

# Portland Planning and Sustainability Commission

December 15, 2020

4 p.m.

Meeting Minutes

**PSC Commissioners Present:** Jeff Bachrach, Ben Bortolazzo, Mike Houck, Katie Larsell, Oriana Magnera (arrived 4:15 p.m.), Steph Routh (arrived 4:11 p.m.), Katherine Schultz, Chris Smith, Eli Spevak [2 open positions]

**City Staff Presenting:** Andrea Durbin, Danny Grady, Kyle Diesner, Eric Engstrom, Al Burns

## Documents and Presentations for today's meeting

*Chair Spevak* called the meeting to order at 4:00 p.m.

*Chair Spevak:* In keeping with the Oregon Public Meetings law, Statutory land use hearing requirements, and Title 33 of the Portland City Code, the Portland Planning and Sustainability Commission is holding this meeting virtually.

- All members of the PSC are attending remotely, and the City has made several avenues available for the public to watch the broadcast of this meeting.
- The PSC is taking these steps as a result of the COVID-19 pandemic and the need to limit in-person contact and promote social distancing. The pandemic is an emergency that threatens the public health, safety and welfare which requires us to meet remotely by electronic communications.
- Thank you all for your patience, humor, flexibility and understanding as we manage through this difficult situation to do the City's business.

## **Director's Report**

Andrea Durbin

- Jessie Gittemeier is the Mayor's selection for the PSC Youth appointment. We are at Council on January 6 and are hopeful she'll join us at the January 26 meeting.
- This is the last PSC of 2020. Thank you for your incredible work in this very challenging year. The PSC didn't miss a beat and moved to the Zoom platform quickly. And we found real ways to be more accessible, which we'll integrate in the future of our work. Your efforts around accessibility and welcoming people as they testify are important practices. And the work you've done!
  - BHD
  - RIP
  - Expanded Opportunities for Affordable Housing
  - DOZA (for Council next year)
  - South Reach (final vote on Wed)
  - Tree Code

## **Proposed Internal Cost of Carbon City Policy and Healthy Climate and Clean Air Protection Fees**

Briefing: Danny Grady, Kyle Diesner

### Presentation

*Chair Spevak:* PSC members requested a briefing on this proposed City policy for an internal cost of carbon, which will go to Council tomorrow. And the Climate Emergency Declaration that City Council passed unanimously last June directed BPS to identify new resources to support the City's work to reduce community-wide carbon emissions and deliver community benefits.

As a result, BPS has developed a draft proposal for a Healthy Climate Fee and a Clean Air Protection Fee that will help reduce pollution from stationary sources of pollution in Portland and generate additional resources needed to implement climate actions laid out in the Climate Emergency, Climate Action Plans and 100% Renewable Resolution.

These two proposals are out for public comment right now. We have asked staff to brief the PSC on what is being proposed.

And with that I'll turn it to Andrea to introduce the staff.

Andrea: The first item is an internal City policy (cost of carbon) that Council is considering tomorrow. This was directed by the Mayor last year to explore this policy development. It's a first step to a climate test. Danny Grady will share that proposal.

Danny introduced himself and the policy: the policy intent, the scope of project types that will be covered by the policy, the bureaus to whom it applies, the mechanics of the policy, and how we plan to measure success.

The internal cost of carbon policy originated from a directive within the Climate Emergency Declaration that was adopted by City Council in June of this year.

This directive was adopted due to the activism and engagement of Portland youth who got the City's attention in last September's Global Climate Strike. A core directive we heard from youth is to develop a "Climate Test" policy that contains a carbon cost to ensure that carbon is accounted for. And, we were tasked with delivering such a policy to Council this year.

The mechanism should be used to inform decision-making, specifically where City investments have the most impact on carbon emissions. And, we need a flexible policy that can adapt and expand over time to amplify its impact throughout the community.

The goal of the policy is to institutionalize how carbon is considered in City investment decisions. Much like an equity toolkit has been developed to guide staff how to apply equity considerations, we also need to develop a common framework for carbon.

The policy sets out to quantify carbon impacts in City decision making and make projects that pursue reduced carbon options more attractive to decision makers.

The anticipated outcomes of this policy are to:

- accelerate City carbon emissions reduction;
- lessen the social and environmental impacts of City investments.
- lead by example.

We will look to the City bureaus that manage infrastructure to apply the policy. That includes the Water Bureau, OMF Facilities and CityFleet, BES, Parks & Rec, Fire & Rescue, and PBOT.

Slide 6 highlights City emissions.

City staff will apply the approved cost of carbon into the decision-making process for City assets that collectively account for most of the City's carbon emissions. The current scope includes typical infrastructure projects like building and road construction. The carbon cost will help determine how the City's vehicles will transform to a lower carbon fleet. It will apply to the types of fuel and energy we use in vehicles and buildings. It will guide strategic investments at the wastewater treatment plant to manage emissions. And, it will be a tool to quantify benefits for resource recovery planning and ecosystem services like wetland development and urban forestry.

These investments already require a lifecycle cost assessment to measure first cost, operations and maintenance, and energy and fuel costs when comparing project options. The policy would simply add a carbon cost to that decision-making framework.

The way we'll apply a cost of carbon is by using a carbon shadow price. A Carbon shadow price is an evaluation tool that models the social and environmental cost impacts that result from carbon emissions associated with City investments. It is important to note that no direct project costs are incurred by applying a shadow price; rather, metrics such as Benefit/Cost ratios and Return on Investment (ROI) are influenced by integrating the shadow price with all the other, actual project costs being evaluated for each project option.

The basis for the shadow price level is the Social Cost of Carbon. The social cost of carbon (SCC) is a widely accepted, well known best practice used among governments for assigning an evaluation cost to carbon emissions.

Estimates of the social cost of carbon vary because of different assumptions about future emissions, how climate will respond, the impacts this will cause and the way we value future damages.

That said, we developed the shadow price level to align with leading economic research and existing municipal policies in North American cities. We are choosing to initially start at a high level in order to give us the best chance of having an impact on decision making.

For each use type in the current scope, bureau staff will be tasked with calculating the lifecycle carbon emissions present in each project option. Carbon accounting protocols define three types of emissions. Scope 1 are those coming directly from the source- like a tailpipe or smokestack. Scope 2 come from the energy something uses- the generation of electricity or natural gas burned to produce heat. Scope 3 are those that come from the manufacturing of materials, like the embodied carbon in concrete, asphalt, and steel.

Danny shared an example (electric vehicle business case).

For the policy to be successful, we must build the capacity of staff to implement the policy and give them the resources they need to be successful. The goal is to create a streamlined analysis process that doesn't create a lot of additional time and effort in the project development process.

BPS staff will convene bureau specific workshops with each bureau to model policy applications and train staff on specific tools and resources to use. BPS will also create trainings for City staff to familiarize themselves with the policy. BPS will also host a page on its website to post resources and tools. Carbon emissions calculators will be developed by BPS staff for the most common use types like energy and materials, and links to existing calculation tools will also be made available. The goal is to create an open source space where the City can share the tools and resources it provides transparency and access to internal staff and the wider community.

The initial scope has been developed to identify areas where we know we can implement the policy now. The goal of the policy is to adapt over time so we can add the right tools and policy mechanisms to address more areas where the City has decision making authority.

Pipeline and pump stations and existing buildings are next on our list of work to be able to account for these uses via this tool. The Climate Emergency is challenging the way we do business, and we're moving forward.

*Commissioner Larsell:* The difference of \$250k – can you review this?

- Danny: The cost savings over the lifetime is not necessarily the difference between the two.

Andrea: The second policy proposal is currently out for public comment: a Healthy Climate Fee and a Clean Air Protection Fee. These are bigger, bolder actions that will help us move from our plateau of emission reductions to move us forward to our 2030 and 2050 goals. And centering our work around communities most effected by climate change. City Attorneys, Revenue divisions working with BPS to find additional resources to support increased climate actions to meet our goals and build community resiliency. This is an outcome of identifying new resources to create the policy proposal to address climate and clean air issues. We are having conversations after the policy is established to talk about how we prioritize the use of the resources, strategies and choices, and we'll have that conversation at the PSC in 2021.

The climate test is to apply a climate lens to work in the community. The internal cost of carbon is the first step, and then we'll work on tools to do this in/with/for the community.

Kyle shared the proposal for Healthy Climate and Clean Air Protection Fees. Our emission reductions have plateaued. We have to reduce 30% in the next 10 years, so this is a huge amount of work to do – hence the need for additional revenue. C40 is telling cities that to reach targets, we really need to be closer to 70% reduction by 2030 from the IPCC (International Panel on Climate Change).

This proposal is looking at raising \$11M/year combined from the two fees. Healthy Climate \$25/ton on entities covered by the State's GHG reporting system. So we don't need to define who needs to pay (the State has). This targets site-based emissions. It is a segment that's difficult for us since we already have commitments from the electric sector locally. It is a revenue proposal, but on-site emissions can be decreased by changing to alternative fuels. We don't think the fees are set at such a high level to create these reductions. This is a balance point between \$17/ton (CA) and \$40/ton (BC). The fee covers 35

entities in the city (campuses with on-site power... hospitals and universities) and large industrial. The fees will be used to develop with frontline communities.

The Clean Air Protection Fee will raise about \$2M/year. It is similarly based on the State's existing reporting. There are 72 entities in the city of Portland. 26 entities would be paying both fees. It targets the largest sources of GHG emissions. Revenue will be used for a Clean Air program to focus on achieving health-based initiatives, particularly for communities of color.

*Commissioner Magnera:* Clarify and understand as the programs funded in BPS are developed, would that be an opportunity for the PSC to engage in the future?

- Kyle: Yes, absolutely. This is a first step briefing, and the PSC will engage as this work unfolds. I'll be back next month to talk about our work on embodied carbon too.

*Commissioner Magnera:* For both programs, what is the approach to off-sets or RECs to reduce overall emissions?

- Kyle: Because the proposal is about site-based emissions for combustion of fossil fuels, RECs are not an option. They can switch to renewable fuels, but that's actually procuring them, not RECs. We won't accept off-sets as a way to comply either so we reach local emission targets and keep investments in Portland.
- Danny: As we're defining the emissions related to electricity use, we would not treat unbundled RECs... but we could when bundled. We don't plan to pursue a policy for off-sets.

*Commissioner Houck:* Especially on the air side, are funds available for natural and built green infrastructure? And I haven't heard comments on the carbon sequestration side.

- Kyle: It will be critical to get to 2050 targets to look at sequestration across the County. I expect some of the revenue will go to this. At this point, we are focusing on reduction, but as we get further down the road, we will look at this.
- Danny: Ecosystem services is targeted at quantifying the benefits of sequestration to make the business case to expand this infrastructure in the city. Increasing tree canopy is also an important goal and work that we're talking to PP&R about to increase over time.

*Commissioner Smith:* Substantively, transportation-decision-making is still down the line to be developed, but this is a huge source of emissions that's going back up. What's the prospect to advance transportation work?

- Danny: We've had lots of conversations with PBOT. The difficulty this tool has is specifically how we're quantifying the carbon included in the project. We are still not sure if this is the right tool or if we have a better option to push in the right direction. We agreed to have continued discussions. And if there are tools in the marketplace, we can look at that too.

*Commissioner Smith:* On the carbon fee that's proportional to the tons of carbon you emit. With the air toxics fee, there are 3 broad buckets; within each, there could be a large range of emissions, so what's the fairness in this?

- Kyle: Yes, we've seen comments about that and are exploring options to try to resolve this fairly. The higher-level permits are more complex, so some of these larger entities have reduced their emissions more, and we don't want to penalize them. The data is self-reported, and we don't want to get in the middle of how DEQ does their permits. This update will come out in the next draft in early January.

*Commissioner Larsell:* I'm trying to figure out if this is the right scale and how the State has lots of things in the works that haven't been able to be passed. Would we be doing this if the State had been able to pass, for example, a carbon tax?

- Kyle: In the 2015 CAP, we made a commitment to carbon pricing. And if the State fails to move forward, we would move forward locally.
- Andrea: We want to get this right. We have been meeting with the entities, and we want to be sure we're incentivizing more efficient output.

*Commissioner Magnera:* Where/how were the carbon price points decided?

- Danny: The social cost of carbon is mostly used for evaluation. We followed existing research and more aggressive value within the range. We're right in the middle range.
- Kyle: I'm an advocate for the social cost of carbon. But given the pandemic and recession, I didn't think we could bring forward a fee at that level. We had to move something forward, though, so we couldn't wait; this was a way to do something at a lower price-point that we think the market can bear. We are concerned about hitting the targets and understand we probably need a higher price down the road.

*Commissioner Bortolazzo:* The descriptions for how the revenue is generated and used are vague and open-ended. But this sounds like it's deliberate at this point and will be looked at a later date.

- Kyle: Climate solutions with frontline communities are what we're working with in 2021. Climate Justice Collaborative with the County will help identify what we prioritize, but we didn't want to get ahead of that process.

*Commissioner Bachrach:* How many FTE will BPS add with this additional revenue?

- Andrea: We can't guess at this point because we're looking at how much will go to community, covered entities, others... and staff. Once the revenue mechanism is in place, we will look at how to spend the funds.

*Commissioner Bachrach:* We already have PCEF, which goes to an open-ended community process. And now we have another funding that can go to helping our CAP. I'm not satisfied with this because we've been working at lowering levels for many years, and I don't know what programs are in place that aren't being effective. Before I give you funds for pollution reduction programs, I would prefer evidence of effective programs, and if you fund them, they'll be more effective.

*Commissioner Smith:* We have concern that the PSC is falling down on the sustainability end of our PSC work to provide advice and recommendations/hearings on this work. This is important enough to have a discussion with the full PSC to talk about what we want our role to be.

I move to assemble a small work group to assemble our questions for further discussion at a January meeting. *Commissioner Larsell* seconded.

*Commissioners Smith* noted this is how we fulfill the sustainability part of the PSC's mission, our appetite for it. *Commissioner Magnera* noted this could be better for a discussion at a PSC retreat to talk through the scope and concerns instead of very quickly. *Chair Spevak* noted two levels of discussion: how we operate as a commission, and the role of the PSC in climate/sustainability work going forward.

Vote to identify a working group to guide the discussion on how the PSC operates and frame discussion for the first January meeting. *Commissioner Magnera* noted it's important to include a CIC member and weigh other priorities.

*Commissioner Schultz*: If the group is to identify topics, and the discussion in January is about the topics for further, in-depth discussion, that seems appropriate. But if we're deliberating on the topics in January, I'm struggling with that.

*Commissioner Smith*: Right now, there are conversations happening in smaller teams and groups of PSC members, and this is not fair or how to drive to good process or decision.

Discussion issues and topics framed/suggested by the small group. Retreat in early February.

*Commissioner Smith*: Goal is to use January 12 to bear out issues and frame for a retreat. Commissioners agree to this time.

Commissioners Smith, Magnera, Schultz, Bortolazzo, Spevak to work on a plan/proposal.

## **Shelter to Housing Continuum Project (S2HC)**

Hearing / Work Session: Eric Engstrom, Al Burns

*Chair Spevak* passed the Chair duties for this agenda item to *Vice Chair Routh* as the PSC confirmed at the last meeting.

This is a continuation of our hearing on the Shelter to Housing Continuum Project. We have 22 people signed up to testify tonight, and we'll jump right into hearing from you all.

### Disclosures

- *Chair Spevak*: I own 2 tiny homes. One is in Corbett, the other is housing a couple in SE Portland. Previously, these homes were part of The Caravan Tiny House Hotel.

Thank you for joining us to share your thoughts tonight. You will have 2 minutes to share your comments, and I'll give you a sign when you have 30 seconds remaining.

### Written Testimony

#### **Oral Testimony**

1. Tim McCormick, Shelter PDX Coalition: Testimony letter being scripted with detailed level. Homelessness is a leading chronic and health issue, likely getting worse soon. So we need to be responding urgently and creatively as possible – and I feel like this isn't fully accomplished in the proposal. Allow use for outdoor shelters in multiuse zones. *See written testimony.*
2. Suze Rodriguez: Thanks for your attention today. Support for looking through zoning to see where else we can create spaces for people who live outside. People in our shelters are safer. Fed, warm, safe, and secure increases quality of life and helps people throughout the city. Thank you for listening to people who represent all Portlanders.

3. Susan Gemmell: Lots of work in the community. Support diversity of housing choices, particularly tiny home villages. Every neighborhood should help with this housing, so I support expanding options as the proposal has.
4. Jaime Langton: Support additions for people to put tiny homes on their properties. Some things are unclear (final page of 37 – camping). This could create a safety hazard. Support an open dialogue about where tax money goes in terms of this conversation – I think they need to be linked.
5. Sarah Iannarone: On behalf of Our Portland to organize around finding housing for all. We need to remove barriers to affordable housing. Changes are necessary but Council has not waived code. Extend the housing emergency. We support the proposed draft but want it to be stronger. Planning should be evolving to be more adaptive, increase flexibility.

*Commissioner Bachrach:* You noted about waiving codes to get more affordable housing to be built. Which?

Sarah: We shouldn't have to put all this into the code permanently. With a housing emergency declared, that would fix.

6. Jacob Antles: This is a strong proposal, and I look for additional rules. I have benefitted from mobile dwelling (tiny homes). Rent is much cheaper, and it enables high resiliency for dwellers. Change standard so vehicles are not subject to building code; provide options for homeowners who can't install expensive sewer infrastructure; permanent plumbing on-site; and remove standard that classifies as ADUs.
7. Heather Chatto: Thanks to the good work of staff. Proposal as a pathway to homeownership model. *See written testimony (presentation).*
8. Paul Niedergang: Support changes being proposed in the S2HC project for alternatives. For the continuum project, the proposed changes fall short. They should include more affordable housing types and tiny homes in specific.
9. Zari Santner: Thanks to partners that have been involved in solutions for homelessness. It is challenging and complex equity issue. Avoid short-term solutions that could have unintended long-term consequences for all Portlanders.
10. Tiffany Johnson, Mt Scott Arleta NA: Investment in livability for all. Support increased flexibility in the code. Join us in urging Council to extend the Housing Emergency. Consider recommendations of Portland Neighbors Welcome including group living by right, other suggestions. *See written testimony.*
11. Heidi Hart: Support the project and hope you will further improve it. Support changes in the letter from Portland Neighbors Welcome.
12. Donna Cohen: We are in an emergency, which will get worse before it gets better. The most important thing we can do is help provide everyone with a safe place to live. Anything we can do to provide more housing options with appropriate sanitation is what we should be doing. In LA,



there is Safe Parking, where they allow people to be in otherwise unused large parking lots in the evening with a guard and sanitation. Keep doing what you're doing and do more of it.

13. Kayleen Kusterer: I am a 30-year resident of Portland and work in the private sector. I believe that the report is really difficult to understand, and I don't see an impact report. I don't know what it means to change the code, and I'd think the general public has the same perspective. I would ask that there be more information, an impact study, and I want it to be better communicated to all Portland residents who want health and livability and safety for everyone.
14. Brandon Narramore: Endorsed the changes suggested by Portland Neighbors Welcome.
15. Peter Fry: Focus on the reality and the human part of this. I have learned it's important to actually communicate with people – not around it – in what it is to live in this world. People need to communicate. So in terms of zoning, this is a good project; but it leaves safety, health, and reintegration so people can talk to each other. *See written testimony.*
16. Brent Wilson: Leven Community Land and Housing. Working to solutions to the housing issue. Lower income members have been dwelling in tiny houses without security they won't be evicted. I am concerned this proposal overregulates this population. We appear to be severely limiting tiny houses for people needing this option in the long-term. Don't lump tiny houses in with RVs.
17. James Sjulín: Good work so far. But I don't support extending into the Open Space zone, particularly parks. I don't know what would happen to the city – it wouldn't be pretty. Natural areas can't withstand impacts from housing very well. *See written testimony.*

Phil shared an overview of the written comments received thus far. Testimony has been coming in quickly over the past few days – please be sure you're reviewing it. Tiny houses on wheels and RVs. Title 29 (which Council will vote on for standards for how to site tiny house on wheels and health/safety measures since building code doesn't apply). Open Space zones and parks has testimony on both sides. Shelters and size by right versus conditional review. Where we allow group living. Process for this project. Title 15.

Staff will provide a more detailed memo about testimony to the PSC after testimony closes.

### **Commissioners' Comments**

*Commissioner Smith:* Goal is permanent support of housing for everyone. Do we want to get rid of emergency provisions and normalize the current state? I'm worried if we don't avoid an eviction crisis in the next months. Delighted we don't have the old household definition. If there are houses with more than 8 bedrooms, are they suddenly non-conforming? Make things as easy and flexible as possible e.g. for RVs. Lots of questions about outdoor shelters. Village model raises questions for me for a plan for how people who run shelters intend to use this. Want to see a table with 3 columns... shelter use cases with current allowance, practice allowance under the emergency, what's in the proposed code. Panels I'd like to see would be people who can speak to the lived experience of people living in shelters; people who can speak to the operation of shelters.

*Commissioner Houck:* I like Chris's suggestion about panels for more technical information to make an informed decision. I strongly support this effort and support staff's recommendation to exclude Open Space, especially if it's a permanent use. You heard testimony from Zari Santner, former Portland Parks Director who suggested people will reject further parks levies or bonds if parks are allowed to be used. In addition to supporting staff's recommendation I am contemplating submitting an amendment relating to temporary activities. Restoration is being undone in our natural areas, so I will suggest excluding natural areas, EC and EP environmental overlays, floodplains, and other hazard areas.

*Chair Spevak:* Read a section of testimony from Lauren Hawk. I'm encouraged by this project. CEIC letter with shelter operators. Explore ways to refine the tiny house portion of the project; a 2-tier option is worth exploring. Visitability standards – BDS letter. I'm proud the City is doing this proposal through a clear and objective process. We need to zone for shelter for people on the streets to implement Goal 10.

*Commissioner Magnera:* Appreciate our testifiers from tonight and last week and those who have shared your lived experience. Thank you to fellow commissioners and staff as well. Reminding us about this being about people who are at a time struggling with few options. We are creating more opportunities and giving people options that feel good to them. Shelters and shelter beds are not always a best-fit option for all – so safety and alternative options are important to look at. Open Space and parks – people often respond very negatively to waste and trash, and this is an important issue and public health issue, and we're not doing enough to provide dignified ways for people to be; waste removal is also an important issue for our unhoused community members. Outside of the zoning code, what can we do to address hygiene needs of people? How can we use existing contracts to better service camps?

*Chair Spevak:* We saw lots of testimony about allowing larger shelters. I'm curious about this.

*Vice Chair Routh* closed oral testimony at 6:23 p.m. The written record will be open until 5 p.m. on Monday, December 21, 2020 via the MapApp.

*Commissioner Larsell:* I don't want camps in parks specifically for all reasons shared already. But I am wondering about if there is open space that would be appropriate. The Art Barn testimony was intriguing in their approach.

*Commissioner Houck:* I want to be clear that as bad as the trash and hygiene issues are, they pale in comparison to the destruction of the natural areas – cutting of trees, wiping out restoration work, lands we've spent money on. I was glad to hear Katie's question regarding types of Open Space which is a broad category, and we need to see the inventory, but leaving OS as an area that can be used is too broad. Can staff provide a map so we see acreage of different types of Open Space beyond Parks and natural areas?

*Commissioner Bortolazzo:* Generally in favor of staff's recommendations. Not including Open Space makes sense to me. Interested in exploring more flexibility, particularly for tiny homes. Interested in knowing more about the number of beds for some of the types of accommodations. But more holistically, we need to provide alternatives for people who are unhoused... safe, compassionate, and dignified. We have the tendency to throw more resources at issues we see, but they are only effective if we have a comprehensive suite of wrap-around services. I know that's out of the PSC's purview, but I want to see more services in addition to housing (e.g. Housing First in Utah; Rhode Island examples). We need to think more broadly than just the zoning code.

*Commissioner Bachrach:* I agree with what people have said re: Open Space, tiny houses, RVs. On the broader policy, shelter and short-term housing is important. But this community has enough money to build enough affordable housing to seriously improve our community. I don't know what the PSC's role can be. The money is there though – it's permanent affordable housing that we need and can create. That's how we'll ultimately solve the problem.

*Commissioner Schultz:* I agree with lots of comments from my fellow commissioners. There is progress to be made, but we know it takes time for things to actually get built.

*Commissioner Routh* returned the chairing duties to *Chair Spevak*.

Commissioners, please be sure to share any additional comments, questions, or potential amendments in writing to staff (Al, Eric, Julie) by December 30. We will continue our discussion on the S2HC Project in a work session at our January 12 meeting.

## **Adjourn**

*Chair Spevak* adjourned the meeting at 6:43 p.m.

Submitted by Julie Ocken