



January 9, 2024

To: Portland Mayor Ted Wheeler and City Commissioners

Re: Support for Housing Regulatory Relief Project and Proposed Amendments

Mayor Wheeler and Commissioners:

We are writing on behalf of thousands of businesses and individuals seeking to address our region's biggest issues by building the housing, infrastructure, and jobs that make Portland livable and economically vibrant.

We appreciate the City of Portland's current focus on increasing housing production, as a critical strategy to address our housing affordability crisis, reduce homelessness, and enhance our city and region's economic prosperity.

**We urge you to support the Recommended Draft of the Housing Regulatory Relief Project, with three important amendments.**

In Portland alone, the City estimates we need over 20,000 more regulated affordable housing units over the next decade and a similar number of new moderate income and market rate homes. And production is trending in the wrong direction: The number of units that were built between 2017 and 2022 dropped from 8,335 to 1,639—an 80% decrease in just 5 years.

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Although there are many market-driven forces that explain this deterioration, there are also barriers that Portland policymakers have put in place—many of which are addressed in the Recommended Draft of the Housing Regulatory Relief Project.

Many local land use and building requirements support laudable goals, such as climate resilience, renewable energy, and transportation choices. Too often, however, these local requirements—often intended to enhance overall livability of a community—are overly prescriptive, complicated to implement, stack on top of each other, and have the unintended result of making it far more difficult to build places for people to live.

The [recent analysis by BAE Urban Economics](#) as part of the City’s look at the Inclusionary Housing program and the cost of construction in Portland found that revisions to existing policies like these can reduce the cost of building between 2 and 14 percent, depending on site location and prototype. The other path to making more projects financially feasible is to wait until competition for constrained housing drives up rents in Portland significantly – by 15 to 35%, BAE estimates – which is counter to Portland’s housing affordability goals.

We appreciate the time the City and Planning Commissioners have taken to hear these concerns and look for ways to alleviate the barriers created by some of the code provisions adopted in recent years.

**We support the Recommended Draft, as well as three critically important amendments:**

- 1. Add back a five-year temporary waiver of bird-safe glazing requirements in Central City plan district and River overlay zone, as originally proposed by staff in the Proposed Draft.**

Portland’s bird-safe glazing requirement is expensive. One of Oregon Smart Growth’s members did an analysis of the cost of bird safe glass for vinyl windows on a typical mid-rise. The windows are 97% more expensive than standard windows, which would require raising rent \$700/yr or \$60/mo on an average two-bedroom unit.

The requirement for bird-safe glazing in particular is one that puts Portland at a competitive disadvantage when seeking to attract capital; simply put, investors will look to markets with fewer novel and costly regulations.

We would urge the City to use this temporary moratorium to work with stakeholders and craft a more targeted and feasible bird-safe glazing requirement to implement following the moratorium.

- 2. Add back a five-year temporary waiver of ecoroof requirements in the Central City plan district, as originally proposed by staff in the Proposed Draft.**

The Planning Commission amended the Proposed Draft, and what is before you this week only suspends the ecoroof requirement if a project includes solar panels instead. While many projects seek to add solar panels, this is an even more expensive alternative to ecoroofs; the Planning Commission’s change does not provide regulatory relief.

Adding back the full temporary waiver would provide much-needed flexibility in how stormwater management requirements are met for a project, and how finite roof space is used.

To be clear: The City’s stormwater management requirements would not change with this amendment. And it’s important to note that this change does not mean ecoroofs will be eliminated from future projects in the Central City over the next five years. Ecoroofs remain a useful stormwater management tool for many projects, while others could effectively manage stormwater in less-costly ways, and utilize roof space for other elements such as solar, reflective roofing, or community space for residents. This amendment provides that important flexibility, and preserves the City’s overall stormwater management goals.

**3. Remove the required 35-day delay between posting neighborhood contact signage and submitting a building permit or land use application.**

We support the original proposal to temporarily suspend all required neighborhood contact processes for residential uses, and permanently narrow the neighborhood contact requirement to two processes. The Planning Commission largely agreed with this proposal, but added back a requirement to post a large sign on certain development sites.

Unfortunately, the current requirements also require posting the sign “at least 35 days (but not more than 1 year) before applying for a land use review or building permit.” As the Planning Commission heard in testimony on November 7, one month of delay can add 1 percent just to the hard costs of a project.

This amendment would retain the sign requirement as added back by the Planning Commission, but only require it be posted before applying for a land use review or building permit, with no specified “before” timeframe. The permitting process for projects of this scale is lengthy, and still affords sufficient time for community members to ask questions or provide feedback.

There are many important regulatory relief proposals in the Recommended Draft that we support. To highlight a few:

**BIKE PARKING**

We appreciate the proposed changes to bike parking requirements; the the current requirements for required bike parking spaces (and in-unit design standards requiring an alcove) are too onerous, resulting in large and underutilized bike parking rooms and often forgoing at least one dwelling unit to accommodate the underused bike parking. The recent analysis by BAE Urban Economics found this proposed change will result in project cost savings of .8 to .9% depending on project type.

**GROUND FLOOR ACTIVE USES**

We support the proposal to temporarily waive ground floor active-use requirements in the Main Street overlay zones and within the Central City and other plan districts. The recent analysis by BAE Urban Economics found this proposed change will result in project cost savings of .2 to 3.5% depending on project type.

We also support changes that allow ground floor residential use in certain cases, particularly where units are set back from the street. This prohibition led to the recent

loss of 12 ground floor market rate and Inclusionary Housing units in a project in Portland's inner east side. These units would have faced a private plaza instead of the street, but were prohibited by current code requirements.

### **LOADING ZONES**

We support the proposal to temporarily reduce the number of loading spaces required for larger residential projects, and raise the threshold for when a residential project is required to include a loading space.

### **DESIGN REVIEW PROCEDURE TYPE**

We support the proposal to temporarily offer a reduced procedure type for design review for projects that include housing. This change represents the potential for significant time savings for a project. The recent analysis by BAE Urban Economics found this proposed change will result in project cost savings of .8 to .9% depending on project type.

The Housing Regulatory Relief Project is an important component of the City's overall approach to increasing housing production to address our supply and affordability crises.

We also strongly supported the ongoing work to consolidate permitting into one entity, as well as today's proposed changes to the requirements and incentives for inclusionary housing that will promote development of market rate and inclusionary units. These pieces all work together—no one thing alone is enough to spur development and bridge our undersupply gap.

We appreciate your work and welcome the opportunity to provide assistance or support where needed.