

IMPACT STATEMENT

Legislation title: The Residential Infill Project

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Purpose of proposed legislation and background information:

The Residential Infill Project (RIP) is revising Zoning Code development standards in Portland's single-dwelling zones (Chapter 33.110) and associated regulations in other Zoning Code chapters. The amendments also make related changes to the Zoning Map and the Portland Comprehensive Plan and Comprehensive Plan Map. The amendments are intended to help implement Comprehensive Plan policies that call for:

- Providing diverse housing opportunities;
- Encouraging more housing choices and types to accommodate a wider diversity of family sizes, incomes, and ages, and that can adapt to the changing needs of households over time
- Supporting housing affordability and extend access to amenities
- Enhancing land and energy resource-efficiency
- Reducing the risk of displacement
- Designing at a scale that respects neighborhood context

The amendments include Zoning Code regulations that will be administered by the Bureau of Development Services and development bonuses for affordable housing that will be administered by the Housing Bureau.

Financial and budgetary impacts:Direct budget impact

This ordinance does not affect long-term financial obligations for the City (e.g. ongoing debt payments, purchase of property requiring operations and maintenance, or ratification of labor contracts), nor does it amend the budget or authorize additional spending on new or existing projects or programs. Furthermore, the ordinance does not result in a new or modified financial obligation or benefit, including IAs, IGAs, MOUs, grants, contracts or contract amendments.

Revenues

The Zoning Code amendments increase the number of residential dwelling units allowed in the R2.5, R5 and R7 zones (roughly 68% of Portland single-dwelling zoned land) and provide development bonuses for projects that include affordable units.

An economic feasibility analysis (Residential Infill Project, Volume 3, Appendix A) indicates that the changes enable the development of duplexes, triplexes and fourplexes and could generate as much as \$871M of *additional* construction investment if the market supports demand for these housing types. This demonstrates that the changes from the ordinance do not unduly suppress future revenue through development fees and taxes.

Staffing

This ordinance does not create, eliminate or re-classify positions now or in the future. There will be minimal impacts to staff time within both the Bureau of Development Services (BDS) and the Portland Housing Bureau (PHB) as described below.

Bureau of Development Services

The amendments to the Zoning Code will impact BDS in terms of staff time spent working with permit applicants, reviewing submittals and inspecting development. The changes will impact BDS in the following ways:

One-time costs:

- Staff training - Learning about the new regulations will initially take staff time. Training is developed and provided prior to implementation. Follow up discussions at team meetings to ensure consistency and answer questions about how to apply the new regulations to specific situations will also be needed.
- Public information – Development of new brochures and/or website content to explain the new standards and application submittal requirements will be required.
- Permit system updates - Adjustments to the Permit Tracking system to account for new housing types and additional allowable development configurations (e.g. two ADU's with a house) will be necessary.

On-going costs:

The addition of new regulations will require more staff time for plan reviews. Other changes that modify existing regulations will have less of an impact on plan reviews, while changes that discontinue existing regulations will simplify plan review and reduce required staff time. Most changes have minimal impacts to this review time, with two exceptions:

1. The largest contributor to additional ongoing staff time is the result of applying floor area ratio (FAR) limits. The Zoning Code does not currently include measurements of floor area for single dwelling zone structures in R2.5, R5 or R7 zones. Plan review will be impacted by the need to measure floor plans, determine maximum allowable FAR from lot size information and confirm compliance. Existing permit records will not include benchmark FAR information when additions are proposed and smaller additions that are exempt from FAR will still require permit history review to ensure that the exemption is applicable. Single dwelling development often involves more complicated floor plates to calculate than larger commercial or multi dwelling development. This will affect all new residential permits and most additions in the R2.5, R5 and R7 zones (~1,110 permits per year), as well as property line adjustments and lot confirmations, where site area is affected and there is an existing building on the site (~220 reviews per year).
2. The second contributor to increased staff time is related to the lot confirmation zoning code amendments. Currently lot confirmations do not require input from infrastructure bureaus. Going forward, this input will be required, and that

coordination will require ongoing staff time for these lot confirmation requests (~227 reviews per year).

BPS estimated the impacts to BDS staffing and found that there was an increase in permit review time of 555 hours (0.27 FTE) and an increase in lot confirmation/property line adjustment reviews of 223 hours (0.11 FTE). The increase in permit review time increases the cost of providing services by an amount equivalent to a 3-cent increase per \$1,000 in valuation to the land use plan review fee. BDS will address the fee in an ordinance at a time closer to the effective date of these changes. Due to the small increased costs in lot confirmation/PLA reviews, BDS has decided to use existing resources to cover those costs.

Portland housing Bureau

The affordable unit bonus provision increases the allowed FAR on sites proposing at least one unit be affordable to households earning no more than 80 percent of median family income (MFI). This new bonus will require additional Housing Bureau staff time for creating the administrative rules for the bonus and in administrating and monitoring use of the bonus. Separate administrative rules will be required for ownership and rental units. For administrating the bonus, staff time will be needed to review and certify compliance with the administrative rules, as well as monitoring conformance over time. The specific amount of staff hours is uncertain, since it is not known how many projects will use this bonus. PHB will monitor and ascertain staffing need after the ordinance has been in effect.

Community impacts and community involvement:

The RIP amendments affect development in the single-dwelling zones citywide (primarily in the R2.5, R5 and R7 zones) which account for 43% of the city land area and therefore impact a broad range of community members in different parts of the city. The community involvement program conducted in support of RIP amendments engaged a broad range of stakeholders, including people who live in single-dwelling zones, those involved in the development of housing, plus specific relevant focused topics and advocacy including historic preservation, anti-displacement, and affordable housing. A Stakeholder Advisory Committee (SAC) was formed and met over the course of a year and involved participants with a broad range of perspectives and experience, including community group representatives, development professionals, neighborhood residents, affordable housing providers and age-friendly advocates. The amendments were also informed early in the process by roundtable discussions with development professionals, including affordable housing providers, disability advocates, remodelers, designers, and developers.

Staff met with community members at 145 different meetings and events attended by over 3,300 attendees since the project inception. In addition, staff sent notice by first class mail to every owner of property in R2.5, R5 and R7 zones (~135,000 notices) and established a call center to field questions from notified recipients and others.

At each proposal stage (concept report, discussion draft and proposed draft) staff assembled a “What we heard” report of general themes of the nearly 19,000 total comments received. Among the many issues raised by community members and that helped refine the RIP amendments through that process were:

- demolitions
- historic resources
- parking impacts
- compatibility/scale
- tree canopy impacts
- aging in place
- housing type diversity
- affordability/lower cost housing
- available housing locations
- homeownership opportunities
- displacement
- feasibility of regulations

The Discussion Draft, published in October 2017 provided the first opportunity for the public to review and comment on specific draft zoning code regulations, which were developed by staff based on ideas in the project’s Concept Report. The public review period for the Discussion Draft was from October 3 through November 30, 2017. During this period, staff used a variety of approaches for community members to learn about the proposals and provide comment, including public open house events, and meetings with various groups including the Portland Commission on Disability, Historic Landmarks Commission, Design Commission, East Portland Action Plan housing subcommittee, and Living Cully. Information about the project was available online and comments were accepted via an online commenting tool.

Comments received during the Discussion Draft public review period informed the Proposed Draft, which served as staff’s proposal to the Planning and Sustainability Commission (PSC). The Proposed Draft was posted online on March 28, 2018—48 days before the PSC’s public hearing on May 15, 2018. The PSC received over 1,200 pieces of testimony from individuals, organizations, and neighborhood associations through the mail, email, oral testimony, and testimony submitted online. Over 100 people testified in person during two public hearings held on May 8 and 15, 2018. After the PSC considered public testimony, the commission held a series of nine work sessions and two briefings (May 2018 through March 2019) to consider changes to the Proposed Draft. The PSC concluded its deliberations on March 12, 2019 and voted to move their recommendations to City Council.

People and organizations who have been interested in the project throughout are likely to testify at the City Council hearing. These include housing advocates, neighborhood association representatives, aging and disabilities advocates, historic preservationists, homeowners, renters, tenants’ rights representatives, developers, designers, and affordable housing providers. Organizations who have testified previously and will likely provide testimony to City Council include Portland for Everyone, Portland Coalition for Historic Resources, Oregon League of Conservation Voters, AARP Oregon, Oregon Locus, Portland Housing Center, and a number of neighborhood associations. Testimony will likely be similar to that heard at the PSC and will call on Council to decide how to balance competing goals and policies around housing density, affordability, building scale and

neighborhood compatibility, parking requirements, affordability, and impacts on development costs.

100% Renewable Goal:

This ordinance does not directly affect the City's 100% Renewable Goal to meet our community-wide energy needs with solely renewable energy by 2050, but RIP amendments that encourage higher-density compact development and allow more housing in locations close to services and transit will contribute to development that is more energy efficient and will allow more people to live in locations that facilitate transit use, walking, and bicycling, helping to reduce the use of fossil fuels associated with private automobiles and heating.

Budgetary Impact Worksheet

Does this action change appropriations?

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

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

Item 654

TIME CERTAIN: 9:45 AM – Amend the Comprehensive Plan, Comprehensive Plan Map, Zoning Map, Title 33 Planning and Zoning and Title 30 Affordable Housing, to revise the Single-Dwelling Residential designations and base zones (Second Reading Agenda 648 introduced by Mayor Wheeler; amend Code Title 33 and Portland Comprehensive Plan and Zoning Maps, and Title 30) 45 minutes requested

Link to the folder containing the RIP documents:

[https://hcpaw.portlandoregon.gov/u/-n0fKkd9H6TofR8q/For Council Clerk?l](https://hcpaw.portlandoregon.gov/u/-n0fKkd9H6TofR8q/For_Council_Clerk?l)

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