

Portland Planning Commission

June 11, 2024

12:30 p.m.

Meeting Minutes

Planning Commissioners Present: Michael Alexander, Wade Lange, Mary-Rain O'Meara, Nikesh Patel, Steph Routh

Planning Commissioners Virtual: Eli Spevak, Erica Thompson

City Staff Presenting: Joan Frederiksen, Barry Manning, Ryan Singer, Tom Armstrong, Ariel Kane (BPS); Ross Swanson, Gene Yamamoto (PBOT)

Documents and Presentations for today's meeting can be found [here](#).

Chair O'Meara called the meeting to order at 12:33 p.m.

Items of Interest from Commissioners

None

Director's Report

None

Consent Agenda

O'Meara asked for a motion to accept the minutes from the May 21 and May 28, 2024, meetings, and the street vacation for the SE Madison Site. *Commissioner Alexander* made the motion and *Commissioner Routh* seconded the motion.

Y7 – Alexander, Lange, O'Meara, Patel, Routh, Spevak, Thompson

Street Vacation RW #9481 SE Oak Street

Ross Swanson and Gene Yamamoto (PBOT)

RW #9481 presentation and staff report can be found [here](#).

Gene Yamamoto presented the staff recommendation for the street vacation. Portland Parks and Recreation is applying to vacate a portion of the right-of-way (ROW) on SE Oak Street east of SE 37th Avenue. PP&R and the Portland Bureau of Transportation (PBOT) entered into an agreement for the use of the SE Oak Street ROW in October of 2022 which would allow PP&R to activate the Oak Street ROW for public park and recreation use.

The PBOT staff recommendation is for approval of the street vacation with conditions, as described on the staff report linked above.

Commissioner Lange: It appears the map in the staff report that was sent to commissioners is incorrect. Also, is this considered a park expansion?

Yamamoto: Yes, the land would be turned over to PP&R for park use.

Commissioner Alexander: You showed some new pickle ball courts – are those converted tennis courts? Was there engagement with neighbors about noise?

Yamamoto: They are converted tennis courts, and yes, we worked with neighbors prior to installing.

Commissioner Routh: At whose behest was this change made?

Yamamoto: It was a request from the mayor's office. They had heard neighbor complaints about camping in the area and this was a way to make the area more usable for the community and less suitable for camping.

Commissioner Thompson: One of the approval criteria for a street vacation is that there is a need and I'm trying to understand the need and whose needs are being addressed. I know that this space was at one point being used for camping. We can talk about the need for park and recreational uses, but I think we should be honest and transparent about other needs. Also, can you talk more about the bike access to the area?

Ross Swanson: This is a path that is not designated as a bikeway – that is further to the north. There will be some curb and gutter improvements here and we haven't fully decided about other enhancements, but in the past there has not been a dedicated bike crossing here and that has worked.

Commissioner Spevak: I recently biked this area with my family, and it is a good bikeway and so this is a good approach.

Testimony:

Allen Combs: I live nearby and am very familiar with this area. I want to strongly support this proposal. I think that this has the additional benefit of joining two separate parts of the park. The new plan is also an improvement for bikes.

TJ Browning: I have lived adjacent to the park for 30 years and we've been working to get this done for 7 years. I think that this is a gain for inner southeast – including a water feature for children and an opportunity for disabled folks to better use the park. It is also much needed new park space for the area, which has increased in population density but hasn't seen new parks in recent years.

O'Meara closed written and oral testimony at 1:15pm.

O'Meara asked for a motion to recommend the street vacation to City Council. *Commissioner Lange* made the motion and *Commissioner Patel* seconded the motion.

Y7 – Alexander, Lange, O'Meara, Patel, Routh, Spevak, Thompson

Montgomery Park Area Plan

Barry Manning, Ryan Singer, Joan Frederiksen (BPS)

MPAP presentation can be found [here](#).

Disclosures:

Lange: Disclosed that he is (still) on the Portland Streetcar Board.

Diefenderfer: I just want to make it clear that no further testimony will be taken on this item.

O'Meara: This is the first of two work sessions on this matter, which will be continued at the June 25 meeting.

Barry Manning presented the topics for today's work session:

- Housing and affordable housing
- Industrial Land and Employment Opportunities Analysis (EOA)
- Benefits Agreements
- York Group Testimony

Housing: Zoning Code and affordable housing and how that relates to the community benefits agreement (CBA).

- Provision of housing and affordable housing is one of key plan goals.
- Zoning code plan district is linked to the public benefits agreement on large sites.
- Affordable housing incentivized in zoning through floor area (FAR) and height bonuses:
 - Inclusionary Housing
 - Additional Affordable Housing (15% @ 60% MFI)
 - Employment Opportunity
 - Service Adequacy (Subdistrict B)
- Subdistricts E and F:
 - Base FAR 2:1
 - A building up to 4 to 1 floor area ratio must meet IH requirements.
 - A building over 4 to 1 floor area ratio building would provide 12% of the units affordable to families making 60% of the area median income.
 - Not subject to benefits agreement.

Lange: Is that affordable housing in addition to the IH 10%?

Manning: It is a 2% increase over the 10% requirement for IH to acknowledge the additional FAR.

Thompson: Does that include buildings that are under 19 units?

Manning: It would only apply to those with 20 or more units.

Diefenderfer: Think about it as two tiers. The base is 2:1 currently. There is an ability to bonus up an additional 2:1 but for that you would have to 10% of units at 60% AMI (or 20% at 80%). Anything that is above that 4:1 would then have to do it at the 12%.

- Subdistricts C and D:
 - Base FAR 2:1
 - A building up to 3 to 1 floor area ratio must meet IH requirements.
 - A building over 3 to 1 floor area ratio building must provide 15% of the units affordable to families making 60% of the area median income.
 - Works with benefits agreement.
 - In Subdistricts C and D, after 200 units of regulated affordable housing are built (within first 7 years at 60% MFI, per the related Public Benefits Agreement), the floor area ratios and bonus structure changes, as follows:
 - Base FAR is 3:1 (new base)
 - IH Bonus is 2:1 (new bonus)
 - Public benefits agreement applies to first 2,000 units of housing.

Diefenderfer: The base FAR is lower at 2:1. The incentive is to build 200 units of affordable housing upfront and then get an increase in FAR from 2:1 to 3:1. In order to get the increase, more than 200 units of regulated units at 60% must be built within the first 7 years.

Patel: What is the timeframe for the affordable? How many years do they have to remain affordable.

Diefenderfer: The IH length is 10 years.

Spevak: Can you develop housing in all of these zones? EG1 and EG2? Is this more restrictive?

Manning: Subdistricts E and F do not currently allow housing. The proposal is to rezone to those areas to EX, which would allow housing. Subdistrict C and D are currently zoned IH and will be rezoned CE, which would allow housing.

Diefenderfer: The only subdistrict that currently allows housing is Subdistrict B. We are not being more restrictive.

- Subdistrict B:
 - Base FAR 3:1

- A building up to 5 to 1 floor area ratio must meet IH requirements.
- A building over 5 to 1 floor area ratio building must submit a service adequacy review demonstrating service capacity.
- Transfer of FAR from other subdistricts is also allowed without the review.
- IH requirements apply.

Routh: Service adequacy is a new term to me.

Manning: Service Adequacy Review is new to us as well. The idea is to show that the development can be supported by the infrastructure. We are asking the developer to show that they are meeting adequate service standards or can do so with improvements.

Spevak: I am surprised that the value add is greater than the 200 units of subsidized housing. I would be worried that we are rezoning industrial zoned land where it doesn't work to a mixed-use zone that is too restrictive to generate housing. There was also something in the economics report about allowing development up to 7 stories for better value capture. Is that something that shows up here?

Manning: The height limits do accommodate those 7 story buildings – set at 85 feet.

Singer: We will be discussing the value capture at the next work session.

Employment and Industrial Land

- Principles and approaches:
 - Limit amount of industrial land conversion
 - Maintain jobs emphasis in plan area
 - Minimize impacts to existing industrial areas
- Regulatory Framework:
 - State: Goal 9 requires adequate supply of land.
 - Regional: Metro Title 4 limits size of commercial uses in employment and industrial areas.
 - City: Comprehensive Plan includes policies for conservation of industrial land
- Changes in MPAP area over time:
 - Comprehensive Plan (1980) - planned industrial
 - Guild's Lake Industrial Sanctuary Plan (2001) – identified the Vaughn corridor for further study (IG zone); identified as transition area
 - Northwest District Plan (2003) – applied ME comp plan to Vaughn and American Can; created Subdistrict B in GLIS plan district to allow offices in transition area
 - 2035 Comprehensive Plan (2016) – applied EG zones to prior ME transition areas; applied ME plan designation to larger IH areas (former ESCO site)

Industrial Land: Comp Plan (see maps in presentation)

- Existing: 17.5 acres designated Industrial Sanctuary (IS)
- Proposed:
 - 9 acres Mixed Employment (ME)

- 8.5 acres Central Employment (EX)
- Existing:
 - 50 acres designated Mixed Employment (ME), which allows office, employment, light industrial and retail uses.
 - Proposed:
 - 33.7 acres proposed as Central Employment (EX), which also allows housing.
 - 16.3 acres retained as Mixed Employment (ME).
- Existing:
 - About 14 acres (Montgomery Park and a portion of the American Can site) designated Central Employment (EX), which allows a broad mix of uses, including residential.
 - No change is proposed.
- Existing:
 - 46.6 acres (35.2 net) zoned Industrial (IH and IG1 zones) with a “Prime Industrial” (k) overlay zone.
 - Prime Industrial areas shown on Comp Plan Figure 6.1.
- Proposed:
 - 21.3 acres General Employment (EG1)
 - 25.3 acres Central Employment (EX)
 - Remove “k” overlay zone
- Overall Impacts:
 - MPAP acreage is less than 1% of the city’s 14,000+ total prime industrial acreage.
 - MPAP is in Harbor and Airport District. Similar land uses may also be accommodated in the Columbia East District.
 - EOA Industrial Land Surplus:
 - ~ 6 acres in Harbor & Airport
 - ~ 66 acres in Columbia East

O’Meara: Can you clarify that the loss of industrial land does not need to be replaced in other areas of the city?

Manning: What we’re showing on this slide is that we have adequate supply to not need to replace it and to mitigate in other ways.

O’Meara: Does that impact the draft EOA map?

Diefenderfer: There is no draft EOA map yet.

Ryan Singer: I’m going to discuss the different types of benefits agreements. There is no legal definition of these, but these are based on staff research into previous agreements in Portland and elsewhere.

Community Benefits Agreement (CBA):

- Often associated with development proposal, or a plan with public funding/public land
- Typically, between a developer and affected communities; city may or may not be involved in negotiations

Development Agreement (DA):

- Typically associated with development proposals, between a developer and public entity
- Typically involve significant public funding obligations (project subsidy or infrastructure funding) or public land commitments, in addition to stipulated obligations by a developer
- Achieve goals not attainable through regulations in exchange for public investments

Public Benefits Agreement (PBA):

- Hybrid approach – elements of Development Agreement and Community Benefits Agreement
- Implementation tool to achieve the plan's "Value Capture" strategy
- Achieve goals not attainable through regulations

Lange: Can you give us an idea of what the demand is for Industrial land?

Diefenderfer: For this location, there are no proposals on the table. More generally, we can come back to you to paint a better picture. Warehouse and distribution uses tend to be the highest demand use.

Lange: I've noticed several self-service storage facilities in the area. How did they get there?

Manning: Self-service storage is allowed in industrial and some commercial zones.

Alexander: Can you tell me if greater clarity can be found for these different types of agreements.

Singer: The terms are widely interchangeable so there is a lot of ambiguity.

Diefenderfer: We did additional research on the Broadway Corridor agreement and found several takeaways:

- That land is publicly-owned
- There is a TIF district
- There was no identified developer
- There was no signed agreement – there was a Terms Sheet that was adopted by City Council, which identified who the agreement was between.
- When Prosper is working with a developer, they show them the Terms Sheet
- The Broadway Corridor agreement was a model for us.

Alexander: Is it unusual to have shifts in the understanding of what the agreement is/means during a project?

Singer: I would say not. These things tend to evolve.

Patel: What is the level of engagement with the property owners to date and what types of benefits are included?

Diefenderfer: There have been many meetings between the City, Prosper, and the property owners. The benefits are related to affordable housing, middle-wage jobs (800 jobs), in-lieu fee if jobs aren't realized, and public greenspace.

Thompson: I'm curious who was and wasn't in the room to arrive at the place we're at with the agreement.

Diefenderfer: I think you are referring to the York Group testimony. They are requesting a CBA and are requesting to be part of that negotiation. Staff's response to that is that these are not the typical conditions when you would have a CBA. We've encouraged and facilitated some meetings between the York Street Group and the property owners. The City hasn't been involved in the negotiations because of the nature of that agreement.

Joan Frederiksen: Staff recognizes the requests from the York Street Work Group We want to respond to some of their questions.

- York Urban Village Concept:
 - Intergenerational/multigenerational places and spaces
 - **Variety of housing choices**, including ownership opportunities
 - Communal gathering places, such as museum
 - **Urban green features and open space**
 - **Affordable commercial and job development**
 - **Environmental and climate resiliency**
 - **Anti-displacement strategies**
 - **York Street cultural district**
 - **Regional workforce equity agreement** (RWEA) and other tools
 - Building generational wealth through land ownership
- **Bolded** items were included in plan. Others, while valuable, we are unable to do so.
- Summary of requests
 - Inclusion of more of the ideas from the York Urban Village concept in the plan.
 - Further attribution and recognition of York Street Work Group efforts and contributions in the plan, particularly role of Ron Craig in the designation of York Street
 - *Staff is eager to look for opportunities to expand references to their work and are recognized and properly attributed. This will come in the form of some amendments to the plan in the near future.*
 - Recognition and meaningful involvement of the York Street Work Group in the public benefits agreement, including for planning and implementation of elements related to commemoration of York in the plan area.

- *We will ensure that the PBA acknowledges the York Street Work Group and are looking at how to make that happen – working with the City Arts Program.*
 - Participation in development of, and signatory to, a Community Benefits Agreement (CBA)
 - *We need to clarify that this is a plan and not a development agreement.*
 - Inclusion in federal grant application
 - *There are limits in how the federal grants can be used – mostly hard costs. Since it's not a planning agreement, BPS would not be a party to that.*
 - Pausing the plan for CBA/public benefits tool process to include community engagement, and York Street Work Group or other community groups signature on the agreement.
- Requests to delay the project: Several speakers requested a delay in the process to work on various issues or resolve questions (EOA, CBA etc.)
 - If there were no change, the demand is for warehouse and distribution, which would likely occupy the site and create traffic, noise, and emissions concerns for the neighborhood.
 - Advancing the project would:
 - Advance the goals of the plan
 - Put in place regulations in advance of the economic cycle
 - Send a positive market signal to prospective investors/developers, generally
 - Leverage local funds for building the streetcar and coordination with federal transportation funding milestones
- Other items:
 - Amendments. Staff will propose zoning code amendments for consideration at upcoming Commission work session:
 - Apply parking limitations and guidance more broadly around streetcar line.
 - Amendments that address issues identified by city bureaus.
 - Minor technical amendments that address city bureau name changes, etc.
 - Design overlay. Design Commission met on 6/6 and tentatively supported application of Design overlay zone to EX zoned areas. Commission letter forthcoming.

O'Meara: I wonder if we could acknowledge that there could be future opportunities to work with the private developer, and that the PBA could include language to consider engagement with community groups, such as with the development of the park. Are there gaps that could be filled for future engagement with community groups?

Diefenderfer: The park example is a good one. In the existing Terms Sheet, it does talk about engagement for development of the parks. There are opportunities in some components, but it would be difficult to do that more broadly.

Alexander: I hope that we can continue to look at what goals can be attained without waiting for the EOA.

Routh: I'm on the EOA workgroup. We've had discussions about balancing the appropriate amount of environmental protection with the need for having adequate industrial land. I'm concerned about removing available buildable land that could give more flexibility in that balancing act. It's not clear to me why we can't wait for the EOA – I don't hear any funding opportunities that would disappear if we did not move ahead. Also, is there an opportunity for a future presentation from the York Street Group?

Thompson: My biggest concerns are the racial equity piece. Even before the testimony, the racial equity analysis that did not show that we know that this would advance racial justice. Also, I'm concerned about the displacement of BIPOC jobs. And the opportunity costs of doing this project here rather than doing it somewhere else. I'd like to talk more about that at a future work session.

Spevak: I think the most compelling testimony has been around pausing the project for the EOA, because really that should happen first. But I've been swayed by staff testimony that waiting could hold us up too long since it's not just a matter of the EOA being completed, but also any legal challenges, which could put us in limbo for years.

O'Meara: I'm hearing some themes here. To respect the time on the agenda, we'll continue this to the work session on June 25th at 5:00pm.

Housing Production Strategy

Tom Armstrong and Ariel Kane (BPS)

HPS presentation can be found [here](#).

Tom Armstrong presented an overview of the HPS.

- Purpose: Planning Commission has advisory role
- Comprehensive Plan Compliance: You'll see a focus on affordable housing.
 - Urban Design Framework
 - Chapter 5: Housing goals and policies
- We want to address some concerns that were previously raised:
 - Expanding Opportunities for Affordable Housing update: 69 Habitat homes in development
 - More than 50% of the possible units (approx. 130 units) from that project have been realized.
 - Areas of racially concentrated affluence and poverty (See PPT slide)

Lange: Are the Habitat homes intended for ownership?

Kane: Yes, my understanding is that these were townhomes intended for ownership.

Armstrong: We'll go through each of the strategy categories and discuss the changes.

- Strategy categories and revisions
 - Promote affordable housing (0-80% AMI)
 - Focus on lodging tax policy
 - Focus on housing providers.
 - Revise AFFH language
 - Increase priority if land banking
 - Increase homeownership
 - Commit to action
 - Increase access to opportunity
 - Increase housing capacity in Inner Centers and Corridors
 - Revise zoning bonuses and incentives
 - New: Kickstart Central City housing demand
 - New: Increase Central City housing capacity
 - Identify housing opportunities along 82nd Ave
 - New: Promote increased transit service

Lange: What does the third bullet mean – kickstart Central City housing demand?

Armstrong: This is less about zoning and more for Prosper and other agencies that can improve the quality of life downtown to attract more residents.

Spevak: I thought the Central City was zoned for a lot of housing. What does the fourth bullet mean to increase housing capacity in the Central City?

Armstrong: We know that there are some instances when developers have run into issues with FAR or height and this is an opportunity to revisit some of those.

- C1: Increase housing capacity in Inner Centers and Corridors – we heard a lot about this one and added language to demonstrate a firmer commitment to action.

Lange: is the infrastructure capacity analysis the same as the service adequacy review?

Diefenderfer: This is to address the push by some for much higher housing capacity in the inner-east side and looking at how much can be accommodated with existing infrastructure and what kind of infrastructure investments would be needed to realize that idea. The Service Capacity is more on an individual project level. This is taking a broader view for a planning process.

O'Meara: I recall that there was testimony about the vision of the plan relative to staff capacity. Can the language in C1 be strengthened by adding a commitment to staff to engage the planning processes.

Armstrong: We know that we are staffing the infrastructure capacity analysis for the next year, but that's as far as we can in terms of planning ahead for now. It's tricky for us to commit staffing in the more distant future.

- Strategies categories and revisions (cont.):
 - Reduce barriers to development and improve processes
 - Revise infrastructure investments and strategies
 - Revise SDC revisions
 - Stabilize current and future households
 - Expand actions to preserve existing affordable housing
 - Demote tenant opportunity to purchase policies
 - Explore affordable housing listing service
 - Promote age- and disability-friendly housing
 - Implement accessible housing production strategies
 - Promote climate-friendly and healthy homes
 - Implement heat adaptation recommendations
 - Advocate at the state and federal level
 - Added a number of items to increase the City's advocacy at the state and federal level

Spevak: PCEF announced the SP3 Program which provides \$140 million for over 3000 homes for home energy assessments and follow up work. It seems like this should be included in the "Promote climate-friendly and healthy homes" category.

O'Meara: Can you expand on how we're defining burdens on affordable housing?

Kane: This came out of issues with the financing of affordable housing.

Armstrong: I think that is getting more at the prevailing wage issue if you include a ground floor mixed use. The exemption doesn't apply if a developer goes above 4 stories and so there are added costs. So, it would take state action to address BOLI requirements.

Thompson: There was recent testimony about converting existing buildings into housing. Are there opportunities to include that to address the climate implications of demolition and building new?

Armstrong: There are some strategies addressing that, including fixing building code requirements that make reuse cost prohibitive.

Routh: I would be a hard pass on the strategies about eliminating prevailing wage requirements.

- Short term strategies (1-2 years) – See presentation and staff report for lists of strategies by priority

- Medium term strategies (3-4) years
- Long term strategies (5+ years)
- Next steps
 - June 2024: Engagement results integrated into HPS
 - Summer/Fall 2024: HPS to Council for consideration and adoption

Patel: Can you talk more about using lodging tax as additional revenue. It seems that increasing that tax could be counterproductive for an industry that's been facing challenges since the pandemic.

Kane: This project would update the existing transient occupancy tax policy to tie current rate to the consumer price index, or similar market metric, for increases tied to market conditions, it would not necessarily raise the tax.

O'Meara: Does that include ASTR's?

Armstrong: There is a separate short-term rental allocation.

O'Meara: I would like to see an emphasis on ASTR's and recognition that there needs to be funding for compliance and enforcement.

Spevak: I'm glad to see that this is becoming more specific and that we're setting a good example on this. I'm also not sure how we as a commission best move forward with this since there is no vote. I'm not sure we need a letter.

Diefenderfer: Regardless of whether there is a letter or not, staff will include a summary of the feedback from the Planning Commission. If there is a letter, it should focus on conformance with the Comp Plan and stay high level.

O'Meara: When do we need to decide on the letter?

Diefenderfer: That decision needs to be made today.

Routh: I have a question about the citywide inventory. If I recall, City Council passed a resolution asking for an inventory of underutilized city-owned land. Do you know where we are with that?

Diefenderfer: That study has been conducted and is in the list of existing actions. That was one of the directives from Council previously. Staff is looking at action that could be taken to support this. It is a work in progress.

Routh: Is there a study available?

Diefenderfer: It's still being vetted internally before being made available.

O'Meara: To summarize the next, we can both have our feedback included in the summary and also submit a letter, or we cannot write the letter just have feedback in the summary

Lange: I appreciate the work that has been done to add more action to the documents. I think a letter articulating that would be beneficial.

Routh: I agree.

O'Meara: Also agreed.

Alexander: I agree, and I think that there might be more opportunities to provide an amicus type brief for certain issues.

Patel: Agreed.

Thompson: I agree.

Spevak: I also agree.

Staff will draft a letter for the Commission's review in the coming weeks.

Adjourn

O'Meara adjourned the meeting at 3:27 pm.

Submitted by JP McNeil