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Office of the Director
FROM CONCEPT TO CONSTRUCTION

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Report to Council

December 7, 2016

TO: **Mayor Charlie Hales**
Commissioner Nick Fish
Commissioner Amanda Fritz
Commissioner Steve Novick
Commissioner Dan Saltzman

FROM: **Paul L. Scarlett, Director**
Bureau of Development Services PLS

SUBJECT: Portland Historic Landmarks Commission State of the City Preservation Report

The attached report is a required Annual Report of the Portland Historic Landmarks State of the City Preservation Report for 2016. The report is required by Portland City Code [Title 33] to fulfill the Annual Report requirement for its actions and accomplishments for each fiscal year.

The Landmarks Commission is an active volunteer Commission, meeting 25 times between January and November 2016 for primarily Land Use case related work. In addition, the Landmarks Commission held 22 required advisory briefings on matters ranging in scale from new and revised National Register listings, to the New Chinatown/Japantown Historic District Design Guidelines currently under development, to the numerous legislative briefings related to the City's Comprehensive Plan update and associated Code development projects.

The Historic Landmarks Commission is proud to have been a part of the following 2016 Historic Preservation Successes:

- Adoption of the long-awaited Skidmore/Old Town Historic District Design Guidelines.
- Continued advocacy and success in collaboration with Bureau of Planning and Sustainability, particularly with the appointment of Brandon Spencer-Hartle as Historic Resources Manager at BPS, who serves as a dedicated champion for the City's historic resources.
- Continued advocacy for resources on the Historic Resources Inventory, which are now subject to a 120-day demolition delay when removed from the Inventory.
- Completion of a best practices memo, which helps to guide applicants toward approval. This memo is distributed to applicants via staff early in the land use process.
- The Oregon Supreme court ruling in Lake Oswego Preservation Society v. City of Lake Oswego upheld LUBA's interpretation of owner consent and determined that subsequent

owners may not remove historic designations, thus ensuring continued protection of these properties. The City of Portland filed a joint brief, along with other cities and preservation groups in support of the LUBA decision.

Background:
The Historic Landmarks Commission provides leadership and expertise on maintaining and enhancing Portland's historic and architectural heritage. The Commission identifies and protects buildings and other properties that have historic or cultural significance or special architectural merit. The Commission provides advice on historic preservation matters, and coordinates historic preservation programs in the City. The Commission is also actively involved in the development of design guidelines for historic design districts.

The Historic Landmarks Commission consists of seven members, none of whom may hold public elective office. The Commission must include a historian with knowledge of local history; an architectural historian; an architect; two members from the following: landscape architecture, real estate, construction, community development, urban planning, archeology, law, finance, cultural geography, cultural anthropology, or related disciplines; and two members at-large.

All members must have demonstrated interest, competence, or knowledge of historic preservation. No more than two members of the Commission may be in the business of buying, selling, leasing, or developing real estate for profit, or be officers of such a business. Members are appointed by the Mayor and confirmed by the City Council. The terms shall be a maximum of four years with a maximum of two full terms.

Powers and Duties:
The Historic Landmarks Commission has all of the powers and duties which are assigned to it by PCC Title 33 or by City Council. The Commission powers and duties include:

1. Establishing or removing Historic Landmark and Conservation Landmark designations for specific buildings or sites in quasi-judicial reviews;
2. Recommending the establishment or removal of Historic Landmark and Conservation Landmark designations to the City Council in legislative actions;
3. Recommending the establishment, amendment, or removal of Historic Districts and Conservation Districts to the Planning Commission and the City Council;
4. Recommending and developing design guidelines for Historic Districts and Conservation Districts to the City Council;
5. Reviewing development proposals for Historic Landmarks and Conservation Landmarks and in Historic Districts and Conservation Districts;
6. Reviewing demolition and relocation requests for certain Historic landmarks and buildings in Historic Districts;
7. Providing advice on historic preservation matters to the Hearings Officer, Design Commission, Planning Commission, Portland Development Commission, other City commissions and committees, and City Council; and
8. Initiating and coordinating historic preservation and public outreach programs in the City, including reviewing recommendations for national register status and making

recommendations to other governmental agencies regarding historic preservation programs and issues.

TO THE COUNCIL

The Commissioner of Public Affairs concurs with the recommendations of the Director of the Bureau of Development Services and

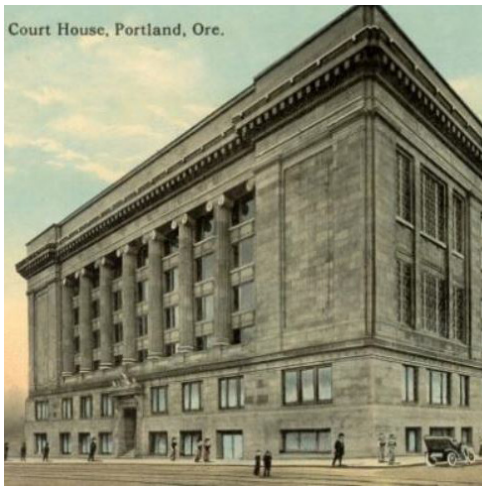
RECOMMENDS:

That the Council accepts this Portland Historic Landmarks Commission State of the City Preservation Report to Council and report as set forth in Exhibit A.

Respectfully submitted,

Commissioner Dan Saltzman

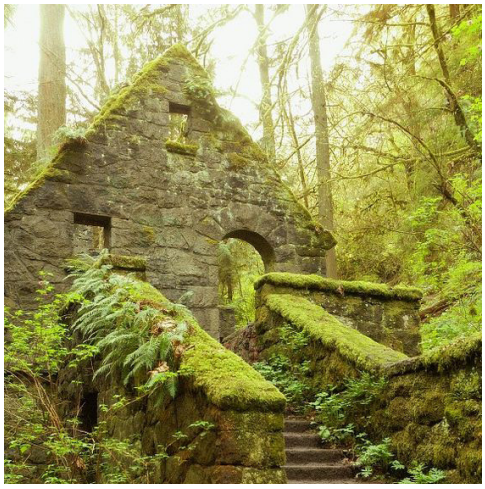


State of the City Preservation Report 2016

PORTLAND HISTORIC LANDMARKS COMMISSION

November 2016



Portland Historic Resource Watch List

Cover images include some of the following at-risk resources that the Historic Landmarks Commission is actively championing. It is our hope that inclusion in the list will raise awareness and will serve as a catalyst for preservation efforts and greater stewardship. Our goal for each of these properties is to see them removed in future State of the City Preservation Reports and featured as success stories of rehabilitation and reuse.

1. NEW CHINATOWN / JAPANTOWN HISTORIC DISTRICT
2. EAST PORTLAND / GRAND AVENUE HISTORIC DISTRICT
3. PORTLAND'S CONSERVATION DISTRICTS
4. 20-MINUTE NEIGHBORHOODS / STREETCAR-ERA COMMERCIAL HUBS
5. FACILITIES IN PORTLAND PARKS
6. PORTLAND FIRE DEPARTMENT ENGINE HOUSE #2
7. MULTNOMAH COUNTY COURTHOUSE
8. THE ORIGINAL BLANCHET HOUSE
9. VETERANS MEMORIAL COLISEUM
10. CAST IRON COLLECTION

Report Contents

Current Commission 1

Letter from the Chair 2

2017 Priorities & Goals 3

Current Preservation Issues 5

2015-16 Accomplishments 17

Portland Historic Landmarks Commission

The Portland Historic Landmarks Commission PROVIDES LEADERSHIP AND EXPERTISE ON MAINTAINING AND ENHANCING PORTLAND'S HISTORIC AND ARCHITECTURAL HERITAGE. The Commission reviews development proposals for alterations to historic buildings and new construction in historic districts. The Commission also provides advice on historic preservation matters and coordinates historic preservation programs in the City.

Commission Members

KIRK RANZETTA, CHAIR – Commissioner Ranzetta is a PhD architectural historian. He has 23 years of experience with National Register properties and districts, local and National Register surveys, and review and compliance procedures.

PAUL SOLIMANO, VICE CHAIR – Commissioner Solimano is a Registered Professional Archaeologist. He has participated in over 300 cultural resource projects and directed at least 60 including National Register eligibility testing and data recovery excavations at 30 prehistoric and historic sites.

JESSICA ENGEMAN – Commissioner Engeman has an educational background in architectural history, historic preservation, and planning. She works in real estate development specializing in the adaptive reuse of historic buildings and financing tools including tax credits.

CARIN CARLSON – Commissioner Carlson is a licensed historical architect with 13 years of experience working exclusively with historic resources. She specializes in condition assessments, materials conservation, and sensitive restorations.

KRISTEN MINOR – Commissioner Minor has spent over 25 years studying and shaping the built environment. She practiced architecture for 10 years, then spent 10 as an urban planner, and now works exclusively with historic and older buildings.

MATTHEW ROMAN – Commissioner Roman has 19 years of experience preserving Portland's architectural heritage both as a designer and through involvement in nonprofit organizations like Restore Oregon, the Architectural Heritage Center, the Pittock Mansion, and the Preservation Artisans Guild. His professional work includes numerous renovations and restorations of historic structures throughout the region.

The Landmarks Commission is supported by HILLARY ADAM, primary staff to the PHLC and an expert team from the Bureau of Development Services. We also welcomed BRANDON SPENCER-HARTLE as our liaison from the Bureau of Planning and Sustainability.

Message from the Chair

Dear Portland City Council Members,

It is apropos that this year marks the 50th anniversary of the National Historic Preservation Act of 1966. Even amidst the most divisive social, economic, and political upheavals of the twentieth century, our nation's political leadership took great pains to conserve our shared heritage.

In 2016, the uptick in the City's economic development has led to calls for accommodating significant population growth. As a result of improved market conditions, demolitions have risen precipitously, incompatible development in older neighborhoods has led to the pursuit of new historic districts in three neighborhoods, and citizen activism faces extreme obstacles to conserve historic resources such as the Morris Marks and Ocobock Houses.

What these points convey is that Portlanders view historic preservation as a solution rather than a problem. Even as affordable housing has reached near crisis levels, historic buildings, such as the Portland Sanitarium Adventist Nurses Quarters near Mt. Tabor, may hold the potential to make an important contribution to resolving the housing crunch. Other historic buildings await similar opportunities. Historic preservation is not a policy platform that focuses just on buildings, but on enriching the lives of all Portlanders, while being economically sound, socially just, and environmentally sustainable.

To truly protect Portland's historic character and the profound sense of place tied to the Central City and residential neighborhoods, the Portland Historic Landmarks Commission (PHLC) is reliant upon staff support from BDS and BPS, as well as the financial and political support of City Council. Maintaining, expanding, and advancing our highly qualified historic review and preservation planning staff has had an immense positive impact over the last year. We also greatly appreciate the City's reinterpretation of state laws following the Lake Oswego Preservation Society v. City of Lake Oswego court case that resulted in demolition delay protections for over 3,000 Historic Resource Inventory properties. Lastly, the recent decision on the Mass Shelter and Affordable Housing project, which maintained the Type III land use review for affordable housing projects, was a favorable outcome for our historic districts.

Given the proliferation of issues facing historic resources in the City, the PHLC has outlined in this report several priorities and goals for 2017 related to legislative advocacy, updating the Historic Resources Inventory, the creation of incentives, and a shared vision for our historic resources. The PHLC is honored to serve Portland by providing expertise in the conservation of the City's diverse heritage resources. We look forward to working with City Council so that the City may achieve its economic, social, and environmental objectives and thus improve the lives for all of the City's residents.

Sincerely,

Kirk Ranzetta
Chair of the Portland Historic Landmarks Commission

2017 Priorities & Goals

1 ADVOCATE

State Legislative Advocacy

The City and the PHLC must proactively advocate to maintain existing state-level protections for designated properties, as well as improve and create new state-level tools and incentives for preserving and revitalizing our historic resources. In 2017, the legislative priorities include repeal of the "owner consent" requirement for historic designation and enactment of a rehabilitation tax incentive. Oregon is the only state that effectively allows property owners to exempt themselves from regulation. We are also one of a very few states that does not have a state-level tax credit program for historic rehabilitation.

2 UPDATE

Update the Historic Resource Inventory (HRI)

Currently, planning efforts rely on a 37-year-old inventory of historic properties that does not include modern and post-modern resources (now considered eligible for the National Register) and large geographies in east Portland such as Montavilla. While we are taking great strides toward preparing our historic building stock to better withstand an earthquake, the City will ultimately be crippled by the lack of a current inventory in their response efforts post-disaster. Without an updated HRI, we will not have the tools needed for building inspectors to identify, evaluate, and protect our historic resources, or for property owners to claim historic resource-related financial assistance after a seismic event.

3 INCENTIVIZE

Incentivize Preserving Our Heritage

As we focus on tackling the tough issues associated with a growing population and an aging building stock, the deck is "stacked" against preservation due to economic pressures and the City's inability to protect resources. The PHLC will seek ways to link financial and regulatory incentives aimed at the rehabilitation and adaptive reuse of our historic buildings while addressing the City's underlying social issues related to housing and gentrification. Priorities include state financial support, reducing fees and streamlining local processes, and advocating for changes in building code thresholds.

4 ENVISION

Share a Vision for Historic Landmarks, Districts, and Neighborhoods

Let's work together to develop a vision of what our Historic Districts and neighborhoods should look like. It is imperative that the Mayor, City Council, City bureaus (BPS, BDS, PBOT, Parks and Rec, etc.), City commissions (PDC, PSC, Design Commission, etc.) and the Landmarks Commission share a unified vision and set goals to make decisions toward the same end. As always, we welcome the opportunity to share our thoughts as well as learn from other points of view and we encourage and will seek more interaction in the coming year. Priorities include refining height limits in historic districts, developing design guidelines to increase predictability for permit applicants, and more closely aligning preservation and sustainability.

Workmen Temple Building

The Workmen Temple building, located at SW 2nd and Taylor in the heart of downtown, was commissioned by the Ancient Order of United Workmen (AOUW), one of the more prominent of the fraternal organizations that flourished after the Civil War. Originally social or mutual aid societies, these organizations eventually became insurance providers for their members. The AOUW was one of the earliest insurance providers for working class individuals in North America. The building was designed by architect Justus Krumbein, a German immigrant, who designed many Oregon buildings including the second Oregon State House.

A demolition permit has been applied for and we can expect that this historic treasure will soon fall. The loss of this significant building is a poster child for many preservation challenges we currently face in Portland.

Oregon is the only state that handcuffs its local jurisdictions with an owner consent law, yet has a statewide planning goal that calls for the protection of historic resources. With owner consent requirements in place, Portland is unable to protect buildings like the Workmen Temple that are clearly historically significant. We also lack the tools to help incentivize the expensive renovation that a building like this would require, including a seismic upgrade. Almost all states that have an income tax also have a state historic rehabilitation tax credit program, but Oregon does not.

The travesty of the impending loss of this building helped bring about a change in code interpretation for the 120-day demolition delay for ranked Historic Resource Inventory properties. Requiring the delay is a step in the right direction, but it typically only prolongs the inevitable. If we are going to turn the tides for historic resources in Portland, we must call for a dismantling of the owner consent law and heavily pursue a State Rehabilitation Tax Credit in the City's legislative agenda for 2017.

CURRENT PRESERVATION ISSUES

State Preservation Laws: Goal 5 and Oregon's Owner Consent Law

The Issues

Several state-level issues handcuff Portland's ability to identify and protect historic resources. The owner consent provisions of ORS 197.772 provide individual property owners with the ability to effectively zone their own property—a power strictly reserved for legislative bodies. Additionally, proposed administrative rule changes to Statewide Planning Goal 5 has the potential to substantially reduce protections across the City of Portland and the State, having significant negative consequences for the management of historic districts in the future. Both issues require high-priority attention if Portland is to succeed in protecting historic resources, both those that are already designated and those that are worthy of protection.

Why This Matters

Oregon stands alone as the singular state requiring "owner consent" in allowing local and state jurisdictions to protect important historic properties. Consent is not required for designation of environmentally sensitive areas covered by Goal 5 and this "opt out" for historic resources dramatically reduces the value of these historic resource programs and corrodes the underlying goals. For many years the PHLC has advocated for an update to the Historic Resource Inventory, but owner consent is currently required if the City wants the HRI to act as a regulatory tool.

The proposed rule changes to Goal 5 advanced by Oregon Land Conservation and Development Commission and the Office of the Governor raise significant concerns for maintaining regulatory protections for historic resources afforded by existing state statutes and regulations.

While City staff has been regularly attending the state-assembled rulemaking advisory committee, it is not entirely clear what the outcome of the rulemaking process will be. Documents released by the Department of Land Conservation and Development reveal that some provisions of the new rules have the potential to adversely affect local management of historic districts through "opt out" provisions and provide subservient property interests the opportunity to prevent fee simple property owners from pursuing historic designation. Substantive changes in the rules also threatens the state's Certified Local Government (CLG) program as it would render nearly all the historic resource ordinances of the CLGs in the state deficient.

Recommendations

- LEGISLATIVE ACTION – City Council, as a part of its Legislative Agenda, should seek to repeal ORS 197.772 so the City can effectively meet its Comprehensive Plan goals for historic resource protection.
- SCRUTINIZE PROPOSED GOAL 5 ADMINISTRATIVE RULE– The City should reject any proposed regulatory language that:
  - affords easement holders an opportunity to object to a local landmark or district listing.
  - allows individual property owners in a historic district to opt out of the regulatory requirements.
  - seeks to exempt National Register listing from the application of local protections.
- TESTIFY – Provide City testimony at the January 2017 LCDC meeting.

The Importance of the Discretionary Review Process

In 2015, the PHLC raised concerns about an emergency ordinance temporarily allowing a Type IIx land use review for affordable housing projects in lieu of a Type III review. While our staff at BDS are highly-qualified planners, there is no substitute for a full commission discretionary review for Type III projects where multiple design and historic preservation experts would be providing guidance. Design and massing compatibility of new construction projects are crucial to their successful integration into a historic context and it is at the commission-level that we see excellent outcomes for these larger projects that shape our urban environment. The PHLC also considered this an important equity issue as residents of affordable housing projects deserve to live in buildings that are of a caliber and quality equal to their neighbors.

*On November 3, 2016 the **Mass Shelter and Affordable Housing** project was reviewed by City Council. The PHLC was very pleased that Council accepted the Planning & Sustainability Commission's recommendation to not adopt the Type IIx review into the zoning code, thereby requiring all projects that meet the cost thresholds for a Type III review follow this process.*

As a commission, we feel strongly that the discretionary review process is working in Portland and it is a requirement for development projects that ultimately makes our City more livable and attractive. In particular, we believe it is essential for our historic districts, where incompatible new construction can impact the overall character and cohesiveness of a district. There are certainly things that can be done to make the discretionary review process more predictable and streamlined. For example, the PHLC implemented a "Best Practices" guide this year, which adds clarity to the Design Advice and Type III processes. This report also outlines several other changes that would significantly improve the discretionary review process, including recommendations that address "right zoning" historic districts, clarifying that height/FAR are allowances in the zoning code, and creating/updating design guidelines.

Historic Districts: Height, FAR, and Compatible Design

The Issues

Incompatible height allowances in the Zoning Code, proposed FAR bonuses, and lower-level land use reviews for affordable housing projects could damage the character and integrity of our historic districts, which local and state planning policies aim to protect. We must align city codes so that our mutual goals for density and affordability are met equitably, but not in ways that are at odds with goals for historic resource protection or that create inherent conflicts during the Land Use process.

Why This Matters

Historic districts are unique collections of historic buildings that, *as a whole*, tell the story of a particular time and place important to Portland's history. They are critical to Portland's unique identity and livability. Protecting them should not hamper the City's goals for density and growth, as historic districts make up only 1.8% of the City's land area.

Regulating changes in districts—including new construction—is vitally important to maintaining their historic integrity. The PHLC reviews new construction applications principally through the lens of compatibility. With compatibility, we are aiming for harmony in the historic built environment rather than contrast and incongruence. Compatible new buildings need not replicate their predecessors, but should share the same underlying principles of scale, proportion, composition, level of detail, materials, and craftsmanship that are typical of the setting. In designated historic districts where we are protecting the integrity and significance of the entire collection, and not just regulating disparate pieces, controlling the scale of new development is paramount. When districts become so altered through demolition and changes in character, like over-scaled new buildings, they ultimately risk losing their designation and the financial incentives that come with being listed in the National Register of Historic Places.

Currently we have heights and FAR allowances reflected in the Zoning Code that, if maximized, would result in infill buildings grossly out of scale with existing historic district character. The districts where this is of primary concern are New Chinatown/Japantown and East Portland/Grand Avenue. After these districts were formed, there was never a code update process to revise the height and FAR to be better aligned with district character. Because height/FAR are maximum allowances and not entitlements, this creates a great deal of uncertainty and frustration for developers when the PHLC tells them to reduce the scale of their development proposals. The PHLC has, for many years, expressed a strong desire to remove this uncertainty by "right zoning" our historic districts—that is, removing or limiting the discrepancy between what is approvable through the land use process and what is reflected in the Zoning Code allowances. The PHLC made requests during the **Central City 2035** process to bring the height and FAR in the two aforementioned districts down to 75' and 4:1 respectively. These are the allowances currently provided in the Skidmore/Old Town Historic District and, in general, they work well with historic districts where most buildings are two to five stories tall.

Additionally, the **Inclusionary Housing Program** proposes a FAR bonus—up to 3:1—for projects in compliance with mandatory affordability requirements. We have strong concerns related to the challenges that will arise when new construction projects in historic districts utilize this bonus—particularly the ways in which this will create more tension in the land use process when applicants propose over-scaled and possibly unapprovable projects in historic districts. We see the FAR bonus provision as something that will only exacerbate the existing challenges we face in historic districts and possibly lead to greater numbers of appeal cases. We also see the increased development potential

in historic districts leading to more developers attempting to gain demolition approval through the Type IV process in order to replace contributing historic buildings with new development. Because of these pressures on our historic districts, we ask that an alternate incentive to the FAR bonus be considered for all properties in historic districts.

Recommendations

- RIGHT SIZE ZONING IN HISTORIC DISTRICTS – We request City Council strongly consider the feedback the PHLC has provided to BPS throughout the Central City 2035 process and reduce height and FAR in New Chinatown/Japantown and East Portland/ Grand Avenue to protect the character of these small collections of irreplaceable historic buildings.
- PROVIDE CLARITY TO OWNERS/DEVELOPERS – Promote better understanding of the zoning code—that height and FAR in historic districts are allowances, not entitlements. Regardless of the number set in the zoning code, the overriding factor is compatibility with the historic district as determined through historic resource review per the established design guidelines. This needs to be clearly stated in the zoning code and design guidelines need to be created or updated for all historic districts to provide further clarity for property owners on appropriate new construction.
- INCENTIVIZE COMPATIBLE DEVELOPMENT IN HISTORIC DISTRICTS – Create an Inclusionary Housing incentive that does not put additional development pressure on contributing buildings in historic districts nor results in incompatibly-sized new development. The PHLC has offered to serve on a committee to determine a viable alternative incentive to the FAR bonus.

Equity in Historic Districts

There are at least three new National Register historic districts under consideration in Portland. Acting on their own behalf, these neighborhoods are hoping to become designated to thwart the demolition of older homes, but also in many cases to stop inappropriate development and infill.

The actions of these neighborhoods is a positive preservation step, but Portland's "each neighborhood for itself" policy is creating a real and perceived equity issue. It is a "real" equity issue because less affluent neighborhoods do not have the funds to hire a consultant to prepare a nomination, which means nominations are only in reach of wealthier neighborhoods. However, the bigger problem may be the "perceived" equity issue, because preservation as a whole loses support when people see that only well-heeled neighborhoods are considered for listing. People tend to think that more working-class neighborhoods are not deserving of preservation, which is profoundly untrue.

The PHLC needs to actively counter this myth, but will need support and funds to aid less affluent neighborhoods who wish to pursue historic district status. Three important ways the City can support this effort include:

1. *Advocate dismantling owner consent so local districts are a viable option for protecting historic resources.*
2. *Undertake a citywide HRI that will evaluate all properties. This will take the burden off individual neighborhoods and make district nominations more financially feasible with the survey work already done.*
3. *Recognizing that a successful "middle housing" program would best achieve density in historic areas through house conversions and ADUs.*

Residential Neighborhoods: Demolition, Character, Equity, and Affordability

The Issue

The PHLC and many neighborhoods are very concerned with the rapid pace of residential demolitions and their wide-reaching effects, including loss of affordability, erosion of neighborhood character, and the volume of materials sent to the landfill. Additionally, the lack of public process, limited number of developers interested in adapting older buildings, and the lack of protection for non-designated but eligible historic resources exacerbates these concerns.

Deconstruction of an 1884 Queen Anne, ranked III on the HRI (top); demolition of a 1906 duplex in Buckman (middle); remains of the Fredrick Holman House in Goose Hollow, ranked III on the HRI (bottom).
Photos by Scott A. Tice

Why This Matters

In June 2016, for the first time ever, the average price for a single-family home in Portland was over $400,000. At the same time, demolitions of single-family residences—many of which fall into the affordable or "middle housing" category—have been increasing from about 150 per year in 2011 to 400 per year in 2015. Portland has many very desirable neighborhoods—typically those that were historically served by streetcar and have retail businesses within walking distance. Yet this desirability has led to these close-in neighborhoods having fewer affordable options for those with fixed or lower incomes.

The PHLC is concerned that the current fixes proposed for the affordable housing crisis enable and even encourage tearing down older buildings and replacing them with new larger ones. Yet, the first-line defense in preserving affordability should be to reuse what we already have, because, as Jane Jacobs so aptly put it, *"Time makes the high building costs of one generation the bargains of the following generation."* The high costs of new construction (including the property acquisition and the cost of demolishing the existing structure) are only financially feasible for a developer when they have the income, subsidy, or sale proceeds to justify the capital expenditure and risk. While there are some houses slated for demolition that are beyond repair, the disturbing trend involves the one-for-one replacement of habitable modestly-scaled older homes in desirable neighborhoods with cheaply-built new homes of a much larger scale. The PHLC strongly believes that policies which emphasize maintaining and adapting existing buildings are the best policies that fully support our City's equity, affordability, and sustainability goals.

During the ongoing **Residential Infill Project (RIP)** process, the PHLC has raised multiple concerns about the ways in which this code-change project will go about incentivizing more density while exacerbating the existing demolition issue and contributing further

to the shortage of affordable housing in Portland. The PHLC is supportive of the RIP's overarching goals and therefore suggests alternative incentives that add density while preserving existing homes, including:

- Allow new "middle housing" only on existing vacant parcels and lots with houses less than 50 years old.
- Allow additional interior units in existing residential structures.
- Allow one exterior ADU outright with appropriate standards for lot coverage, height, and character of new structures being built on a property.
- Restructure SDC waivers so that this incentive is only provided to projects where the existing single-family home is retained and not provided to projects that demolish these structures.
- Support the opportunities identified by BPS in the Internal Conversion Report that are needed to increase the viability of internal conversion projects including 1) Zoning code changes; 2) Revisions to local sound, seismic, and energy efficiency requirements and publication of a best practices code guide; 3) Financial incentives, including reduction in systems development charges; and 4) Advocating for changes to state building code thresholds.

The RIP also has numerous design implications as it seeks to allow alternative housing typologies such as stacked flats, secondary accessory dwelling units, and "cottage clusters." The project also proposes changes to the allowable scale and setback of houses and the standards for narrow lot development. Because these changes may have a profound impact on neighborhood character—something which is not homogeneous across the City—we recommend that one of the components of implementing the RIP involve the development of design standards and guidelines, such that any new development appropriately responds to the character of its surrounding context.

Recommendations

- ENCOURAGE RETENTION OF EXISTING HOUSING – City Council should support a Residential Infill Project that has policies emphasizing the retention of existing housing, while allowing increased density on those properties in the form of internal conversions and freestanding ADUs as described above.
- CONSIDER CONTEXT – Develop design standards and guidelines that recognize our unique Portland neighborhoods and help infill development respond appropriately to the existing context.
- SUPPORT THE EQUITABLE CREATION OF NEW HISTORIC DISTRICTS – Provide time and/or monetary assistance to eligible lower-income neighborhoods who wish to pursue historic district status to limit demolitions and incompatible new construction.

Added protection for ranked properties on the Historic Resource Inventory (HRI)

As of September 1, 2016, properties ranked I, II, or III on the HRI are now subject to a 120-day demolition delay for not only demolition permits, but all types of permits. The "owner consent" provisions of Oregon state law had previously been interpreted to allow an owner to remove a property from the HRI on demand, and to immediately obtain a demolition permit. The new interpretation recognizes ranked resources on the HRI to be under consideration for designation, thus subject to a statutory 120-day demolition delay. The PHLC continues to view demolition delay as an enforced waiting period that has no real protections for a resource, but the enforced delay will now allow the opportunity for public notice and consideration of other alternatives during the delay period.

Development Pressure on Streetcar Commercial Nodes

The Issue

Portland's Streetcar-Era neighborhoods like Hawthorne and Belmont are a character-defining feature of the city, each with a distinct identity developed over time. The original system of corridors and centers is now being reimagined in the **2035 Comprehensive Plan** as a strategy for handling growth. Without appropriate protections in place, our unique neighborhood commercial nodes will inevitably be affected in ways they are unprepared to handle.

Why This Matters

Streetcar networks, beginning as early as 1872, helped create the transportation grid patterns and neighborhoods that exist today. These are the original 20-minute walkable neighborhoods connected to the rest of the city by mass transit. Many have worked well for over 100 years. In some cases, though, just a few blocks of beloved buildings have come to represent the identity of an entire neighborhood.

Current zoning code provisions promote demolition of low-rise streetcar-era districts in favor of development that maximizes building heights and density. These districts are historic, but most are not designated and therefore have no protection against demolition. This issue is perhaps best illustrated by proposals to demolish the buildings at 3342 and 3348 SE Belmont Street that would compromise an otherwise cohesive and intact streetcar-era streetscape. While these nodes can certainly accommodate population growth, it is not being managed or planned for with existing local character in mind. Zoning code provisions promoting the density goals of the Comprehensive Plan must be balanced with Portland's obligation to identify and protect the historic and cultural resources that contribute to the unique character of Portland.

In May 2016, a presentation on the **Mixed-Use Zone Project** was made to the PHLC identifying concentrations of streetcar-era low-rise storefront buildings with clusters of direct street frontage where zoning code changes could help preserve historic "Main Streets." Mixed-use neighborhoods analyzed included Belmont, Roseway, Multnomah Village, and at least 10 others. The PHLC supports efforts that provide protection to these areas through height limits, thoughtful flexibility, and broader inclusion of undesignated older structures that support area character. Additionally, we urge consideration of maintaining wider FAR transfer areas to maximize incentive opportunities.

Historic image of Belmont & 33rd intersection (left); Belmont & 33rd intersection today (right).

Recommendations

- PROVIDE PROTECTION – Employ zoning changes that increase protections for older "main street" areas and maximize incentive opportunities.
- INCENTIVISE REHABILITATION – Provide support/ incentives for seismic upgrade and rehabilitation of existing unreinforced masonry buildings in streetcar-era commercial hubs.
- UTILIZE OREGON MAIN STREET PROGRAM – Engage with the Oregon Main Street Program to continue to identify those neighborhoods that may meet the program's criteria, to help local building owners preserve their buildings, and leverage revitalization opportunities.
- SUPPORT CREATION OF HISTORIC DISTRICTS – Prioritize and fund the creation of local or national districts to provide protection for 20-minute streetcar commercial neighborhoods.
- LEGISLATIVE ACTION – Prioritize the rescinding of Oregon's owner consent law, which handcuffs Portland's ability to identify and protect historic resources.

3342 & 3348 SE Belmont proposed for demolition resulting in loss of an intact historic streetscape.

Seismic Retrofit Project for Unreinforced Masonry Buildings

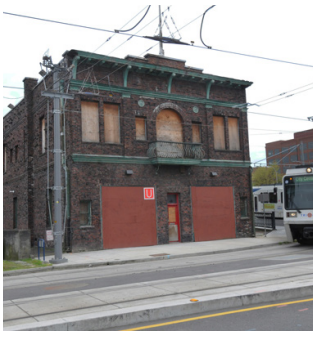
The Issue

Portland's Central City and close-in business districts feature numerous designated and undesignated historic masonry buildings that provide character, authenticity, and identity to our city. Retrofitting these buildings increases public safety, the ability for disaster response teams to work efficiently, and Portland's economic resilience after a major earthquake. However, the lack of protection for many undesignated historic resources increases the threats of demolition when retrofits are mandated, particularly without a robust set of financial and non-financial tools to support these projects.

Why This Matters

While many unreinforced masonry (URM) buildings have been retrofitted over the years, Portland still has a collection of URMs that have not undergone a major renovation, which would typically trigger a seismic upgrade. While not all URM buildings have historic value, they were all built over 75 years ago before the risk of earthquakes in the Pacific Northwest was understood. The truth is we do not know how many have historic value because an updated historic inventory has not been undertaken. There are roughly 1,800 existing URMs, but only 20% are designated historic resources. Oregon's owner consent law hampers the City's ability to identify and protect those buildings that do have historic value—the critical first step before implementing policy and code that will otherwise result in the demolition of significant numbers of unprotected and historically-significant URM structures.

Seismic retrofits are a costly endeavor, often exceeding $50/sf. They make the most financial sense when done as part of a major rehabilitation project that transforms an underutilized old building into a historic gem filled with market-rate tenants. The high rents paid by these stable, good credit businesses justify the high upfront capital costs of the project. However, not all reuse/retrofit projects "pencil" financially, particularly when the building can be demolished and replaced with more intensive development. Retrofit projects are particularly burdensome to a property owner when their building is tenanted and already has a steady income stream. Mandatory upgrades would not only be highly disruptive in these cases, but would be an extreme financial hardship as little or no extra income is likely to come as a result of the retrofitted building. *These realities must be kept in mind when implementing such a major code change, particularly one where the City is largely looking to private property owners to shoulder the cost of a major public benefit.*



URM buildings affected by the Seismic Retrofit Project.

Recommendations

- FLEXIBILITY – Allow flexibility for designated properties to find alternative and creative paths toward improvements that preserve significant historic materials and interiors.
- LEGISLATIVE ACTION – As a part of the City's Legislative Agenda, seek to rescind the owner consent requirements contained in ORS 197.772 so that the City can fulfill its Comprehensive Plan goals to identify and protect historic resources, including historic URMs.
- LOBBY FOR STATE INCENTIVES – Also as part of the Legislative Agenda, lobby for the State Rehabilitation Tax Credit—an essential tool that is needed to help motivate owners to designate and retrofit their URM buildings.
- SHARE THE BURDEN – Develop additional financial and regulatory tools to support URM retrofits so that the City shares in the cost of realizing this public benefit.
- PURSUE FEMA FUNDING – Federal funds can be used to develop disaster planning and response mechanisms for historic buildings.
- UPDATE THE HRI – Without an updated HRI, we will not have the tools needed for building inspectors to identify, evaluate, and protect our City's historic resources, or for property owners to claim historic resource-related financial assistance, resulting in unnecessary confusion and unintended loss.
- LEAD BY EXAMPLE – Demonstrate a commitment to resiliency by utilizing best practices to upgrade publicly-owned URM buildings.
- PROMOTE RETROFITS FOR AFFORDABLE HOUSING – Recognize that URM apartments provide affordable housing in Portland. Financial resources for affordable housing should recognize and prioritize those retrofit projects that will continue to offer affordable housing.

Courtesy of The Pittock Mansion.

Seismic retrofit of the White Stag Block (bottom) was only feasible due to market-rate tenants and federal/local subsidy programs. Properties such as the Pittock Mansion (top) have a more difficult time funding and accomodating seismic interventions.

Sustainability and Stewardship

The Issue

The City of Portland has consistently placed high value on environmental issues such as greenspace, scenic corridors, and natural habitat, while consistently undervaluing the role retaining and reusing our built environment contributes toward a vibrant and sustainable community. This has been illustrated in countless policies including the Central City 2035 Plan. While historic and cultural resources are addressed, they play a peripheral role, never fully integrated into the City's core values.

Why This Matters

Portland has fallen behind the rest of the nation with regard to the protection of historic and cultural resources. Cities throughout Oregon are crippled by the Oregon consent law and this is a key problem that must be addressed in order to protect the resources we have and further our goals for sustainability. Portland can use our status as the city where sustainability works to become a national leader in the sustainable preservation of our built resources. Akin to the damage or loss of a natural area and the sometimes irreversible effects on related ecosystems, the irreversible damage or loss of historic and cultural resources detrimentally affects our city's livability and sense of place.

A report produced by the Preservation Green Lab provides the most comprehensive analysis to date of the potential environmental benefit of building reuse. This study concludes that, **when comparing buildings of equivalent size and function, building reuse almost always offers environmental savings over demolition and new construction.** Some key takeaway points include:

- It can take between 10 to 80 years for a new energy-efficient building to overcome, through efficient operations, the climate change impacts created by its construction. The study finds that the majority of building types in different climates will take between 20-30 years to compensate for the initial carbon impacts from construction.
- Collectively, building reuse and retrofits substantially reduce climate change impacts. Retrofitting rather than demolishing and replacing just 1% of Portland's office buildings and single family homes over the next ten years would help to meet 15% of Multnomah County's total CO2 reduction targets over the next decade.
- Reusing existing buildings is good for the economy, the community, and the environment. Historic rehabilitation has a thirty-two-year track record of creating 2 million jobs and generating $90 billion in private investment. Studies show residential rehabilitation creates 50% more jobs than new construction.

Recommendations

- LEAD BY EXAMPLE – Take stewardship of City-owned resources seriously, plan for and fund maintenance and preservation efforts, place resources on the National Register of Historic Places, commission Historic Structure Reports and Preservation Plans for long-term stewardship, inspire private property owners to do the same.
- VALUE PRESERVATION AS A SUSTAINABILITY TOOL– Recognize the interconnection between preservation and sustainability and elevate preservation to the same level as environmental concerns.
- BE PREPARED – While great steps have been taken toward making our historic resources perform better during a seismic event, we do not have a plan of attack post-disaster. The City needs to develop a plan for how to deal with damaged historic resources to avoid extensive and potentially unwarranted loss of resources in the aftermath of an earthquake.

- INCENTIVIZE – Stewardship of our most valuable, but privately owned, historic and cultural resources should be promoted and incentivized, not penalized. The high costs associated with land-use processes has hindered the creation of new historic districts and all but eliminated the creation of local landmarks.
- ALLY PRESERVATION WITH OTHER GOALS – Stop pitting preservation against other City goals. For example, instead of prioritizing affordable housing incentives over preservation incentives, provide a greater incentive for doing both in tandem.
- USE YOUR RESOURCES – The Historic Landmarks Commission and our representatives in BPS and BDS are experts from a variety of related backgrounds and are at the City's service. We would be proud to assist in making Portland a model and leader in the preservation and stewardship of our historic and cultural resources.

Deconstruction Requirement

As of the end of October 2016, single-family residential structures built 100 or more years ago, or those designated as a historic resource, will be subject to a deconstruction requirement if they are seeking a demolition permit. The deconstruction requirement specifies that reusable materials such as siding, windows, trim, and other elements of the house would be carefully removed and made available for reuse. Based on the last few years of permit data, the deconstruction requirement will apply to approximately 114 houses per year. The PHLC is supportive of this requirement as it slows demolition and is far more sustainable than adding an entire house to the landfill.

2015-2016 Accomplishments

SKIDMORE / OLD TOWN DESIGN GUIDELINES

We are pleased to include completion and adoption of the Skidmore/Old Town Historic District Design Guidelines and the Cast Iron Resolution as a long-awaited accomplishment of 2016.

HRI STOP GAP

As of September 1, 2016, properties ranked I, II, or III on the Historic Resource Inventory (HRI) are now subject to a 120-day demolition delay for not only demolition permits, but all types of permits. This was a much-needed component in combating the unnecessary loss of identified resources that have no other form of protection. While the demolition delay does not ultimately prevent loss, it places emphasis on the fact that the ranked HRI properties have public value and creates a window of time where owners may consider potential alternatives.

SUPREME COURT RULING:

Lake Oswego Preservation Society v City of Lake Oswego

The City of Portland was one of three Oregon cities that filed a joint brief along with State agencies and preservation advocacy groups last year for the Oregon Supreme Court to maintain LUBA's finding that subsequent owners of previously designated resources may not remove historic designations. This summer, LUBA's interpretation of the owner consent requirement was upheld, saving thousands of historic properties throughout the state from the threat of delisting and demolition.

BEST PRACTICES HANDOUT

Taking our cue from the Design Commission, the PHLC authored a Best Practices Handout to provide to applicants. The purpose of this document is to improve consistency in land use application submittals and hearing presentations. It is our hope that the historic resource review process will be more streamlined and applicants will begin the process with a greater level of understanding and more realistic expectations.

BPS PRESERVATION PLANNING POSITION

The much-anticipated appointment of Brandon Spencer-Hartle as Historic Resources Program Manager at BPS has resulted in immediate benefits including:

- Increased PHLC awareness through better coordination and briefings
- Increased advocacy through identifying opportunities for PHLC to weigh in
- Increased bureau attention to historic preservation issues

Our thanks to BPS for acknowledging and full-fulling this need.

2015-16 at a glance

25 public hearings:

0 Type 4 Cases reviewed

11 Type 3 Cases reviewed

11 Design Advice Requests

3 Type 2 Appeals reviewed

6 National Register nomination

22 briefings provided by City bureaus

staff level reviews:

49 Type 1 Cases reviewed

129 Type 1x/2 Cases reviewed

1 Commission/staff retreat

Quarterly Chair meetings with the Design Commission and Planning and Sustainability Commission

Preservation Spotlight

Vancouver Avenue First Baptist Church

The Vancouver Ave First Baptist Church successfully pursued listing on the National Register of Historic Places this year. The congregation saw this as a way to protect a historic pillar of Portland's African American community from local redevelopment pressures.

Nurse's Dormitory designated local Landmark

The 1928 Nurse's Dormitory in SE Portland near Mt. Tabor, originally part of the Portland Adventist Sanitarium, sought local Landmark designation as a path to attaining local preservation incentives that will allow for the adaptive reuse of the building as much-needed high-density housing.

Morris Marks House, Preservation in Progress

The 1880 Italianate survivor is finally nearing a move to a new home. The property has been purchased and the owners are working with the City's Parks and Recreation Bureau to secure the triangular site near the 405 interchange at SW Broadway and 6th Ave as a permanent home. With the City's help restoration of this long-threatened architectural treasure can finally by achieved!

Historic Belgian Blocks (Cobblestones) Available for Reuse

The Bureau of Parks and Recreation has been required to pick up, clean, and store cobblestones excavated from City streets since 1975. The Historic Landmarks Commission is charged with reviewing requests for reuse or "deployment" based on the following criteria:

- Cobblestones should be reused primarily in districts or areas of the City where they were originally used. Historic Districts and Historic Landmarks where cobblestones were originally used as the paving material should receive first priority.
- As a general policy, cobblestones should be used for large paving areas, primarily in public pedestrian spaces where the special character of cobblestone texture would be meaningful. The use of cobblestones as small decorative elements in unrelated or isolated projects should be discouraged, as these uses are usually insignificant or inappropriate.

Cobblestones have been successfully deployed at locations at PSU, Ladd's Addition, the Paul Bunyan Statue in Kenton, West Side Light Rail, the Washington Park Holocaust Memorial, the Pittock Mansion, and Tanner Springs Park.

The Historic Landmarks Commission encourages the thoughtful reincorporation of cobblestones into renovation and new projects.

1366

Agenda No.
REPORT NO.
Title

Accept the 2016 Portland Historic Landmarks Commission State of the City Preservation Report (Report)

INTRODUCED BY
Commissioner/Auditor:
Commissioner Dan Saltzman

CLERK USE: DATE FILED NOV 29 2016

COMMISSIONER APPROVAL

Mayor—Finance and Administration - Hales

Position 1/Utilities - Fritz

Position 2/Works - Fish

Position 3/Affairs - Saltzman

Position 4/Safety - Novick

BUREAU APPROVAL

Bureau: Bureau of Development Services
Bureau Head:
Paul L. Scarlett

Prepared by: Leanne Torgerson
Date Prepared:11/28/16

Financial Impact & Public Involvement Statement
Completed ☒ Amends Budget ☐

City Auditor Office Approval:
required for Code Ordinances

City Attorney Approval:
required for contract, code. easement, franchise, charter, Comp Plan

Council Meeting Date **12/7/16, 10:00 TC**

Mary Hull Caballero
Auditor of the City of Portland

By: _____
Deputy

ACTION TAKEN:

DEC 07 2016 ACCEPTED

AGENDA

TIME CERTAIN ☒
Start time: ~~10:00 TC~~ 2:00 PM

Total amount of time needed: 1 hour
(for presentation, testimony and discussion)

CONSENT ☐

REGULAR ☐
Total amount of time needed: _____
(for presentation, testimony and discussion)

FOUR-FIFTHS AGENDA	COMMISSIONERS VOTED AS FOLLOWS:		
		YEAS	NAYS
1. Fritz	1. Fritz	✓	
2. Fish	2. Fish		
3. Saltzman	3. Saltzman	✓	
4. Novick	4. Novick	✓	
Hales	Hales	✓	