

IMPACT STATEMENT

Legislation title: *Amend the Comprehensive Plan, Zoning Map, and Title 33 Planning and Zoning to comply with House Bill 2001 and Senate Bill 458. (Ordinance; amend Code Title 33 and amend the Portland Comprehensive Plan and zoning maps)

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Purpose of proposed legislation and background information:

The Residential Infill Project – Part 2 (RIP2) follows the work of the Residential Infill Project - Part 1 (RIP1) to expand the types of allowed housing in single dwelling zones and is a critical part of completing the City’s compliance obligations under House Bill 2001 and Senate Bill 458. These two bills require expansion of the single dwelling zoned areas affected by RIP1, introduce two new types of housing required in residential areas, and create a middle housing land division expedited procedure. The amended regulations are codified in Title 33, Zoning Code.

The City of Portland initiated the Residential Infill Project in 2015. That project was the subject of extensive stakeholder involvement and deliberation by the Planning and Sustainability Commission and City Council. RIP1 was adopted on August 12, 2020 and became effective on August 1, 2021. Following the lead of RIP1, the state passed House Bill 2001 which requires cities with a population greater than 10,000 to allow duplexes on any lot zoned for single-family detached dwellings, and three-plexes, four-plexes, and cottage clusters on some lots zoned for single-family dwellings. That bill was passed by the Oregon State Legislature on August 8, 2019. The Department of Land Conservation and Development (DLCD) was charged with drafting administrative rules to help implement HB2001, and adopted those rules and model code in December 2020. Senate Bill 458 was passed on May 17, 2021, and requires cities to allow a land division to separate dwelling units for new middle housing allowed in cities. The City of Portland is required to adopt code implementing HB2001 by June 30, 2022, and is required to implement SB458 by July 1, 2022.

DLCD’s rulemaking clarified the remaining compliance work for the City of Portland. RIP2 serves to expand the housing options previously applied to the higher density R2.5, R5 and R7 single-dwelling zones to the lower density R10 and R20 zones and adds cottage clusters and higher density attached houses to the mix of available housing options in all single dwelling zones. RIP2 also codifies the expedited land division process and creates a new type of land division (middle housing land divisions) to implement SB458

Finally, the code amendments remove conflicting density, design and housing type restrictions from several plan districts and overlay zones in conformance with HB2001. These changes ensure Portland is compliant with state legislation and also help to serve the changing housing needs of all Portlanders.

Financial and budgetary impacts:

Adoption of the RIP2 amendments will result in minimal short-term and minimal long-term financial impacts to the City. Specifically, those impacts will affect the Bureau of Development Services (BDS).

The majority of code amendments simply expand the area where new housing types are allowed. Attached houses are presently allowed but will now be allowed at higher densities. The amendments introduce a new residential structure type, cottage clusters. However, similar projects have been allowed in single dwelling zones previously through a discretionary planned development process and precedence for by-right multi detached unit development currently exists in the multi dwelling zones.

Middle housing land divisions are also a new type of land division review, and while the expedited land division procedure has been in state law since 1995, it was not used and was not codified in the City's land division regulations. SB458 requires this new type of review be processed through the unfamiliar expedited process which will require additional training and the adoption of a cost-recovery fee as directed under the statute.

These shifts are a minor financial impact to the City as land use and permit review fees are intended to provide cost recovery for those reviews.

In the short-term, BDS staff will need some training on changes to the Zoning Code regulations related to the new residential infill options and middle housing land division rules and processes.

Over the long-term, the BDS Land Use Services Fee Schedule will need to be amended to include an expedited land division review to reflect the RIP2 code amendments. Because other bureaus set their fee schedules based on the descriptions of work and procedures in the Land Use Services Fee Schedule, BDS will be making Land Use Services Fee Schedule changes in coordination with other bureaus as part of the standard process for Council adoption of July 1st Fee Schedules. Fee changes are anticipated to achieve cost recovery, therefore will not result in a financial or budgetary impact to the City.

Community impacts and community involvement:

The Residential Infill Project amendments affect the types of housing allowed in the single dwelling zoned lots across the city. These zones account for over 40% of the city's land area and are located in nearly every neighborhood citywide. In all, there are nearly 150,000 properties in these zones.

RIP2 largely continues from the community conversations that began during RIP1, in part due to the limited nature of the scope (compliance with state law) and project timeline (July 1, 2022 deadline). RIP1 began with a 24-member stakeholder advisory committee and development of a concept plan crafted over a year-long period before beginning the legislative process. Thousands provided comments and testimony leading up to the months

at the Planning and Sustainability Commission deliberations, and subsequent City Council hearings.

Since RIP2 continues the work from RIP1, it builds off the extensive community engagement that was conducted with RIP1. This approach takes into consideration the time and energy already focused on the single dwelling zones during the RIP1 process and recognizes that there are opportunity costs to focusing additional City resources on these zones when there are limitations to how the City must comply with new state law. This approach further recognizes the impact to community organizations and other advocacy groups tracking this and so much other work, some of which may better align with their mission and the BPS's commitment to centering racial equity and social justice.

In the fall of 2021, staff shared the RIP2 scope and key project proposals with the neighborhood district coalition land use committees and housing advocates and builders. The Development Review Advisory Board, Urban Forestry Commission, Citizen Involvement Committee, and Historic Landmarks Commission were additionally briefed. The Proposed Draft of the code and map amendments was published in November which was accompanied by a series of public virtual events. This outreach period was focused on informing the public of the proposals and familiarizing interested parties with the detailed code amendments in preparation for their testimony to the Planning and Sustainability Commission.

Mailed notice of the RIP2 Proposed Draft was provided to 10,290 property owners and a list of parties who request official notice of land use changes. Emailed notice was provided to all individuals who had previously requested updates on the project. Following the notice, project staff fielded phone calls from approximately 75 interested Portlanders. During the open comment period, 27 individuals provided verbal testimony to the Planning and Sustainability Commission (PSC) and a total of 65 pieces of written testimony were submitted for PSC consideration.

On February 8, 2022, the PSC voted unanimously to recommend City Council adopt an amended version of RIP2—the Recommended Draft—that incorporated feedback received during the hearings process.

Testimony to City Council on the RIP2 Recommended Draft is expected to largely support the overall approach to the amendments, with a handful of individuals and organizations requesting further refinements to specific sections of proposed code and/or seeking City support for future projects. Requested future projects may include, but will not be limited to, further expansion of housing type options or configurations, an update to wildfire risk mapping and climate resiliency strategies and continued monitoring of middle housing development to better analyze impacts on affordability, livability, and design.

100% Renewable Goal:

The RIP2 amendments do not change the city's policies on its own energy use. The RIP2 amendments encourage the continued use of existing housing, including incentives for

housing retention, and housing types that serve to facilitate retention versus redevelopment including added Accessory Dwelling Units, cottage clusters, and detached unit duplexes.

Budgetary Impact Worksheet

Does this action change appropriations?

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

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