



City of
PORTLAND, OREGON
Development Review Advisory Committee

The mission of the DRAC is to foster a timely, predictable and accountable development review process that implements the City's goals for land use, transportation, housing, economic development, neighborhood livability and the environment; and advocates for and supports consistent and fair application and implementation of regulations.

DRAC SDC Subcommittee Meeting

Wednesday, August 6, 2008
8:00 – 9:30 a.m. 1900 SW 4th Avenue Building
Location: 5th Floor, Conference Room 5A

Notes

1. 8:00 a.m.	Convene meeting:	Don Geddes
2. 8:10 a.m.	PDOT Bureau SDC Presentation	Rich Eisenhauer Kathryn Levine
3. 8:50- a.m.	Next Steps	Anne Hill

Attendees: Suzanne Vara (BDS), Bonny McKnight (DRAC), Alan Beard (DRAC), Don Geddes (DRAC), Ross Turkus (BDS), Rich Eisenhauer (PDOT), Kathryn Levine (PDOT), Simon Tomkinson (DRAC)

Questions and Answers:

Rich Eisenhauer and Kathryn Levine gave a presentation on the TSDC program. The following questions were posed by DRAC members, and the answers provided by PDOT.

1. Q. When an area is re-zoned, does that trigger an SDC change? (ST)
A. No. It is difficult to meet all of the needs of development because the SDC's are not earmarked for specific areas
2. Q. When SDC Fees are calculated based on vehicle trips to and from a property, are the number of trips calculated locally? (BM)
A. No. A national standard is used (ITE), however customers can hire an assessment at their own expense. Bonnie McKnight shared her concern that the current model does not address development of neighborhoods.
3. Q. If new businesses are paying the SDC's in developing neighborhoods, are they going to see improvements?(DG)
A. Not necessarily. The timeframe for any project is long, sometimes 3-5 years. SDC's only support about 25% of the total cost of projects.

4. Q. Does PDOT calculate SDC's differently for URA's? (BM)
- A. Matches can come from other sources. Transit Oriented Development (TOD) discounts are being phased out until 2011 because the market has proven itself. The incentive was not required to initiate development.
5. Q. How does Transit Oriented Development relate to the Comprehensive Plan? (BM)
- A. The two are not related. TOD will be phased out by 2011 because the market has proven itself, and incentives were not necessary to facilitate development. Bonnie McKnight wanted to know where TOD discounts have been realized.
- Bonny McKnight had concerns about neighborhoods that require infrastructure to support growth, like the Russell neighborhood. Simon Tomkinson noted that DRAC has pushed to get away from code directed policy and move towards incentives.
6. Q. How do we bring matching funds to infrastructure development to offset the reduced funds displaced by incentives? (ST)
- A. Matching funds come from a combination of sources, including local grants, Partnerships, Urban Renewal Funds, 1 time Council appropriations, and private development grants. Bonnie McKnight suggested that Bond Sales could be used to make up the shortfall for urgent projects.
7. Q. How are modes of transportation prioritized? (ST)
- A. Modes are not prioritized because projects do not have all modes. Public outreach helps determine project priorities. Council can change or re-prioritize the list of projects.
8. Q. Do discounts and exemptions for low income housing apply to both rentals and ownership situations?
- A. The code definition used for the Affordable Housing Exemption (17.15.050, C) is below:
- C. Affordable Housing which meets the following requirements shall be fully exempt from the Transportation SDC:**
- 1.** If rental housing, the units receiving an exemption shall be affordable to households earning 60% or less at time of occupancy and shall be leased, rented or made available on a continuous basis to persons or households whose incomes are 60% or less of area median family income, as adjusted by unit size and as determined by the U.S. Department of Housing and Urban Development for the Portland Metropolitan Area. Such units shall remain affordable for a period of 60 years.
 - 2.** If owner occupied housing, the units receiving an exemption shall be affordable to households earning at or below 100% of area median income and shall be sold to persons or households whose incomes are at or below 100% of area median family income, as adjusted by family size and as determined by the U.S. Department of Housing and Urban Development for the Portland Metropolitan Area.
 - 3.** The Portland Development Commission (PDC) may require that real property covenants be recorded in the deed records for properties receiving exemptions under this section in order to restrict the sales prices and rents to be charged for exempted units, or to provide remedies for failure to restrict units, or both.
 - 4.** For purposes of this Section, "affordable" for rental housing means that the rent and expenses associated with occupancy such as utilities or fees, does not exceed 30% of the gross household income at the level of the rent restrictions. "Affordable" for ownership units means a purchase price for which the sum of debt service and housing expenses including an allowance for utilities and other required ownership fees, when compared to the annual gross income for a family at or below 100% of area median family income, adjusted for family size, does not preclude conventional mortgage financing.
 - 5.** Per Section 30.01.040, the Bureau of Housing and Community Development and PDC are responsible for certifying exemptions to housing developments that meet the income requirements specified in 17.15.050 C. 1. or

2. and for enforcing the 60 year affordability requirement for rental housing developments. In the event a qualifying rental housing development fails to maintain qualifying rents and/or occupancy requirements or a qualifying ownership project fails to comply with applicable recapture or retention covenants, the exemption shall terminate for that development and the Transportation SDC, calculated using the rates in effect at the time PDC finds the exemptions have been lost, shall be due and owing.

6. If the exemption terminates within two years of initial building permit issuance, additional charges will be due and owing. These charges include a processing fee of \$120.00 and carrying charges of 12% per year (1% per month), added to the system development charge rates in effect at the time, charged back to the date the exemption was granted. The City may collect reinstated system development charges, processing fees, carrying charges and the actual costs of collections by recording a property lien pursuant to Title 22.

7. To obtain the exemption, the applicant must present to the Office of Transportation, at the time of Application, documentation from PDC that the development qualifies for the exemption.

9. Q. Have comparisons been made with other municipalities.(DG)

A. Yes. A report of SDC rate comparisons across the Metro area is available at the following site: <http://www.portlandonline.com/transportation/index.cfm?c=46217&> See "Development Cost Comparison" and "TSDC Rate Comparison"

10. Q. As PDOT reviews projections, are they hitting their targets? (DG)

A. For 10 years the financial targets have been very close, this year, outcomes may differ from projections as a result of the slowing economy.

The SDC Subcommittee discussed the following recommendations for PDOT:

- Relate Transportation System Development Charges to the Comprehensive Plan and other overlays, working with other bureaus, including BES, to meet common goals.
- Consider establishing a "holdback" for certain requirements in developing areas. For example, instead of requiring a sidewalk that would remain isolated, earmark those funds for the whole block at a later date, or assign the holdback funds from several properties to transportation issues at a commonly used area in the same neighborhood. Bring this "impact Fee" concept to council, or place in the legislative package.
- Move away from code directed policy, and establish more incentives for development. Discuss ways to generate more matching funds to meet the needs of rapidly growing neighborhoods.
- Examine bonds as a potential source of funding for specific projects.

Next DRAC SDC Subcommittee meeting will be Wednesday, August 27, 8:00-9:30 am.