



# HOUSING ADJUSTMENTS COMPLIANCE PROJECT

Senate Bill 1537

City Council hearing 10/30/24

**Phil Nameny**

Senior Planner

**Sandra Wood**

Principal Planner



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**PLANNING &  
SUSTAINABILITY**

# Housing Adjustments Project Agenda

Presentation

Mayor introduces an amendment

Public Testimony

Vote on Amendment

City Council Discussion

Continue to November 13



# Project Proposal

Planning Commission recommends that City Council:

- **Adopt the Recommended Draft**
- **Amend Title 33, Planning and Zoning as shown in the Recommended Draft.** The amendments bring Portland's zoning code into alignment with Senate Bill 1537.

# Senate Bill 1537 History

## 2023

- House Bill 3414 didn't pass

## 2024

- Senate Bill 1537 passed by legislature and signed by Governor Kotek

## 2025

- Cities must comply by 1/1/2025. Provisions will expire on 1/2/2032.
- Oregon Housing Accountability and Production Office established by 7/1/25

# SB 1537 Components

## Addressed with this project:

- Directs local jurisdictions to grant adjustments to a range of design and development standards for projects that include housing.

## Other components:

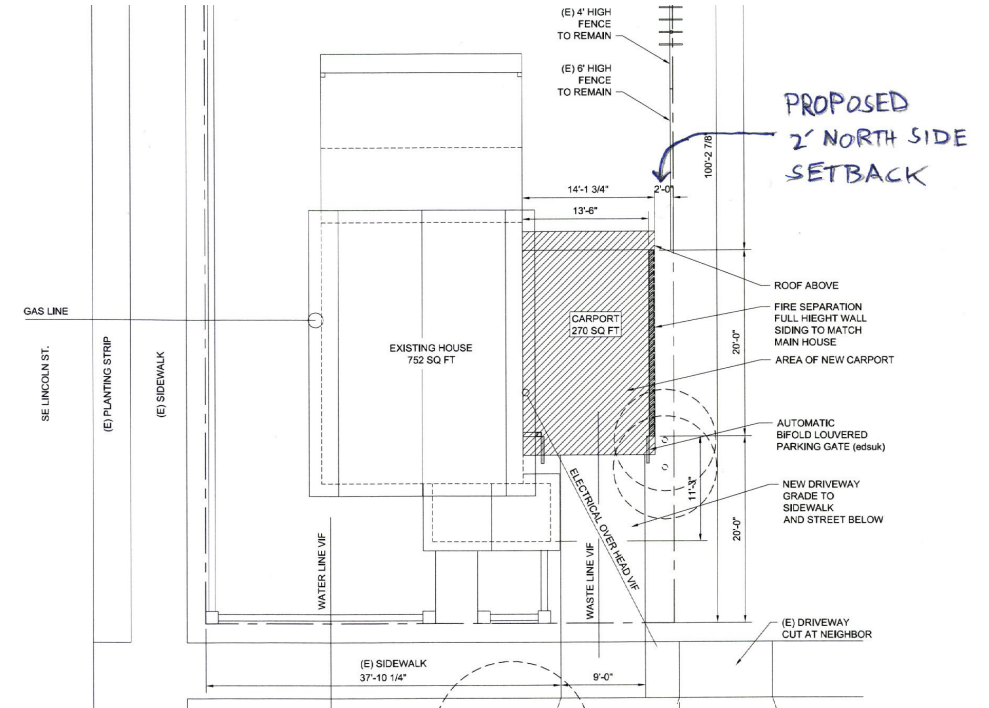
- Includes other directives to oversee housing development and regulation in Oregon, including establishing a Housing Accountability & Production Office (HAPO).

# SB 1537 Adjustment Section

- The bill requires jurisdictions to automatically grant up to 10 adjustments from a list identified development and design standards
- Standards include lot sizes, density, height limits, ground floor requirements, parking requirements, façade design and building orientation, etc.
- 3 options for compliance:
  - Apply the bill directly
  - Incorporate bill into their code
  - Request an exemption to the bill by proving standards are already adjustable and that more than 90% of adjustments are approved

# What is an Adjustment?

- A request to modify a code standard, such as a request to reduce a building setback from 5-ft to 2-ft.
- Often called variances in other jurisdictions.





# Portland's adjustment process

- Adjustments are reviewed through a discretionary process
- Approved if the proposal still meets the intended purpose of the regulation.
- Process includes public notice and making findings against approval criteria
- Decisions are mostly made by staff
- Portland allows adjustments to most standards listed in the bill



City of Portland, Oregon  
Bureau of Development Services  
Land Use Services

Amanda Fritz, Commissioner  
Paul L. Scarlett, Director  
Phone: (503) 823-7300  
Fax: (503) 823-5630  
TTY: (503) 823-6868  
www.portlandoregon.gov/bds

FROM CONCEPT TO CONSTRUCTION

**Date:** February 20, 2014  
**To:** Interested Person  
**From:** Amanda Rhoads, Land Use Services  
503-823-7837 / Amanda.Rhoads@portlandoregon.gov

## **NOTICE OF A TYPE II PROPOSAL IN YOUR NEIGHBORHOOD**

Development has been proposed in your neighborhood. The proposed development requires a land use review. The proposal, review process, and information on how to respond to this notice are described below. A copy of the site plan and zoning map is attached. I am the staff person handling the case. Please call me if you have questions regarding this proposal. Please contact the applicant if you have questions regarding any future development on the site.

Because we must publish our decision within 28 days, **we need to receive your written comments by 5 p.m. on March 13, 2014.** Please mail or deliver your comments to the address at the bottom of the page, and include the Case File Number, LU 14-104427 AD, in your letter. It also is helpful to address your letter to me, Amanda Rhoads.

## **CASE FILE NUMBER: LU 14-104427 AD**

**Applicant:** Stephen Smith  
Design Build Portland  
1333 NE 47th Ave  
Portland OR 97213

**Owners:** Jennifer and Marshall Willis  
4529 NE 14th Pl  
Portland, OR 97211-5017

**Site Address:** 4529 NE 14TH PL  
**Legal Description:** BLOCK 66 LOT 3, VERNON  
**Tax Account No.:** R860712740  
**State ID No.:** 1N1E23AC 25300  
**Quarter Section:** 2532  
**Neighborhood:** Sabin Community Assoc., contact Rachel Lee at 503-964-8417.  
**Business District:** North-Northeast Business Assoc, contact Joice Taylor at 503-445-1321.  
**District Coalition:** Northeast Coalition of Neighborhoods, contact Claire Adamsick at 503-388-9030.

**Plan District:** None  
**Zoning:** R5ah – Residential 5,000 with an Alternative Design Density “a” Overlay Zone and an Airport Landing “h” Overlay Zone  
**Case Type:** AD – Adjustment Review  
**Procedure:** Type II, an administrative decision with appeal to the Adjustment Committee.

1900 SW 4th Avenue, Suite # 5000, Portland, OR 97201



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# Title 33, Planning and Zoning Code Amendments





# Project Goal & Approach

**Goal:** Comply with SB 1537 – Use Portland’s existing adjustment process and request State exemption from bill.

**Approach:** Match the bill’s requirement, in terms of:

- Applying the new rules to housing projects
- Allowing adjustments to select standards where currently prohibited
- Amount of variance required
- Duration of the provisions (expire 1/2/2032)
- Monitoring local process for continued compliance



# Code Amendments – Miscellaneous

Allow adjustments where currently prohibited:

- Minimum lot size/dimension up to 10% for new and existing lots (including middle housing)
- Bike parking locational standards that limit percentage of long-term spaces allowed in dwelling units
- Cottage cluster lot and development standards
- Maximum height standards (see next slides)



# Code Amendments – Height Adjustments Outside Central City

- Maximum height and bonus height up to 20% or 1 story (mostly applicable in plan districts such as Hollywood, NW, Gateway)
- 20% height adjustment applies to development with at least 75% residential floor area



# Code Amendments – Height Adjustments Inside Central City

Planning Commission recommended allowing unlimited height adjustments to the base zone within the Central City plan district.

- More permissive than the 20% required by state law
- Reasoning included:
  - Further removal of housing barriers in Central City to encourage housing production and recovery
  - Design review can consider merits of adjustment or modification
  - Keep as temporary measure





# Adjustment or Modification Approval Criteria

- Adjustment
  - Equally or better meets purpose of the standard
  - Preserve scenic and historic resources
  - Impacts are mitigated
- Modification
  - Proposal better meets design guidelines, including public spaces (B5) and viewsheds (C9) and/or historic guidelines
  - Consistent with purpose of the standard
  - Impacts are mitigated



# Outreach and Testimony

- Preliminary discussion with Department of Land Conservation and Development (DLCD)
- Notice of Planning Commission hearing to
  - Neighborhood & business associations, organizations and other interested parties
  - Project email notification list
- Presented to the Design and Historic Landmarks Commission.
- Testimony received at 8/27 PC hearing requesting removing upper limit to height adjustment requests
- Two pieces of written testimony to City Council as of 10/28.





# Expected Testimony

## Height Adjustments in Central City

- SB1537 requires a 20% adjustment allowance
- Planning Commission recommended unlimited height adjustments

## Floor Area Ratio (FAR) Adjustments in Central City

- SB1537 does not require this development standard to be adjustable
- Planning Commission did not receive testimony re: FAR

# Where did Central City 2035 Increase Residential FAR?

As part of CC2035 the base FAR allowances were increased in the areas noted on this map. In some cases, industrial/employment land in the Central Eastside and Lloyd District was rezoned to allow mixed-use residential development.

Rezoned from industrial to mixed use, with 3:1

Increased from 4:1 to 5:1

Increased from 6:1 to 9:1

Increased from 6:1 to 9:1

Rezoned from industrial to mixed use, with 2:1

Increased from 12:1 to 15:1

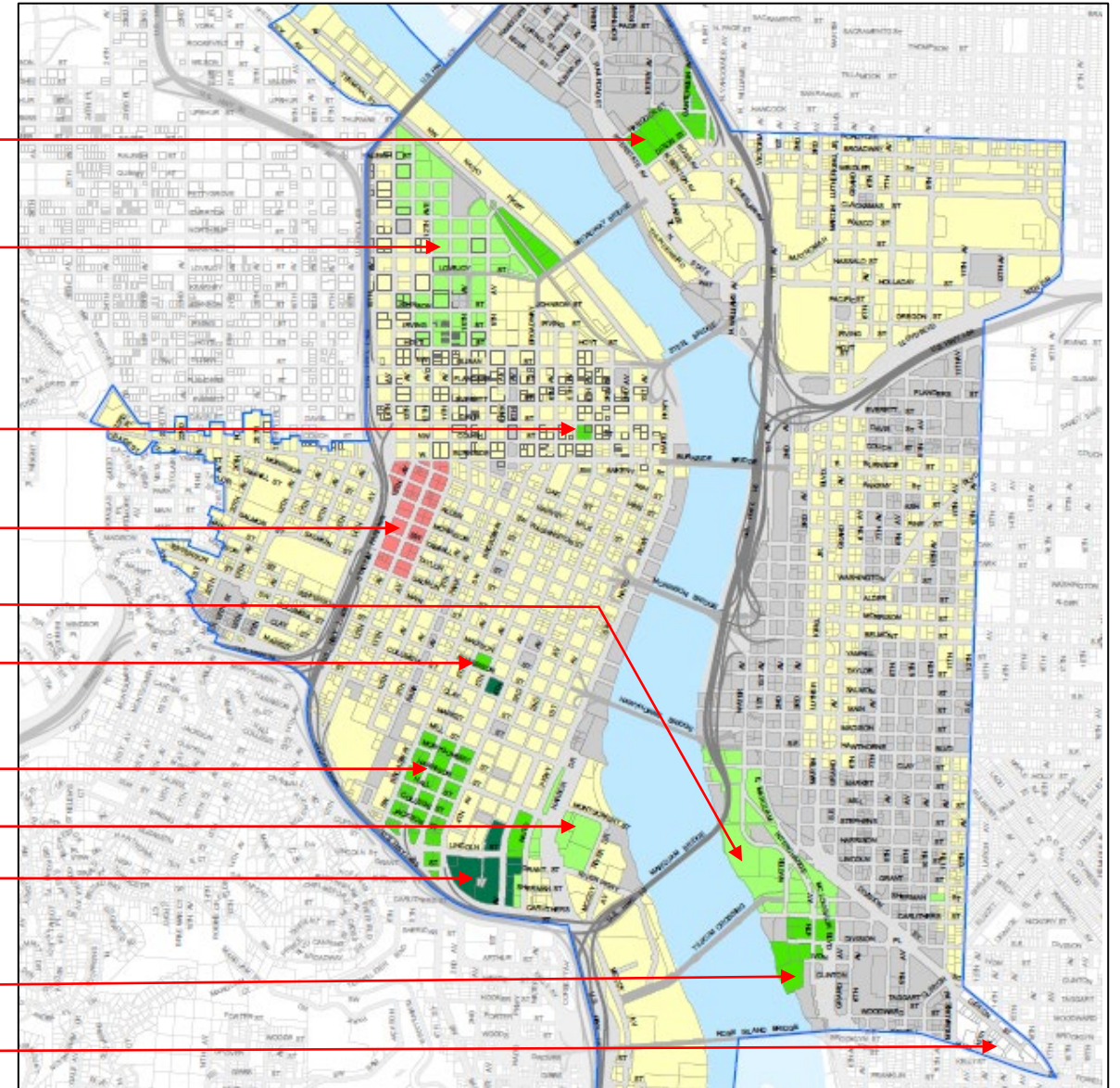
Increased from 6:1 to 9:1

Increased from 4:1 to 5:1

Increased from 2:1 to 6:1

Rezoned from industrial to mixed use, with 3:1

Rezoned from industrial to mixed use, with 2:1





# Average Central City Height Utilization – 2017 to the Present

## **Height Utilization:**

- Only 31% of residential projects were constructed above base height (utilizing bonus height).
- 53% of projects were constructed under the base height allowance.

**Preliminary Conclusion:** Projects are not being constrained by height limits.

- Combination of Base and Bonus heights sufficiently met the needs of 84% of projects developed.
- Taller buildings do not result in denser housing unit production.
- BPS is launching a HPS project to calibrate height and FARs to create incentives for deeper affordability, family size and accessible units.



Note: The majority of housing in the Central City consists of studio and 1-bedroom units.

# Average Central City Floor Area Ratio (FAR) Utilization – 2017 to Present

**Preliminary Conclusion:** Projects are not being constrained by maximum FAR.

- Combination of Base and Bonus FARs sufficiently met the needs of 82% of projects developed
- Only 18% of projects took advantage of option to transfer additional FAR above allowable base and bonus FARs
- Based on historic utilization, a significant bank of unused FAR exists that can be transferred to future development sites, if needed
- Impacts to water, sewer, and transportation Infrastructure
- BPS is launching HPS project to calibrate height and FARs to create incentives for deeper affordability, family size and accessible units
- More FAR does not mean more units nor more affordable units

## FAR Utilization - 45 Residential Projects Since 2017

- Forty percent (40%) used base FAR or less
- Forty-two percent (42%) used Bonus FAR
- Eighteen percent (18%) used FAR Bonus plus additional transfer FAR

Residential Projects 2017-2023					
FAR Allocation	Number of Projects	Average FAR Utilization	Projects Using Base FAR or Less	Projects Using Bonus FAR	Projects Using FAR Bonus & Transfer
2	9	1.79	7	1	1
3	3	4.48	0	2	1
4	10	6.79	0	8	2
5	3	9.47	0	2	1
6	10	5.69	7	1	2
8	1	10.7	0	1	0
9	5	9.42	3	1	1
12	2	11	0	2	0
15	1	6.6	1	0	0
<b>Totals</b>	<b>45</b>	<b>NA</b>	<b>18</b>	<b>19</b>	<b>8</b>
<b>Percentages</b>	<b>100%</b>	<b>NA</b>	<b>40%</b>	<b>42%</b>	<b>18%</b>

# Potential Amendment

Per October 23, 2024 memo:

- Amend Zoning Code Section 33.10 to clarify that only some zoning code chapters apply to development in the right-of-way, not all.

# Housing Adjustments Compliance timeline

**April**

SB 1537 signed

**July**

Proposed Draft released

**August 27**

Planning Commission hearing

**September 10**

Planning Commission work session



**October 30**

City Council hearing

**November**

City Council vote

**1/1/2025:**

Amendments effective



# Project Proposal

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