment Item | Functional Area | Funded Program | Grant | Sponsored Program | Amount |
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