

Portland Planning and Sustainability Commission

March 12, 2019

12:30 p.m.

Meeting Minutes

Commissioners Present: André Baugh, Ben Bortolazzo, Mike Houck, Katie Larsell, Daisy Quiñonez, Katherine Schultz, Chris Smith, Eli Spevak, Teresa St Martin; (1 open position)

Commissioner Absent: Jeff Bachrach

City Staff Presenting: Marty Stockton, April Bertelsen (PBOT), Sandra Wood, Morgan Tracy, Tyler Bump

Chair Schultz called the meeting to order at 12:32 p.m. and gave an overview of the agenda.

Documents and Presentations for today's meeting

Items of Interest

- *Commissioner Smith* represented the PSC at City Council for the Neighborhood Contact project. Council heard similar testimony as the PSC did about thresholds for notification and expected amendments around accessibility of meeting location and other aspects. There will probably be more amendments, and Council will continue for a while. The online component we added is expected to remain intact.
- *Commissioner Larsell*, in the interest of transparency, would like updates regularly on the recruitment of the new PSC members.
 - Joe will discuss in Director's Report.

Director's Report

Joe Zehnder

- Friday is the end of the application process for new PSC members. Commissioners are encouraged to reach out to people they think would be good candidates. The interview and selection process will happen in April. Typically, there is a staff-level interview and a selection process that we'll work out with the new director. May is when we expect the recommendation to go to the Mayor's office to choose. We expect to have the new members by the June 11 PSC meeting.
- In your packet, there is a draft letter addressed to Mayor Wheeler and City Commissioners in support of one of the budget asks from Commissioners Eudaly's office for an anti-displacement implementation plan to be the responsibility of BPS. The budget is very competitive. It's an action plan to monitor and follow through with the polices we discussed and identify across bureaus better ways to do that. We have our work session with City Council on the budget this Thursday morning, so if this draft is acceptable we could get it there, but regardless we will get it in.
- *Chair Schultz*: If you have had a chance to review it, please share comments/concerns.
 - *Commissioner Baugh* would rather voice his opinion on this at the end of the Residential Infill Project discussion.
 - 8 commissioners raised their hands to show support of the letter.

Consent Agenda

- Consideration of Minutes from the February 26, 2019 PSC meeting
- RW #8722, vacation of SW 9th Ave

Commissioner Smith moved to approve consent agenda. *Commissioner Baugh* seconded.

(Y9 – Baugh, Bortolazzo, Houck, Larsell, Quiñonez, Schultz, Smith, Spevak, St Martin)

82nd Avenue Study

Hearing/Recommendation: Marty Stockton, April Bertelsen (PBOT)

BPS Presentation

Disclosures: Commissioner Schultz asked if any PSC members own property in the 82nd Avenue Study area; none do.

Marty introduced the project and the study area (slide 3). It contains about 6 to 7 miles from Killingsworth to the City limits to the south. The study was focused on understanding the barriers to development along this corridor. It considered 6 centers (shown in purple) and some focus areas (shown in yellow). It tested some assumptions about the barriers to development and intends to enhance conditions in the near and the long-term for employment and mixed-use development.

Marty went over the materials in front of the commission (slide 4): the study, BPS near-term action items, and PBOT's 82nd Avenue Plan.

Marty discussed the milestones so far (slide 5).

Marty went over the employment zoning proposal (slide 8), which is not an upzone or a downzone but a parallel type of zone.

An economic analysis (slide 9) examined job growth and development trends in the generally employment (EG) zones, comparing citywide to 82nd Avenue. The analysis found: EG zones on 82nd have a higher mix of retail and industrial uses than the rest of the city (which has more of an office mix); extensive development has occurred in these zones in the last decade, mostly in new buildings; and average annual job growth in these zones along 82nd is strong at 5.1 percent compared to 0.7 percent citywide.

The next proposal (slide 10) is to correct split-zoned sites. While there are a number of split-zoned sites across the corridor, we are proposing a map change on just 15 of these sites. Some examples are shown on slide 11, south of Sandy and the Grotto.

An equity impact analysis (slide 12) found there are higher shares of people of color, homeowners, low-income households, and people with less than a college degree compared to citywide. Forty-two percent of businesses have been in the location for over 15 years, where as 15 had been there for less than 5. A large share of parcels in the proposed rezone areas have maintained ownership for 30 years or longer.

PBOT Presentation

April introduced the draft 82nd Avenue Plan that PBOT is developing. It wasn't part of the original scope of the study but along the way it arose as something valuable in understanding that the road itself is one of the barriers to development.

We are here to seek advice from the PSC; we do not need an action or decision. This plan is not legislating changes to the Comprehensive Plan or Transportation Systems Plan (TSP), but we are hoping to implement existing policies from those plans.

Key elements of the plan (slide 2) include supporting the incremental transformation of 82nd Avenue to a Civic Corridor involving recommended safety, access, and transit improvements and proposed changes to PBOT's current right-of-way (ROW) dedication requirements during redevelopment.

82nd is one of the most diverse places in the city and is becoming a Civic Corridor. Transportation is one of the barriers to realizing the vision in the Comprehensive Plan.

One of the key barriers is safety. 82nd is one of the top 30 high-crash corridors in the city. We need to reduce deaths and serious injuries to meet our Vision Zero goals. Sixteen people, the majority pedestrians, have died on 82nd Avenue since 2007.

Through ODOT's planning efforts and this BPS study to understand barriers, we heard strongly from community members a desire to transform 82nd Ave and to transfer jurisdiction from the State to the City. That conversation is underway with the State. Funding will be needed to support that, but this plan could be a step toward the effort to seek funding. The City seeks design flexibility.

A major component of the plan is safety, access, and transit improvements (slide 6). This is the heart of the plan. It includes adding enhanced crossings for bikes and pedestrians, increased lighting and signal changes, lowering speeds, and enhanced transit treatments like transit priority and articulated buses. Line 72 is the highest-boarding line in TriMet's system, even over the MAX Green Line in the area.

The City and the State have been investing nearly \$40 million in 82nd Avenue, including already-built and funded, to-be-built projects (slide 7).

April showed a list of upcoming funding for PBOT projects along or near 82nd Avenue (slide 8).

The proposed ROW dedication changes for 82nd will provide wider sidewalks, which will provide more room for activities, meet minimum ADA requirements, and provide room for street trees, buses and shelters, and increased pedestrian activity.

82nd is roughly 72' of right of way, though that varies. There is a 45'-from-centerline Special Street Setback in the zoning code, which private-property developments must meet today. There are often still very narrow sidewalks along 82nd (photo on slide 10).

Through our current requirements for dedications in the TSP, 82nd is generally classified as a City Walkway with two Pedestrian Districts.

Typical sidewalk configuration is shown on slide 12. Existing pedestrian districts are shown on slide 13.

Proposal is to change dedication requirements to be the same as the current Special Street Setback or a minimum of 12' (15' in Pedestrian Districts), whichever is greater (slide 14).

Slide 15 shows a map of the estimated difference between widths under the current requirements and proposed requirements. Slide 16 highlights an example between Holladay and Hassalo. The new requirements would result in 0.9' of additional ROW.

Commissioner Smith: Are there comparable examples of other streets with a 90' ROW?

- April: Some of the East Portland arterials with 5 lanes approach 90-100' of ROW with bike lanes, on-street parking, and sidewalks. Powell could be an example, or 122nd.
- *Commissioner Smith:* Is 90' desirable or is that a legacy of dealing with a former State highway?
- April: 90' is desirable; there is a lot we can do with 90' in terms of wider sidewalk corridors, and in the future, it creates the opportunity to come back and think about what we can do with that cross-section.

Commissioner Houck: With increased imperviousness, what are you doing with BES to deal with additional stormwater?

- April: Given the drainage system in place, development is not triggering the stormwater management manual requirements in providing stormwater facilities today because that curb already exists. Will consult with BES. Street trees or a planter strip could reduce runoff.
- *Commissioner Houck:* Seems like a great opportunity for a retrofit to deal with stormwater.

Commissioner Bortolazzo: I am assuming you looked at width of current lanes to determine whether we need a 90' ROW? Do we need as much room inward, especially since it's a high-crash corridor?

- April did look at ways to change the width of lane and move curb inward, but this is a State-owned facility. We have jurisdiction on the other side of the curb. Moving the curb would not meet their current standards. Could be explored in the future.

Commissioner Bortolazzo: We are setting the ROW up for improvements like trees but that would be up to development when it occurs, right?

- April: That has not been a focus on the capital improvements side, but it has through the dedication of ROW to create a true furnishing zone. We could do additional work on this. Trying to provide balance between increasing dedication but not overwhelming the development with the requirements; proportionality. Once that space is there, through the development process it would occur; that's where we're focused. We are considering sidewalk additions to our capital improvement plan where there's not likely to be development.

Commissioner Quiñonez: You noted that 36% people of color live there; do we have demographic information on business owners or people who work along 82nd?

- Marty: Not at this time; we don't have the data sources right now. There is a desire. Would require direct door-to-door survey.

Testimony

1. Terry Parker: 82nd Avenue is the only north-south surface street that extends across the city. It is a high-volume motor vehicle street and frequent service street. Having the ROW requirements allows pedestrian areas to encroach into travel lanes, decreasing visibility for drivers. Planning for narrow lanes will create more congestion. Need minimum of 66' for roadway to ensure lanes are wide enough to accommodate emergency vehicles, freight, and transit buses. New residential development needs adequate off-street parking. *See written testimony.*
2. Doug Klotz: I urge you to adopt the study. Employment and split-zoning corrections seem useful. Change in ROW dedications will reduce anomalies and give more room for street trees and pedestrians. The barriers to development section does point out many issues. I welcome the ROW width proposals and 15 new protected corridors and improvements to existing ones. When there is

jurisdictional transfer, we should move the curbs in. We should also fit bike facilities within this ROW, with bike lanes next to the sidewalk on the other side of the street trees. This would give room for more busy street life like in international cities. *See written testimony.*

3. Peter Fry, on behalf of FuBonn Shopping Center: Largest Asian shopping center in Oregon. Employs 120+ people and most importantly provides location for affordable retail spaces—29 small businesses. We serve 1 million people/year. All access goes out onto 82nd; we have been working with PBOT and ODOT to figure out how to get better access to the marketplace and move some cars to back and enhance pedestrian frontage. We do have a traffic signal. We are very strongly in support of the plan. The largest load of TriMet is 82nd Ave's bus, but at the same time 2 of the segments are in the top 11 for delays. *See written testimony.*

Chair Schultz closed oral testimony.

Questions

Commissioner Baugh: Will you do a displacement analysis of the businesses?

- *Marty:* We did do a high-level economic and equity impact analysis using data we had access to at the time. The question is to what scale will we do this work. In order to do a deep dive, you need to have staff on the ground talking to the businesses; we do not have the staffing capacity for this project. We would like this to be scoped into our planning work and to inform the anti-displacement plan in the budget item.
- *Commissioner Baugh:* So we're going to make a recommendation today; can we recommend that as part of this recommendation?
- *Marty:* The staff that conducted the economic and equity analysis do not feel those changes do not warrant that level of analysis because they are technical fixes and are not significant upzones. There is a spectrum of thought on what should warrant that level of analysis.

Chair Schultz: There were some recommendations in John Mulvey's letter and staff gave their opinions.

- *Marty:*
 - Regarding near-term action of incorporating residential displacement risk analysis: Significant analysis has been done with RIP that is very tied to 82nd Avenue, given that there are several neighborhoods along the corridor.
 - Regarding developing a corridor-wide residential growth strategy, I think it's an excellent idea.
 - Regarding mitigating homelessness impacts and choice of language, that language was pulled from a consultant report that came from property owners and business owners, so it is qualitative data representing one perspective only. It would be good to look at that section again, but consider who that perspective is from.
- *Commissioner Smith:* Residential displacement risk relates to 2 actions: we are making technical amendments that may increase employment, and we are making the street safer. Those safety improvements could make the place more desirable but withholding safety improvements to prevent displacement would be completely unfair.
 - *Marty:* The employment zoning is not an upzone and does not increase development capacity, and zoning is just one part that allows development to occur. This study includes significant barriers like lack of access to financing, City requirements like SDCs and nonconforming upgrades, and more. The zoning piece is very small compared to many other barriers.

Motion (shown on slide 13 of BPS presentation)

There are 4 actions:

- Direct staff to revise the 82nd Avenue Study's Section 6: Economic and Equity Impact Analysis to incorporate staff analysis dated Feb. 7, 2019.
- Direct staff to revise both the 82nd Avenue Study (BPS) and the 82nd Avenue Plan (PBOT) to clarify information and proposals, as necessary.
- Recommend that City Council amend the Zoning Map and Comprehensive Plan Map as shown in the staff reports dated Feb. 7 and Mar. 7, 2019.
- Recommend that City Council adopt by Resolution the 82nd Avenue Study (BPS) and the 82nd Avenue Plan (PBOT).

Commissioner Houck moved all 4 actions; *Commissioner Smith* seconded.

Commissioner Baugh supports this plan because of the safety provisions. The residents need 82nd to function better from a pedestrian and safety standpoint. What they don't need is a plan that results in better safety and businesses disappear. Zoning is a driver and we are changing it all the time and making it easier for people to develop. There is an additive effect on residents and businesses at risk. ODOT should hold Portland to the equity components of the Comp Plan and mitigate displacement. The businesses are connected to the residents and we need to support them, not put in place something that will push residents out. Wish we could recommend more.

(Y9 – Baugh, Bortolazzo, Houck, Larsell, Quiñonez, Schultz, Smith, Spevak, St Martin)

Residential Infill Project: Revised Proposed Draft

Work Session/Recommendation: Sandra Wood, Morgan Tracy, Tyler Bump

Presentation

Disclosures

Chair Schultz: While it's not clear whether the proposed changes create a potential conflict of interest for PSC members because the changes affect such a broad class of property owners in single-family zones, in the interest of transparency, we have the following declarations:

- Commissioners *Smith, Baugh, Quiñonez* and *Bachrach* do not own properties in single-family zones in Portland.
- All other PSC Commissioners own between 1 and 3 properties that are in single-family zones.

Sandra reviewed the PSC's goals for the project—they were primarily to ensure equitable benefits and costs, more housing options, and less expensive options (slide 3).

Sandra went over the agenda today (slide 4): Infrastructure analysis, potential amendments, letters to City Council and vote.

We know some Commissioners have questions about our growth and models, so we will take a moment to discuss those more. It's also important to understand what the growth models show because they are used in the infrastructure analysis.

For infrastructure planning in general, we need to run a model on where we expect growth to occur in Portland. The in-house model is called the Buildable Lands Inventory (BLI) and is our standard practice for allocating growth. Our BLI is calibrated to the recent regional growth allocation forecast. We did this during

the Comprehensive Plan to discuss growth scenarios, and the model was acknowledged by our partners. We used it for the Mixed Use Zones Project, the Central City 2035 plan, and the displacement risk analysis for RIP. We find the model allocation and then we give the outputs to the infrastructure bureaus, which they use for their analysis.

Tyler will talk about the BLI, its assumptions, and how that compared to the consultant study we presented to you.

Tyler restated that the BLI is designed to estimate how development regulations can impact the geographic distribution of growth. It is a cumulative model. The two major outputs of the model are capacity and allocation. The zoned capacity is the total potential for development across the city. This reflects every lot that could redevelop to its highest use based on zoning. The allocation is the forecast of 123,000 households through 2035 from Metro. The BLI allocation considers development trends, market factors, and development constraints.

The household allocation for RIP (slide 7) creates a shift in the number and type of units in the R5, R7, and R2.5 zones. Before RIP, 16,000 units by 2035 were predicted in these zones, and with RIP, 20,000 units in these zones. The units in these numbers are not the same—the 16,000 includes large single-family structures, but the 20,000 includes units within up to fourplexes. So the unit mix is different. The proposed changes also change where the units will occur, both within the zones and from other zones. We see two things happening: a shift where development is likely to happen in single-dwelling zones, and a shift from other zones into these 1-4 unit developments in these zones.

- *Commissioner Smith*: Given the baseline 16,000 large single-family units, the incremental number is less than that, since most are already single-family units, right?
 - Tyler: We look at vacant and underutilized parcels, so it's a mix of vacant sites and redevelopment.
- *Commissioner Smith*: So the 2nd scenario is fewer lots being used and the incremental number of housing units is greater. So if we looked at those two numbers, the differential looks like 4,000, but if you look at what will be replaced the delta could be much greater.
 - Tyler: It is getting more units out of fewer redevelopment situations.

Commissioner Larsell read an article in *The Oregonian* claiming that there is more than one set of data used for these studies. Please clarify what went into that article and what happened on your side. Please also explain the map in the article.

Slide 8 shows a comparison of the BLI model and the model used by Johnson Economics. The lighter blue shows the BLI forecast and the dark blue shows the Johnson Economics model. They are different because 1) we wanted to make sure the development types are feasible in this market, which is why we worked with Johnson 2) He is looking at how many people might choose to take advantage of the proposals. His total unconstrained demand is calculated outside our 123,000-unit forecast model. However, the BLI model uses that number because we are required to use that number consistent with our statewide land use program. While they both complement each other in terms of indicators, they are apples and oranges in terms of comparison.

Johnson Economics started with a baseline of 12,000 units in this unlimited demand model and found an addition of 24,000 units under RIP. The difference between the total units (baseline + RIP) represents unrealized market potential.

Commissioner Spevak: Most homes wouldn't utilize increased development capacity. The BLI model shows not as high utilization. People often don't build ADUs or corner duplexes, even where allowed. Before zoning

was adopted in Portland, builders could have built plexes pretty much everywhere – and still mostly built single family homes.

Commissioner Smith: Which model is the displacement risk analysis based on?

- Tyler: The light blue one; the BLI. The state requires us to do that and does not acknowledge the other one.
- *Commissioner Smith:* Johnson looks at the unconstrained model—if Portland becomes more attractive because of RIP, the displacement risk could be greater.
- Tyler: Hard to say, because we are working within the 123,000 unit forecast. The BLI would say we would have to take those units from other base zones and other locations.

Commissioner Smith: We lost the understanding of the 2 models and we got excited about the 24,000 number.

- Joe: We did get excited because it was evidence that the idea of doing this type of housing had economic viability. If we created the zoning tool, someone would actually use it. That's what the economic analysis shows. How much of that gets built depends on the growth of the city; the demand for housing of the households that are moving here. Part of our housing issue is that we have not wildly overbuilt housing so we have a tight supply relative to our demand. Only roughly the amount of housing that will get sold or rented will get built. The number we used for our estimate of growth is the BLI forecast. In the Central City, we have millions of square feet that could be built, but the market will only put 30,000 units in based on the BLI forecast; RIP is similar. When you look at what's viable, you get a big number, but when you look at what the market will demand, the number is much smaller. But part of what we're doing with RIP is building an option to use more of our land more efficiently in the long run. We want more options and more housing in more places. We found that it will work but the pace of change for the next 20 years is relatively modest. The overall impact is that there are fewer demolitions but we're still getting more units.

Commissioner Baugh: 123,000 is a fixed number, so if you push from 20,000 to 36,000, that comes out of another zone. The net impact is if you push into the 36,000 number, other zones don't have capacity, so there would be less apartments in other zones, correct?

- Joe: The place that doesn't have capacity is our single-dwelling zones. The unused capacity for the future will shift more into units that you couldn't build before, which are duplexes, triplexes, and fourplexes. Takes some of the units that might be a studio apartment building and shifts into a duplex, triplex, or fourplex. Creates an option that doesn't exist today.
- *Commissioner Baugh:* Isn't it taking away another option, because you're not going to build both? You're either going to build in the corridors or downtown, or in these zones.
- Joe: You may not build both now, but in the future, more housing could be provided on all of our land when the market is here to support it.
- *Commissioner Baugh:* The pie doesn't get bigger, but it shifts.
- Joe: That number is capped for the next 20 years, but the potential is still sitting out there in the future, and we are adding more potential in the single-dwelling zones for different options.

Commissioner Quiñonez: The numbers we've seen for home prices were based on the Johnson study, right? If what we see in the light blue is more realistic, would that have an impact on the cost of that new housing?

- Tyler: As long as the type and size of housing units is similar, the cost is going to be similar. The *amount* of housing is what's different.

Commissioner Larsell is still struggling to understand the difference between these two datasets. I think the light blue is a number that has been forecasted for a long time and we have to use it by law. What then is the Johnson number and why is it larger? Why did you use Johnson sometimes and the other one other times?

- Morgan: The BLI should be thought of in the context of our coordinated planning efforts for the region. We have a forecasted population growth provided by Metro to all jurisdictions so we coordinate our efforts without trying to outcompete other cities, etc. It is also consistent with the growth we've seen over the past 15-20 years. That's a good framework to think about what's a reasonable expectation. The Johnson report is an economic feasibility model. If you contrast the first Johnson report with the second, the first said there would be a marginal increase in units. One way to read that was that it was pretty much on the edge of being feasible or not. We did see evidence that it would suppress demolitions but not create a lot of units, so we might not have hit the feasibility mark. They tell us different indications of how growth is going to occur. I would use analogy of going for a CAT scan or an X-ray—they tell us different things about the same issue. The Johnson report tells us about market potential of how many lots meet the criteria for a price point; the BLI model says that may be so but given the demand for housing we've seen over 20 years, this number is more realistic.
- *Chair Schultz*: The BLI is grounded in reality; it is grounded by constraints.
- *Commissioner Smith*: You have a bucket of capacity. Each set of zones has a bucket of how many homes could be built there economically feasibly, but if there aren't that many people coming to town, people will sprinkle across those buckets. Johnson shows the economic capacity, but the BLI shows how people distribute, which has to do with the cost and choice in housing type.

Commissioner Houck assumes part of the delta between the models is that Johnson's didn't care if a site was in the floodplain or in a hazardous area.

- Morgan: That was incorporated into the 'z' overlay, which was an input into the Johnson model.

Commissioner St Martin: The Johnson model shows the financial feasibility of doing it; it doesn't mean everybody is going to do it. The other model is about how many people are going to show up to take those units. If only 20,000 people would come but people built 36,000 units, a lot of people would have financial difficulties because nobody would rent those units.

Commissioner Smith: We have a saying in software development that all estimates are wrong; that does not mean they're not useful planning tools. Either estimate tells us we're moving in the right direction. I also recognize limits of the BLI; that 123,000 is not a real number but one that planners at Metro decided on. Portland has historically overperformed its part of the allocation, so that number is not necessarily a constraint. A duplex in Brentwood-Darlington is not necessarily only competing with an apartment complex on Division but also with apartments in Orenco Station, etc. That does come with the potential of increasing the displacement risk. Looking for some way to comprehend the error bars on the displacement risk. Wants reassurance around the range of possibilities on displacement.

- Sandra: We are on target for the 123,000 number; we are 8 years into the forecast. This doesn't provide such a big difference that we'd all of a sudden blow the model out—and we also don't know how inclusionary housing will play out.
- Tyler: In terms of displacement risk, the discrete numbers are really hard to say they're exact, but we know that the areas we are concerned about we are going to be concerned about regardless. The trend is what's helpful in decision-making and it is something we need to track over time, like inclusionary housing, Central City development, etc. If there is an issue where we are exceeding or underachieving, that is part of our workplan to track.

Commissioner Larsell showed a map prepared by *The Oregonian*.

Tyler explained that the only thing different about the map in *The Oregonian* is the categories; the data is the same as the map on slide 9 from the displacement risk analysis.

Commissioner Baugh: The increase in units is coming in areas with high populations of minorities.

- Morgan: Yes, and the change in numbers is specific to the three RIP zones, and there could be changes in other zones in East Portland that could result in an overall decrease in units over the BLI baseline.

Commissioner Baugh: More units are occurring on the outer part of Portland than the inner part.

- Sandra: Yes, and that makes sense because the price of land in those areas is lower.
- Joe: When you look at this map on slide 9, the hatched areas are displacement risk areas, which considers communities of color, renters, educational attainment, and income. RIP affects the numbers in both ways, so on the other hand, there are many areas with decreased redevelopment.

Transportation analysis (slide 10):

- Key findings:
 - Small and localized impacts
 - Affects some roads of concern (ODOT and PBOT facilities projected to be at or above capacity by the end of the planning period)
- The impacts were small, 10-27 additional trips at the P.M. peak hour on some of these roads. 50 or so trips on roads of non-concern was the maximum.
- Mitigation approaches (slide 11):
 - Capital projects in TSP
 - Small-scale multimodal investments
 - Transportation Demand Management strategies (eliminate minimum parking requirements [part of RIP], expand area parking permit program, Smart Trips education and outreach, Safe Routes to School, update bike parking code, expand incentives)
- *Commissioner Baugh:* Are these funded?
 - Morgan: SmartTrips, Safe Routes to School are funded; capital projects are planned for but not necessarily funded
 - *Commissioner Baugh:* Would the capital projects be potentially moved up in priority because of RIP?
 - Bob Kellett (PBOT): Would not shift because these areas were already identified as needing support with these projects. They are already priority areas.

Sewer and stormwater analysis (slide 12)

- No likely significant effect on sewer system
- Stormwater:
 - No increases in allowed building coverage, so no additional impact on stormwater. Because we are decreasing square footage allowed, that could decrease the net building coverage that is built.
 - Not requiring parking also decreases impervious surface.
 - Some areas are currently challenging (southwest hilly areas)
 - Citywide stormwater systems plan is in development and will help address challenges and inform future stormwater management manual requirements.

Water analysis (slide 13)

- Demand unlikely to significantly affect system
- Infrastructure improvements may be required in some cases to meet service need

Commissioner Baugh: Do they know where water improvements would likely need to occur?

- Morgan: We do know where the substandard mains are but it depends on how much development is proposed, so it's very case-by-case.

Commissioner Houck: 4-5 years ago, Parks was declared an infrastructure bureau. Any conversation with them about capacity and parks need?

- *Morgan*: We had Parks represented on our technical group. We were looking at capacity issues. Two areas have been identified with concerns of capacity: South Waterfront and downtown. These are not single-dwelling-zones areas. There is obviously a need for additional park land in East Portland, for example. We have a standard of accommodating a certain number of households within a certain distance of a park, and this actually gets us closer to that.

Amendments

There are 8 substantive amendments and 9 technical amendments.

Commissioner Smith moved to adopt the technical amendment and substantive amendments 4-8 on one consent motion. 4-8 are the ones staff supports. *Commissioner Houck* seconded.

(Y8 – Bortolazzo, Houck, Larsell, Quiñonez, Schultz, Smith, Spevak, St Martin; N1 – Baugh)

Substantive amendments

1. Restrict housing options in some areas (Baugh): Allow 3 ADUs in lieu of other options in displacement risk areas and SW corridor. (Slide 16)
 - *Commissioner Baugh*: This is about residents of 30-80% median family income (MFI); RIP does not help them. If you look at the *Washington Post*, the National Homebuilders Association believes this middle income is the sweet spot for homebuilders in the future. The amendment looks at holistically for the city to say in the areas where we are going to have the largest impact, let's slow it down at least. The duplexes, triplexes, and fourplexes are the engine that drive RIP, so pull it out to give some time to get a strategy together to give people at 30-80% MFI a chance to stay there. There is no mitigation. The Housing Bureau does not have homeownership programs to address this. We need a strategy for the area that will be impacted. If we can't figure this out in 5 years, the restriction disappears. It will alter the displacement risk and that is the point, because in my view it takes risk off the place that has the most development. Restricting units to ADUs slows it down, which is the point, and I am trying to slow down RIP in areas of high risk of displacement. As a city that weaves in inclusiveness, diversity, and equity, we can say we do care about these residents.

Commissioner Baugh moved the amendment. *Commissioner St Martin* seconded.

Discussion

- *Commissioner Spevak*: We have been doing this for 5 years now, and there have been huge amounts of displacement in this city. We have seen what happens when we don't actually change the rules. A lot of these areas in this map see less displacement with RIP than what we see today. To throw that out because it doesn't serve households at 30-60% is not a reason to throw it out. PCRI supports it. Homeownership is a dream, and if you look in the single-dwelling zones, people are already priced out. I think this amendment retains some of the elements of RIP, which I appreciate, but delaying it and adding complication leaves a lot of people out of the market. If you already own a house or can buy one because you come from a more expensive city, that leaves out a lot of people. In this proposed overlay area, many of these areas are helped by RIP. Not a silver bullet but decreases displacement pressure in most of these neighborhoods including many identified as displacement risk areas. Adds complexity, pushes things out longer, and RIP can be an effective tool to help make homeownership more available.
- *Commissioner Bortolazzo*: Southwest Corridor will be high-capacity corridor; will the zoning change in the future? How much single-dwelling zoning are we really looking at along this corridor?

- *Commissioner Baugh*: Southwest is a recognition that we as a commission said Southwest Corridor will have displacement even though it doesn't show up on a map and we want the City to make substantial investment to try to mitigate that. We struggled to define Southwest Corridor. I am not wed to Southwest Corridor and if it passes without Southwest I'm okay with that, because we do have a good plan for the light rail corridor, but we have recognized the problem even though it doesn't show up on our analysis.
- *Commissioner St Martin*: When we think about these areas, the low-income homeowners will need time to figure out how to find capital and development expertise to implement RIP. In my mind, some time could decrease homeownership loss. If you have a house you can barely maintain, thinking about being a landlord is huge. This gives time to educate community and let them have ability to take advantage of opportunities rather than be taken advantage of by opportunities.
- *Commissioner Quiñonez*: One of the concerns is that the areas in RIP that are likely to see the most displacement are around 82nd and we haven't talked about the compounding displacement effects of 82nd Avenue project along with RIP. If 82nd Avenue is likely to displace people of color and immigrant business owners and we are likely to see displacement of low-income residents. Would be interested to see a displacement risk analysis of both projects. The Housing Bureau and the Joint Office of Homeless Services have been doing a great job and great services and even with all that, there is a huge amount of need among the poorest people in our community.
- *Commissioner Larsell* supports because a 5-year moratorium would send a message to Council that we mean business on this. We are not anti-growth but these programs need to be in place. The forecasts are for a 20-year period so we wouldn't kill RIP if this happened for 5 years. I was a budget advisor for the City when \$6 million was allocated for inner Northeast to mitigate displacement that had already happened. Now is the time in East when \$6 million would actually go far.
- *Commissioner Smith*: To poke at the form of development suggested, the emphasis on ADUs is because the structure is less likely to get torn down, resulting in less displacement—is that the assumption?
 - *Commissioner Baugh*: Yes, the origins of RIP were to preserve size of the home.
 - *Commissioner Smith*: 3 ADUs are unlikely if possible anywhere, so we will reduce the number of units. More important to me, an ADU is limited to 800 square feet, so we will not see family-sized units, but will see more studio-sized units. Not addressing some of the need we want to get at. As this is worded, it's not talking specifically about detached ADUs, correct?
 - *Morgan*: Building code kicks us into triplex when there are 3 units in a structure.
- *Commissioner Houck* is sympathetic with the amendment but inclined to agree with Commissioner Spevak. Persuaded by folks concerned with displacement who asked us to increase the area allowed because of the opportunities that are afforded.
- *Chair Schultz*: Especially in the areas where the map shows lower displacement, and knowing that putting this in more places lowers rents in a broader area of the city, I am troubled that it seems that it is an inequitable proposal to take away a proposal that will lower displacement. To the question of time, I respect the concern about getting education and finance in place, but I am concerned that if you take these areas out, there will be redevelopment into big, larger, single-family homes, which creates even broader disparity and more displacement in these neighborhoods. It is striking that we are expanding it into areas that are lower-income, but are leaving the option of developing units that are more expensive; creates more inequity and disparity.

- *Commissioner Smith*: The building size limits are still in effect in all parts of the City; you can't get the McMansions. Can do several ADUs but not a duplex or triplex. The displacement-lowering aspects of RIP are still retained here, I think.
- *Chair Schultz*: Having multiple ADUs is a more expensive building option, which means you're increasing construction cost, which means you're increasing rents for those units compared to duplexes or triplexes.
- *Commissioner Baugh*: When you talk about the units that will be displaced, staff is making the point that there will be very few ADUs produced because they are difficult and more expensive. You will not get the tear-downs because the size of the unit is restricted. The real opportunity is not having a significant amount of change in these at-risk areas for 5 years, and then you still have capacity because you haven't filled up that capacity. All we're doing is delaying that redevelopment to a later stage until we have tools in place to address that. I struggle with idea of greater good for people above 80%. We have to take into account everybody. If we don't save certain people, who is next? We need to think about 100% of the residents.
- *Commissioner Quiñonez*: From my experience growing up in East Portland, the ADU option could be attractive because there is a lot of multigenerational living. Just because we don't have the data on that, we shouldn't discard this as an option that wouldn't work well enough. When we talk about middle housing, it's a trickle-down housing effect and I want to acknowledge that trickle-down economics doesn't benefit the people at the bottom; trickle-down housing doesn't either, or if it does it takes decades. This amendment provides more of an opportunity for people who have been under-resourced for a long time.
- *Commissioner Spevak*: The reason that some neighborhoods in Southeast have affordable homes is because they were built decades ago. Housing does become less fancy and more affordable over time. That's where our legacy of market-rate affordable housing is in the city—where housing was built a long time ago and is affordable now. The concern I have that single-dwelling zoning was deliberately invented to exclude certain people from neighborhoods, particularly those who are low-income and not white, and was expanded over time. What's getting built in those areas are large single-family homes. We've diminished our housing choices so that in the vast majority of the city we are building for the people that can afford to buy a house from another city, not people that can maybe never afford their own 50x100 lot or people that already live here. Traditional single-family zoning is not a good thing for low-income folks and it never has been. It works very well if you already own a home in those areas. One of the things RIP does nicely is manage for scale and increase housing choice. We're really missing the housing choice piece here. This amendment does allow some level of housing choice, but implementation-wise it would be kind of a mess. This amendment would not devastate the proposal but would be very confusing and extend a project that's been going on for a long time during which we've seen a massive amount of displacement and very big houses being built.
- *Commissioner Baugh*: If this were to pass, what is the mess in implementation?
 - *Morgan*: Having 3 ADUs allowed for this period of time and then not allowing it creates a nonconforming situation, so how do you refinance it? The need for educating property owners means we would need to talk about two different products—one for 5 years and other after.
 - *Commissioner Baugh*: You could grandfather these ADUs into the code.
 - *Sandra*: As a builder you would have to be very cognizant of what census tract you are in to know what type of product you could build, and your neighbor next door or across the street could build something different.
- *Chair Schultz*: What year were the areas at risk of displacement were identified?
 - *Morgan*: Map was updated in 2016.

- *Chair Schultz*: Are certain areas highlighted that are no longer at risk?
- *Morgan*: The areas could shift in both directions.
- *Chair Schultz*: How do we consider that this is likely inaccurate?
- *Commissioner Baugh*: It will be fixed to the areas today, but within 5 years it is updated and areas disappear, you can take them away.
- *Chair Schultz*: How is it fair for an area that isn't identified today but is identified two years from now?
- *Commissioner Baugh*: If this amendment doesn't pass, you will have the same risk.
- *Commissioner Smith*: Thinking about 30-80% and 80+%, the benefit to 80+% is creating more housing choice. The benefit of RIP to 30-80% is that the size limits are limiting displacement risk to some degree. If we take these areas off the table, that will push more of the market to areas with higher land values, so those units will have higher rents.
 - *Tyler*: That is a potential outcome. I hesitate to say yes with certainty until we look at it in detail. In general, if the demand still existed, those units would be built in areas that are more expensive.
 - *Commissioner Smith* is still with advocates and anti-displacement folks who were arguing for opportunities and not looking at geographic restrictions but programmatic solutions.
- *Commissioner Bortolazzo*: Amendment has great intent, and agrees with Commissioner Smith. Struggling with singling out a specific area like Southwest Corridor. Why Southwest Corridor and not other areas?
 - *Commissioner Baugh*: Not wed to Southwest Corridor. Looked at it because it has been identified as a high-risk area because of the transportation project and we had encouraged Council to spend hundreds of millions of dollars mitigating that. What pushes Council is things that make them change their mind. Asking for mitigation is just another paper on the pile. Council will not take that action unless they're put into a position to do that.
- Joe understands intent especially about influencing City Council, but this amendment will not accomplish that intent. The amendment that would accomplish that intent would be to not do RIP. We are kidding ourselves by thinking this mechanism will meet that intent because it will not. Most of the displacement risk areas that are shown here actually benefit from RIP. We're talking about a move that will not accomplish the end, valuable as it may be, and it is taking out areas that would benefit from less displacement.
- *Sandra*: When we think of East, we've been talking about 50x100 lots, could be 70x120' lots, that puts you at an 8,400-square-foot lot. These houses could be larger in East than those we have been talking about. When we think about affordability, it is comparing one 4,200-square-foot unit versus 4 that are about 1,000 square feet or a little more.
- *Commissioner Baugh*: But you could also more easily build ADUs.
- *Commissioner St Martin* proposes amending to take out SW Corridor. *Commissioner Baugh* accepts.

(Y4 – Baugh, Larsell, Quiñonez, St Martin; N5 – Bortolazzo, Houck, Schultz, Spevak, Smith)

Commissioner St Martin: Displacement is an "inconvenient problem" we have created, and therefore we might need to work through some "inconvenient solutions" to mitigate and prevent displacement. We need to try.

2. Match windows on duplex facades (*Spevak*): Limit the standard that requires windows on both units to match, to only apply to street-facing windows. (Slide 17)
 - *Commissioner Spevak*: Intent was that you see from the street, not the other sides of the structure.

Commissioner Spevak moved the amendment. *Commissioner Bortolazzo* seconded.

- *Commissioner St Martin*: If builders are going to do it anyway, leaving it in there shouldn't hurt them, and this will help with surrounding neighbor's concern about a large structure popping up next door.
- *Commissioner Baugh*: Concern is that in standardizing all the windows, you create a type of house that all start to look the same. I thought we value variety in neighborhoods.
- *Chair Schultz*: Proportion and orientation is the key. Existing house could have horizontal windows and the attached house vertical. Does not support amendment.

(Y2 – Bortolazzo, Spevak; N7 – Baugh, Houck, Larsell, Quiñonez, Schultz, Smith, St Martin)

3. Historically narrow lot house size (Spevak): Increase the FAR on R5 historically narrow lots from .5 to .6 for attached houses. (Slide 18)

- *Commissioner Spevak*: The narrow lots closer in to centers and corridors are proposed to be rezoned to R2.5 which means more scale, and those further afield will have smaller massing. But if you have a 50x100' lot, you could get 3,000 square feet for a duplex but if you have a historic property line, you could not build a 3,000-square-foot townhome because you would only have 1,250 square feet per side. There's an anomaly that on the same lot if you had a historic lot line you would have less FAR than the lot next door.
- *Commissioner St Martin*: Could you just use the current property line?
- *Commissioner Spevak*: Yes, but then you could not sell the units to two different people.
- *Chair Schultz*: Creates parity for homeownership to have same size home compared to if you rented it.
- *Commissioner Bortolazzo*: From a form perspective, there is no difference.

Commissioner Spevak moved the amendment; *Commissioner Houck* seconded.

- Sandra: To tie it to the historically narrow lot discussion, this amendment moves it a step closer to R2.5 in terms of scale but not quite all the way.

(Y5 – Bortolazzo, Houck, Schultz, Spevak, St Martin; N4 – Baugh, Larsell, Quiñonez, Smith)

Letters to Council

- Transmittal letters
 - PSC Residential Infill Project recommendation to City Council
 - Additional topics for City Council's consideration (slide 27)

Commissioner Baugh: How and when will Council see this and what is the presentation strategy?

- Sandra: We have begun talking to the Mayor's office and we plan to start with a couple work sessions and hearings in late summer.

Motion (slides 29-30)

There are 5 actions:

- Direct staff to revise Appendix H: Displacement Risk Analysis to incorporate staff analysis, dated February 22, 2019.
- Direct staff to revise the staff report and code commentary to clarify proposals and findings, as necessary.
- Recommend that City Council adopt the Residential Infill Project *Revised Proposed Draft* Volumes 1-3, as amended.
- Recommend that City Council amend the Zoning Map and Comprehensive Plan Map as shown in Volume 1.

- Recommend that City Council amend the Zoning Code and Comprehensive Plan as shown in Volume 2.

Commissioner Spevak appreciates the work staff has put into this over half a decade and the thousands of comments we got. He moves to recommend with anti-displacement to be written about in the first letter. *Commissioner St Martin* seconds.

Commissioner Baugh: We at the City through the Comprehensive Plan knew East Portland was at risk. In 2008-2009 the BLI showed displacement risk. The PSC created 11 strategies. Displacement is not a surprise; the surprise is that we're unwilling to do anything about it. RIP does not address 60-80% MFI. We are unwilling to do something about it. We have embraced equity through the Portland Plan. Part of my issue about the letter for the anti-displacement plan was that we are going to continue to displace people. This is the sweet spot for homebuilders. We won't know until they're gone. There is a connection between diversity in neighborhoods and businesses. The businesses don't survive. We are saying goodbye to a significant part of our population. In Northeast Portland they could go to East Portland when they were displaced, but now there is nowhere to go. No one will rent to someone spending 50 percent of their income. This anti-displacement plan seems like a feel-good measure because RIP is displacement, so it seems like an oxymoron to put money into anti-displacement instead of fixing RIP. We are one of the whitest cities and RIP is institutional racism to make us the whitest. It's not only minorities, it's low-income and working people. Unfortunately, Portland is the wealthiest city so where they go has less services and those cities have more challenges in serving them. The disappointment is that we are not willing to step up to that challenge. If you dig deep enough into the displacement there is disparity and fair housing challenges. I am not against volume but volume that creates housing 20-40 years down the road that has fallen apart but accommodates people at 80 percent suggest Portland wants to get into the slum business. We need to take pride in holding everyone as citizens and producing products for everybody. Very disappointed in what we're sending to Council because Council has no urgency to make changes. I really do appreciate staff, so this is not an indictment on staff. I think we are making a bad decision.

Commissioner Spevak: I concur with the concern about displacement, but believe the target for those remarks should be traditional single-family zoning, not RIP. RIP is taking measures to open up for more inclusive neighborhoods. The good things I see about RIP is that it decreases displacement pressure in most of the city. I acknowledge the city has limited resources, but this will allow the city to focus them on areas that need them most. The real culprit in our and other cities' woes is that, for over 75 years, we have placed our single-family neighborhoods off-limits to infill – so there is nowhere in them for households of modest means to live. People have fewer housing choices because they can't share the land with another house. The problem with single-family zoning is that it works for a small number of people—people who already own a home or can move here from somewhere else. Does not serve those who teach our kids, caretakers, people working in nonprofits and service providers. RIP addresses that head on and provides more choices in neighborhoods where that's allowed today. RIP does a lot of things separate from that that right now our current code doesn't touch — visitability requirements, increasing housing options when almost 2/3 households are 1-2 people, affordable housing incentives, protects and supports green spaces and trees, and improves carbon emissions with smaller and attached homes. RIP is more of a shift than a big change. It won't go as far as people want in any direction, but it does a lot of good things for more inclusive neighborhoods in Portland going forward.

(Y5 – Bortolazzo, Houck, Schultz, Smith, Spevak; N4 – Baugh, Larsell, Quiñonez, St Martin)

- *Commissioner Bortolazzo*: While not perfect, it does what it was designed to do. Use land more efficiently. To do that, we needed to tackle land use with biggest land mass. Creates more housing choices and responds to different households that we have now and addresses need in between

corridor apartments and single-family – the so-called missing middle. Opens more opportunities for that type of use. Thanks staff for answering and following us and making major changes.

- *Commissioner Houck*: Having grown up in outer Southeast Portland, this is providing opportunities for people. Commissioner Spevak mentioned nonprofit workers, and I am one of them; I would not be where I am without the opportunity to buy into a fourplex, both in terms of getting into it and paying property taxes.
- *Commissioner Larsell*: No, not because I don't think it's a good measure, but because of the mitigation. I don't think that by having it go to Council there will be any pressure on them to do anything about mitigation. We'll have a letter, but I would really like to see East Portland be able to come and meet this change and have some resources. I would like it to pass not unanimously; I would like City Council to be able to ask why people voted against it. The more message we can give that we have concerns is better.
- *Commissioner Quiñonez*: Thanks to staff and fellow commissioners. Shares same concerns as Commissioners Baugh and Larsell. When you are someone who has experienced displacement and has worked with many people who have experienced displacement, there is intuitive knowledge that is hard to articulate about what will cause displacement or your community to transform into something that is no longer for you. Also, as a planning student, given the history of planning, thanks to staff for providing the info you did, but I want to reiterate that even though the displacement risk analysis showed less displacement under RIP, that is only accounting for RIP and there are so many compounding things that can lead to displacement. Due to that and because a strong-worded letter will not be enough to get them to act boldly under RIP, I vote no.
- *Commissioner Smith*: Adds thanks to staff. In my mind, this is all about equity and the very challenging balancing act of housing opportunity with displacement risk. I am proud of the discussions and outcome which is balancing the creation of housing opportunity – we can't solve crisis without supply – but at same time finding the jujitsu to get building sizes down to decrease displacement risk on the whole. We are not able to address displacement with maps and code; we need programmatic solutions. We have clearly not solved displacement but have made lots of progress – passed 2 bond measures, passed inclusionary housing. We are clearly not done; East Portland has many challenges. Supports Commissioner Larsell's idea of district plan for East Portland. Becomes now much more of a budget question than a code and map question. This commission has limited scope so we can't chase that as a body but as individuals we can. We risk perfect being the enemy of the good.
- *Commissioner St Martin* thanks staff. Encouraged by start of displacement analysis program and look forward to it becoming more robust going forward. RIP addressed the size of homes, a big issue; some demolition reduction incentives. The one thing we can't ignore is displacement risk. It's a tough problem and there is no easy solution, but I am still concerned that we don't have targeted and funded programs to help with that. In particular, picking some areas might have sent a strong signal. It is important to recognize that the diversity of our city is vital. In terms of displacement, the most effective method is to prevent it—taking care of the low-income homeowners we have and helping them figure out how to create generational wealth with capital or learning development or landlord skills. Because I would like to send that signal, I vote, respectfully, no.
- *Chair Schultz* thanks staff. Wants to address info from community regarding direction the project has gone. We have spent some time listening to the direction we received community. Found it fascinatingly divided between those who have a home already in the single-family neighborhoods and those who would love to live in those neighborhoods. Also important was how to layer in Comp Plan goals and how that changed the direction of the proposal. We did hear the community's concerns and consider what we're achieving in the Comp Plan. To commissioners, I am proud and impressed by the deliberations. Everybody has a concern in common, which is displacement. What I find very interesting is that a lot of us are arriving at same intent of trying to do good but coming to different conclusions on how best to do that. Personally, the fact that we're seeing overall rents

lowered and displacement reduced is encouraging. There were also many people in community who asked us to reopen testimony and the reason leadership pushed back was because of exactly what our goals were and seeing the analysis that aligned with those goals, it didn't seem respectful to community to open the testimony again. Encourage everyone in community to read and understand the proposal and participate in process as it moves forward to Council. Achieves goals we sought out.

Commissioner Baugh wants to thank commissioners for their patience.

Commissioner Spevak thanks the commission.

Joe thanks the commission.

Adjourn

Chair Schultz adjourned the meeting at 4:16 p.m.

Submitted by Love Jonson