



City of Portland
Historic Landmarks Commission

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October 20, 2016

To: Portland Planning and Sustainability Commission

Re: Inclusionary Housing Zoning Project

Dear Planning and Sustainability Commissioners,

The Portland Historic Landmarks Commission (PHLC) is supportive of the affordable housing goals of the Inclusionary Housing Zoning Code Project (IH Project), but has specific concerns and suggestions to the provisions of the IH Project as they relate to historic resources. The PHLC hopes to see a version of the IH Project achieve adoption, but feels strongly that some alterations are needed to make it better support historic resources, and thereby better meet the City's own Comprehensive Plan goals for historic preservation.

Our primary concern is related to the challenges that will arise when new construction projects in historic districts utilize the IH FAR bonus (up to a maximum of 3:1), particularly the ways in which this will create more tension in the land use process when applicants bring the PHLC over-scaled and possibly unapprovable projects. As you have heard from our Commission during the Comprehensive Plan process, the regulation of new construction in historic districts is focused primarily on compatibility. Height and bulk are of paramount importance when we look to approve an infill building, as out-of-scale buildings erode the harmony and wholeness of a historic district. We have been advocating strongly for a reduction in height/FAR in districts where the current allowances in the Zoning Code are not in alignment with what can meet the land use approval criteria. For example, the East Portland Grand Avenue Historic District currently has FAR up to 9:1. A developer who uses the IH Project bonus of 3:1 could bring the PHLC a substantially larger building with a FAR of 12:1. This creates an impossible situation where a very large project will not meet the approval criteria, but the bonus will likely be seen as an entitlement by the developer who needs it to offset the financial burden of providing the required affordable housing. Our existing Zoning Code already creates a frustrating and unpredictable process for applicants who do not understand that the size of their proposed building is part of the discretionary review. We see the FAR bonus provision in the IH Project as something that will only exacerbate this situation in historic districts and possibly leads to a greater number of appeal cases. At worst, if these larger projects are approved on appeal, we will lose the character and integrity of our historic districts, which our local and state-wide planning goals aim to protect.

While our primary concern is with the compatibility of new construction in historic districts, **we also have concerns about how this affordability requirement affects historic buildings that are being adaptively reused as housing, yet cannot take advantage of the FAR bonus to achieve financial feasibility when affordable units are required.** Historic buildings in Portland are already faced with numerous financial challenges when being rehabilitated and reused. Seismic upgrades, fire and life-safety improvements, new building systems, and a backlog of deferred maintenance typically make

historic renovation projects less profitable than new construction and often infeasible. The PHLC has concerns about further adding to the list of obstacles that already stymie the rehabilitation of historic buildings without a meaningful incentive to help offset the affordability requirement.

Related to this is the fact that when rehabilitation cannot compete financially with new construction, there is greater pressure to replace existing buildings. Not only does this mean we will see the continued loss of many historic but undesignated buildings (e.g. The Workman's Temple), but that our designated structures may come under threat at an increasing frequency. While our individually-listed and contributing historic resources are subject to the Type IV Demolition Review process, this does not confer absolute protection. **We will likely see developers attempting to navigate the Type IV process to demolish historic buildings when the rewards outweigh the risks—something that a FAR bonus combined with a robust economy is likely to do.**

The PHLC understands that meaningful non-financial incentives are very limited when it comes to both affordable housing and historic preservation. **The PHLC therefore requests that properties in historic districts and individual landmarks be allowed an alternate incentive rather than a FAR bonus under the IH Project provisions.** The PHLC is willing to serve on a panel or committee to study financial incentives, as we believe an alternate incentive is critical to maintaining the integrity of our historic districts and resolving the significant challenges that will arise in the land use process. If it is not feasible to determine the policy structure of an alternate incentive in the short schedule for political consideration of the IH Project, the PHLC seeks **temporary** exemption for historic landmarks and for all properties in historic districts from the Inclusionary Housing Zoning provisions until a solution can be determined.

Ultimately, we do support the intent of the IH Project and its ability to provide affordable housing in every sector of the City, including within historic districts, and we look forward to further assisting in any way we can to also have this project support Portland's historic resources.

Sincerely,



Kirk Ranzetta
Chair



Paul Solimano
Vice Chair

cc
Brandon Spencer-Hartle, BPS
Hillary Adam, BDS