



June 25, 2018

City of Portland Planning & Sustainability Commission
Attn: Better Housing by Design Project
1900 SW 4th Ave Suite 7100
Portland OR 97201

Re: Better Housing By Design Proposed Draft

To: Chair Schultz and Members of the Portland Planning & Sustainability Commission:

Portland is facing an acute housing shortage. In particular, our city has a dearth of housing options that are available to lower- and middle-income households. **One contributing factor is the lack of multi-dwelling housing options across the city - both in terms of land zoned for multi-dwelling housing, and also in terms of the buildings allowed within those zones.**

We are grateful for staff's time and dedication, crafting zoning regulations that will offer a wider range of housing choices than are currently available. We support the goals and policy direction being set by the Better Housing by Design (BHD) code reforms, especially those measures meant to simplify and clarify regulations, make building housing more cost-effective, and offer meaningful incentives for affordable housing projects. We also support the BHD project goal of encouraging development patterns that improve walkability and transit access in East Portland.

The members of Portland for Everyone have reviewed the Proposed Draft with one overarching question in mind: ***"Will this plan meaningfully expand housing options and increase affordability for Portlanders?"*** To ascertain whether a plan helps achieve this goal, we asked whether provisions and policies will: adequately increase the supply of housing; increase the range and quality of housing types possible to build in Portland; and offer meaningful incentives that make nonprofit and/or affordable housing projects competitive. We believe the Better Housing by Design Proposed Draft meets some of these very goals well.

However, we would remind the Planning & Sustainability Commission that as a long-range plan, covering 20 or more years of development, BHD must create a code that is flexible and responsive to changing conditions, allowing enough new housing to be produced - both rental and for-sale - through market fluctuations. We must ensure that clear and feasible development paths exist for both rental and for-sale homes in Portland's multi-dwelling zones. We believe the following changes are necessary to improve the proposal's ability to meet these goals:

Summary of Key Recommendations:

- **Increase maximum Floor Area Ratios (FARs) and bonuses in RM1, RM2, and RM3** so that there is a discernible difference between standards currently being proposed for Portland's neighborhood residential zones and denser multi-dwelling zones.
- **Increase densities** so that truly multi-dwelling developments will occur in the relatively little amount of space where these zones are mapped.
- **Increase height allowances in many zones** to give greater flexibility across projects, benefiting bonus utilization, layouts, tree preservation, and other factors.
- **Reduce standard front and side setbacks to 0 feet across all multi-dwelling zones.**
- **Reduce minimum requirements for sites 7,500 square feet or less**, including landscaping.
- **Adjust open space requirements** to yield more desirable building forms, site layouts, and more useable open spaces.
- **Consider where maximum heights, FAR limits and/or step-down requirements** may unintentionally render affordable housing bonuses unusable, counter to the proposal's intentions.
- **Ensure that affordable housing development is feasible in East Portland:** Don't layer on so many conditions in pursuit of perfect urban form that affordable housing development is stymied. Also, consider spending increased staff time, attention, and resources on how to encourage affordable housing development and form appropriate for East Portland over spending additional resources on Inner Ring neighborhoods.
- **Map more higher-density multi-dwelling zones along key corridors.** There are a few places in particular where up-zoning would help implement the Comprehensive Plan.
- **Ensure that more rental housing will be provided, not just for-sale:** The City-commissioned economic analysis found that for-sale homes might be more feasible than rental homes under regulations as currently proposed.

We thank staff again for their patience and dedication to reviewing and reflecting on all of the community feedback that they received on the BHD Discussion Draft. We especially support those policies that regulate development intensity by scale (FAR), rather than by number of units. We also support added incentives for affordable housing, reduced parking requirements, flexibility in meeting development standards such as landscaping, the creation of safer, pedestrian-oriented street environments, and incentivizing green building and energy-efficient development patterns. We were especially pleased to see the following modifications in the Proposed Draft, among others:

- Recommendation 11.a, limiting front garages and parking structures to 50% of building street frontages, will help support a pleasant and safe pedestrian experience. (However, we would caution that 11.b, disallowing parking to be located between a building and the street, may become problematic on some sites, especially corners, if the parking exemption for small sites under 7,500 sf is not maintained).
- Recommendation 13's reduced setback requirement for building wings surrounding a landscaped courtyard will re-legalize many older, sought-after building types.
- Recommendation 17's exemption from the 25 ft rear setback for sites providing large common areas elsewhere on the site will help ensure that desirable layouts with large open spaces for residents will be feasible.

Detailed Recommendations and Narrative:

Development Standards:

- **Increase allowed FAR for most multi-dwelling zones** so they are appreciably different from what is already being considered throughout Portland's residential neighborhoods. Also increase bonus FAR to deliver more affordable homes, and ensure that bonuses offer enough gain to offset costs. (NB: FAR increases *must* come with height and lot coverage increases - or they are meaningless and do not contribute to the flexibility needed for many projects, especially those utilizing affordability and 3-bedroom bonuses.) This would also better align multi-dwelling FAR's with their counterparts in CM (CM2 = 2.5:1; CM3 = 3:1). Modify the following zone standards to:
 - RM2 - base FAR of 2.5:1 and bonus FAR of 3.5:1
 - RM3 - base FAR of 3:1 and bonus FAR of 5:1
- **Minimum densities should also be increased slightly** to ensure that the relatively small amount of land zoned for multi-dwelling housing options actually yields multi-dwelling developments: We recommend changing minimum densities to the following:
 - RM1 - one unit per 2,000 sf
 - RM2 - one unit per 1,000 sf
 - RM3 & RM4 - one unit per 750 sf
- **Increase allowed heights** so that affordable housing, 3-bedroom, and combined bonuses may be realized, and optimal building forms may be achieved. *The simpler method would be to eliminate height maximums for affordable housing projects, and regulate affordable projects simply by FAR.* However, in particular, the below will yield better building forms:
 - RM1 - maximum height of 45 ft
 - RM3 - maximum height of 75 ft
- **Mirror height measurement procedures proposed in the Residential Infill Project** for multi-dwelling zones. This would create better consistency across Portland's zoning code.
- **Increase allowed building coverages** so that the lowest multi-dwelling zone begins above the highest standards for single-dwelling residential zones (50% building coverage is allowed in R5 for lots that are 3,000 sf or less). *The simpler method to achieve this goal would be to eliminate building coverage maximums, which are often an unnecessary additional regulation once setbacks, landscaping, and outdoor area standards are met.* In lieu of removing this criteria and simplifying the code, however, we recommend adjusting building coverage standards in particular to ensure logical progression throughout residential zones:
 - RM1 - 55% maximum building coverage
 - RM2 - 65% maximum building coverage (for properties not abutting civic or neighborhood corridors, which we support keeping at 70%).
- **RM2 zones mapped on Transit Streets and near Mixed Use Zones should have comparable FAR and heights**, rather than the lack of transition and "gap tooth" effect that is zoned for currently (see image below). RM2 is frequently mapped abutting or between CM2 along transit corridors. In these locations, RM2 standards should be further changed to mirror CM2 allowances:
 - Building coverage maximum of 85%
 - Eliminate side setback requirements and reduce front setback to 5 ft
 - FAR of 2.0:1 base and 3.0:1 bonus, and
 - Allow upper floors to reach the front property line (even when the first floor is set back)

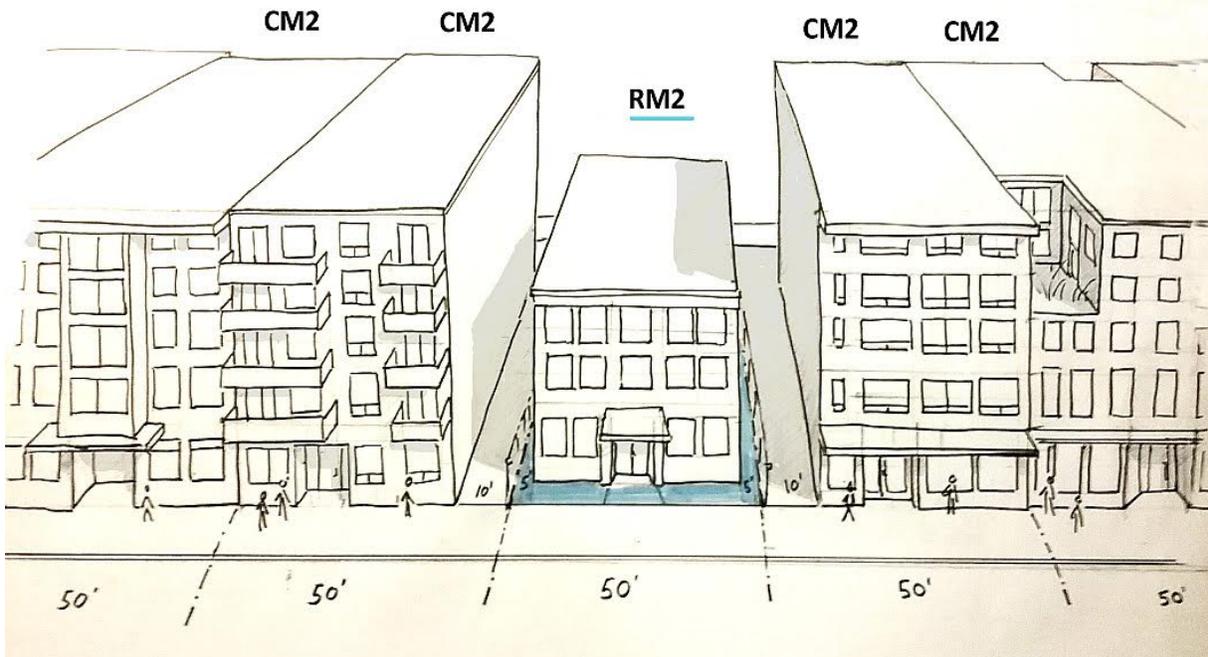


Image courtesy Doug Klotz, as shown to the Planning & Sustainability Commission on June 12, 2018.

- **A more realistic compromise for RM3, RM4 and RMX abutting existing residential areas would be stepping down to 45 ft.** Stepping down to 35 ft on site abutting residential neighborhood zones will not be feasible in many cases. Construction techniques change dramatically to meet building codes above four stories, and requiring affordable housing projects to step down to three stories instead of four will add considerable cost by pushing the development into a fifth story in order to make up for the lost units due to the step-down. In addition, internal features such as unit layouts, staircases, and elevators must shift to accommodate external layout requirements. Again, these code-required changes will come at the expense of more affordable homes, and/or the quality of homes within these new buildings.
- **Note where currently maxing out FAR through an affordable housing bonus would also max out height and building coverage limitations.** In these instances, there remains close to no flexibility for any design or massing (re)distribution requirements (such as stepping down to meet the residential zone adjacency height standard). It becomes impossible - even for affordable housing builders - to meet both requirements at once. Consider providing additional height or building coverage in these instances.¹

Diverse Housing Options & Affordability:

We support staff's move towards a more FAR-based code for multi-dwelling zones. We agree that this will allow greater flexibility, open up housing choices, and re-legalize many desirable building types. We also support development bonuses for affordable housing, and transfers of development rights for tree preservation, historic preservation and preservation of existing affordable housing. We ask the Commission to make the following changes to improve development outcomes under the proposal:

¹ Another approach would be to calculate maximum heights and lot coverage after base and bonus FAR's are ascertained: Comparing the RM2 base allowances with the RM1 standard affordability bonus for example, demonstrates why this might make more sense: Both RM2 base and RM1 bonus standards arrive at 1.5:1 FAR, but the RM1, an affordable housing project, would receive 10 ft less in height and 10% less in lot coverage. Backing into height and lot coverage standards after taking bonus FAR's into account, therefore, would help ensure that affordable housing projects aren't accidentally penalized.

- **(Proposal 2) Accessibility minimum requirements should be triggered at three units, rather than two** (or require 20% of homes be visitable for projects exceeding one unit per 3,000 square feet of site area). This would ensure that there is not an outsized impact on small project costs.
 - Also, as we noted in our RIP letter as well, affordable housing developers in particular should not be held to stringent requirements, whenever feasible.
- **(Proposal 3) There are currently competing and incompatible standards proposed regarding setbacks and visitability requirements:** If a developer opts to raise the ground floor 2 ft to improve privacy and access smaller setbacks, they would likely no longer meet the minimum accessibility requirement for a zero-step entry. Similarly, stormwater management requirements become much harder to meet when accessibility requirements for small projects will result in ramps or other additions to impervious surfaces. We recommend adopting standards for building specifications that will allow for future adaptability, rather than requiring all projects to meet stringent standards upon construction.
- **Provide larger development allowances for projects using either affordable housing bonus,** not only the deep affordability bonus. Both inclusionary housing and deep affordability bonuses should allow 10 ft of additional height and 10% of additional building coverage for qualifying projects.
- **Create parity among bonuses** by allowing three-bedroom bonus up to 50% above base FAR. Increasing the supply of family-sized homes across the city is critical. Further, economic conditions combined with an FAR-based code may tend to favor the provision of units with fewer bedrooms in multi-dwelling developments. This bonus would help counter this imbalance.
- **Allow bonuses for deeper affordability and three-bedroom units to be utilized together** (rather than separately, as proposed) for maximum benefit to lower- income Portland families. Combined, two affordable housing bonuses could, together, yield up to 75% above base FAR.
- **Allow both permanent affordability and full-equity homeownership models to access all affordable housing bonuses.** For all bonuses and bonus combinations, the 99-year term of affordability for inclusionary is housing should apply, OR in some cases based on non-profit organizational policies, 10-year term of regulated affordability should be allowed with certification from the Portland Housing Bureau.
- **Consider offering graduated FAR increases for corresponding amounts of affordable homes.** While we appreciate staff's efforts to simplify the code, and reduce complexity associated with calculating bonuses, we think that a graduated approach to the affordability bonuses, rather than a binary pass/fail, might yield better results. This approach would encourage more projects to have an affordable component while reducing the risk if financial models and/or programs need to be adjusted during design.
- **Take the opportunity to revisit the Inclusionary Housing bonus ratio, distribution, and size/bedroom requirements** to better reflect program intentions and create more affordable homes:
 - Mirror the Bedroom Distribution and Unit Count administrative rule changes being proposed for the Inclusionary Housing program, which states that IH units must be provided at the same ratio as market rate units, and states that the total number of IH units must equal the designated percentage for the IH program selected.
 - Allow for unit sub-types to meet the standard affordability bonus when there are distinct market rate offerings within a building, such as micro studios vs conventional studios or one-bedrooms with and without dens.
- **Consider the implications of layered requirements** (such as outdoor space and where it can/can't be located, landscaping requirements, parking, setbacks, proposed required visitability standards, etc) **on the ability to meet the many other demands on affordable housing projects.** Funding is typically prioritized only for the housing units themselves. Although shared amenities may provide quality of life benefits and other positive impacts for a development project, too many prescriptive requirements can limit a project's ability to respond to competing priorities among codes, funders, and others. BPS staff

should consult with PHB staff and other affordable housing development experts to better understand this dynamic.

- **Consult affordable housing development experts, including public funders such as PHB and OHCS, on how fully realizing the deep affordability bonuses may be limited by funding sources.** Although LIHTC funding does roughly scale with total development cost, local gap funding sources are often limited to fixed amounts - thereby making additional development in LIHTC funded projects unlikely even with increased density allowances.
- **(Proposal 4) Make small changes to the transfer of development rights** to ensure that one area of Portland isn't retaining all trees but receiving no affordable multi-dwelling development: Maintain the citywide geography for historic and affordable housing preservation, but:
 - Require a maximum of one mile between sending and receiving sites utilizing the tree preservation development potential transfer.
- (Proposal 5) Where small-scale commercial uses are allowed, grant FAR to offset housing losses/ **enact a no net housing capacity loss policy** on these sites.

Outdoor Spaces and Green Elements:

We support staff's proposal to limit climate impacts and cost-drivers such as parking minimums. We also like the approach of allowing stormwater planters/ecoroofs to contribute to the landscaping requirements. This will greatly improve smaller project cost efficiencies and improve many site layouts. In addition, we would recommend amending the proposal to:

- **(Proposals 6-8) Develop less stringent landscaping requirements for sites 7,500 sf and under.**
- The requirement for 48 sf of outdoor area per unit is too high, especially for RH, with many competing constraints. Reduce this in order to remove the impact this will have on housing supply & affordability, while *also* introducing a different framework that will actually result in better-quality outdoor spaces:
 - **Consider a graduated outdoor space requirement**, similar to building coverage requirement structure in the SFR code (33.110.225, Table 110-4). Requirements could be based on the number of units, for example:
 - 1-4 homes - 200 sf total
 - 5-10 homes - 300 sf total
 - 11 - 20 homes - 400 sf total... etc.
 - **When shared common areas are provided, such as a central courtyard, allow for 0' side setbacks.**
 - **Allow shared common areas to count double that of individual areas toward meeting the outdoor spaces requirement.** This would greatly incent combined outdoor spaces.
- In addition, the City should develop a long-term strategy to site, fund, and build more public parks in East Portland, independent of zoning and building requirements.
- (Proposal 9) Further study is needed regarding the cost-impact of the proposal to limit the amount of asphalt paving (especially cost impacts on affordable housing projects). Consider excluding covered parking, such as carport structures, from surface parking limits.
- **(Proposal 10) Expand the elimination of parking minimums throughout all multi-dwelling zones.** Portland should be moving toward a parking allowance system, rather than minimum requirements. We should allow for parking when it makes sense, but also allow for maximum cost-effectiveness and flexibility in all cases.

Building Design & Scale:

We support proposals to limit garages on street frontages, to simplify standards for side and rear setbacks, and to require building entrances to be oriented to streets or courtyard. We ask staff to consider:

- **(Proposals 13-14) Reduce standard front setbacks to 5 ft everywhere**, and to 0 ft everywhere if the ground floor is 2 ft or more above street level.

- **Reduce standard side setbacks to 0 ft across all multi-dwelling zones.** At a minimum, reduce side setbacks to 0 ft if there is a central common courtyard. Fire code requirements will still require fire ratings and regulate windows near property lines. In addition, 6 foot gaps between buildings do nothing to improve urban form, and reducing setback requirements allows for greater flexibility, including cases where buildings are shifted to one side to make larger, more usable outdoor spaces, rather than long slivers resulting from setbacks.
 - **At a minimum, reduce the current minimum 10 ft side setback for RM3 and RM4 buildings** over 55 ft tall. This standard will create awkward building forms and spacing.
 - Also consider reduced/ zero setbacks on both sides for courtyard projects on corners, and/or allowing these projects to choose the “front” lot line that makes the most sense in each case, based on the surrounding urban context.

East Portland Standards & Street Connections:

We appreciate East Portland’s unique design and development challenges, but we ask staff to consider how well-intentioned requirements might, all told, result in the provision of less housing and especially less affordable housing in East Portland. Specifically:

- Echo mid-block requirements and flexibility for appropriate development and design responses for inner pattern development in the Residential Infill Project, particularly skinny lots. Don’t require parking on mid-block, skinnier lots, and allow for flexibility to better meet development challenges. East Portland’s extra deep lots mirror that of the SFR zone narrow lots in their proportion, so staff should look to some of the flexible options being proposed in the RIP for skinny lots in these instances, such as some baseline requirements to develop skinny lots together when *possible* but not required when adjacent lots are under separate ownership and/or already developed.

Other Major Proposed Amendments

We support raising minimum density requirements generally.

- (Proposal 20) However, we would caution you to also consider those cases where mandating building to the new minimum density, rather than developing a property further into compliance, might have unintended consequences.
- (Proposal 21) We thank staff for exempting affordable units from transportation and parking demand management (TDM) requirements through 2020. However, we also **caution that the TDM approach as written may unintentionally burden denser IH housing projects near transit - a development outcome we assume the City wants to be successful.** Please work with other bureaus to revisit this requirement, and ensure that this layering of requirements won’t end up killing preferred development outcomes.

Additional recommendations:

- Upzoning certain places along key corridors would both support Comprehensive Plan goals and complement the surrounding context. Staff should revisit those places where lower-density RM zones are mapped adjacent to medium-density CM zones. One option could be to **create an overlay that gives greater development allowances for RM2 and RM3 lots abutting high frequency transit and existing commercial hubs.** These areas could be defined as all Neighborhood and Civic Corridors.
- **Also upzone existing R-2 in areas on or near transit streets to RM2** to take advantage of the opportunity there. Some locations for this change include:
 - SE Division between 50th and 77th,
 - SE Francis to SE Powell, from 41st to 43rd,
 - Between NE MLK and 7th, from NE Thompson to Fremont,
 - Between NE Glisan and Sandy, and NE 30th and 32nd.
- Energy efficiency is an important factor for both long-term affordability and climate mitigation. Staff should explore ways to promote increased energy efficiency in the multi-dwelling zones. To ensure that

regulations do not accidentally penalize high performance projects with thick, energy-efficient walls, Portland could consider a model such as the “Floor Space Exclusion to Accommodate Improved Building Performance” employed by Vancouver BC. To actively promote energy-efficiency, **consider adding a bonus or exemption for projects meeting specific efficiency criteria.** For example, for Earth Advantage Multifamily Gold and Platinum certified buildings exclude the full thickness of exterior walls from FAR calculations.

As always, the members of Portland for Everyone will continue to push our local elected and City officials to make equitable and forward-thinking land use decisions that will:

- Allow plenty of affordable and diverse housing types in every Portland neighborhood,
- Prioritize the housing needs of historically and currently under-served populations,
- Prioritize housing for humans over shelter for cars,
- Allow more people to live in areas with good access to transportation, parks, and services,
- Create and maintain economically diverse neighborhoods.

We thank staff again for their time and their dedication to creating a Portland where ALL of our residents are housed stably and affordably.

Sincerely,

A handwritten signature in black ink that reads "Madeline Kovacs". The signature is written in a cursive, flowing style.

Madeline Kovacs
Coordinator, Portland for Everyone
www.portlandforeveryone.org

1000 Friends of Oregon
133 SW 2nd Ave, Suite 201
Portland OR 97204