



City of
PORTLAND, OREGON

Development Review Advisory Committee

Development Review Advisory Committee
MINUTES
Thursday, October 18, 2012

DRAC Members Present:

Hermann Colas
Dave Humber
Keith Skille

Jeff Fish
Keith Jones

Dan Gilkison
Maryhelen Kincaid

City Staff Present:

Lana Danaher, BES
Matt Grumm, Comm. Saltzman's Office
Denise Kleim, BDS
Paul Scarlett, BDS

Cindy Dietz, Water
Kurt Krueger, PBOT
Jay Sugnet, BPS

Rebecca Esau, BDS
Tim Heron, BDS
Andy Peterson, BDS
Riley Whitcomb, Parks

Guests Present:

Lew Bowers, PDC

Lisa Frisch, Portland Business Alliance

DRAC Members Absent:

Steve Heiteen
Ed MaNamara
Joe Schneider

Rob Humphrey
Rick Michaelson

Dana Krawczuk
Michelle Rudd

Handouts

- DRAC Meeting Minutes 9/20/12
- Inter-Bureau Code Change List
- BDS Major Workload Parameters (Cumulative)
- Non-Cumulative Cost Recovery Report
- Historic resources Code Improvement Project – Draft Issues & Options Paper - 9/11/12

Convene Meeting

DRAC Chair Keith Skille convened the meeting and welcomed DRAC members and attendees. He explained that there are currently three vacancies on the DRAC, representing Large Developers, Environmental Conservation & Green Building, and Neighborhood Coalition Land Use Committees. Also, Rick Michaelson's seat (Historic Preservation) expires in December. DRAC members made several suggestions for new members which BDS will follow up on. DRAC members were encouraged to contact Mark Feters (BDS) or BDS Director Paul Scarlett to recommend individuals for those positions.

Minutes

DRAC members reviewed and approved minutes from the September 20, 2012 DRAC meeting.

Director's Report

BDS Director Paul Scarlett reviewed the handouts *BDS Major Workload Parameters* and *Non-Cumulative Cost Recovery Report*. The bureau is doing well with cost recovery; through September, the cost recovery rate was 128%. Workload is coming in strong. Historically BDS has experienced some seasonal slowing in workload in the fall and winter, but so far in 2012 this has not been the case. New single family residential (NSFR) applications are up 88% from last year, and BDS is currently taking in approximately 20 NSFRs per week. Many apartment buildings are also still coming in. It is projected that the current level of NSFR permits will continue through winter.

The bureau's strong financial position has allowed BDS to hire temporary staff in order to improve services and turnaround times. Staff is being added gradually and conservatively, and only where direct service improvements can be quantified. The bureau is also looking to continue expanding services in the Development Services Center (DSC).

Jeff Fish expressed concern about the high level of NSFR construction and sales; he said he doesn't see the job growth needed to support this level of NSFR construction. He has increased the size and valuation of the homes that he is constructing to \$275,000-\$309,000 because of the number of lower-valued, repossessed homes on the market. Many builders have lost subcontractors, so the cost of construction is going up as they are paying workers more. Mr. Fish is also concerned about interest rates going up, which may negatively impact construction.

Hermann Colas said that he is seeing movement in his neighborhood in regards to construction. Multifamily construction is going up, and he has hired another five employees. Interest rates are low. He thinks that it will take 2-3 years for some people to get back into the market due to their credit rating.

BDS Plan Review/Permitting Services Manager Andy Peterson attended the Oregon Economic Forum last week. The Federal Reserve continues to implement Quantitative Easing. The Fed announced that it will spend \$40 billion a month to buy mortgage-backed securities for as long as it deems necessary, and it will keep short-term interest rates at record lows through mid-2015.

Mr. Fish stated that according to the National Homebuilders Association, approximately 1.4 million NSFRs should have been built nationally over the last 3 to 4 years to match the demographics of household formation. However, only about 400,000 to 450,000 have been built in that timeframe; so nationwide we have fallen behind in constructing by approximately one million homes.

Mr. Fish asked if BDS's reserve and reserve goals would be reviewed during the budget and financial plan preparation process. He is hearing negative feedback from the building industry

regarding BDS's healthy reserve, and he asked if the bureau can readjust the budget midyear. Mr. Scarlett explained that the bureau can add positions and make adjustments midyear to respond to service level needs. Currently he is looking at the DSC operation to see how many more hours it can be open. Mr. Skille said that the Monday DSC closure is negatively impacting development.

BDS Budget Planning

BDS Administrative Services Manager Denise Kleim explained that the input process for BDS's budget request would commence shortly. The requested budget and financial plan will be due the first week of February. The BDS Finance Committee will meet on October 23rd, and BDS hopes to gain insight from a number of local economists on their outlook for the next several years. The BDS Budget Advisory Committee will meet on October 31st.

Ms. Kleim noted that the bureau would be looking closely at several areas: staffing level, service level, program efficiencies, and technology. BDS is also interested in requesting the conversion of one-time General Fund support for the Neighborhood Inspections program into ongoing funds. Finally, the bureau is working to keep fee increases at or below 5%.

Mr. Scarlett explained that several reserve goals had been changed in the FY 2012-13 Financial Plan. The policy is that the reserve should not fall below 10% (the reserve goal for the bureau is 30%); however, the bureau is open to looking at this again.

Mr. Fish said that everyone tends to over-hire when revenues come in, and he wants to keep management and new positions at BDS under control. Mr. Scarlett responded that he is probably overly conservative in adding positions at this time. Mr. Colas noted that BDS needs to spend its money in an efficient manner. The level of staffing at BDS has a direction relationship to what developers can do.

Mr. Skille asked what BDS's ideal staffing level is, and whether there are operating efficiencies that can be implemented. Mr. Scarlett responded that BDS division managers are reviewing their staffing levels in terms of meeting their service level goals. Preliminarily it looks as though BDS needs another 6-8 staff to meet current service level goals.

Lana Danaher (BES) noted that the interagency bureaus' budgets are being cut. Even if BDS adds staff, the interagency bureaus will not be able to do so.

Historic Design Review Code Amendments

Jay Sugnet (Bureau of Planning and Sustainability) and Tim Heron (BDS) presented information on Historic Design Review Code amendments and distributed the handout *Historic Resources Code Improvement Project – Draft Issues & Options Paper - 9/11/12*. The project's goal is to implement minor code changes regarding residential remodels in historic districts in order to make the process easier, quicker, and cheaper. The project has an 8-month timeframe. BPS is currently meeting with a DRAC subcommittee on this issue.

Mr. Sugnet explained that visibility of the improvements/remodel from the street was one criterion being discussed, but it was not embraced by the historic design community. The Historic Landmarks Commission suggested using "street facing" as the criterion. There also may be a lower level of review for basement windows. Overall, the goal is to create the most flexibility where possible.

Currently BPS is laying out the concept and getting feedback, after which it will write the code. A discussion draft will be completed by November 16th for input. The hearing on these code changes before the Historic Landmarks Commission will be on December 10th.

Mr. Peterson suggested that BPS include experts on the building code in order to ensure that the solutions proposed in the revised zoning code also meet the building code requirements.

Mr. Fish was concerned that neighborhoods will pursue additional historic district designations, which could negatively impact infill development projects. Mr. Heron responded that the City doesn't designate Historic Districts. This is done through a State and Federal process, as was done with the Irvington neighborhood, and then the City has to administer the regulations for the Historic District. Also, if "50% +1" of property owners object to a proposed designation, it prevents an historic district from being created.

Accessory Dwelling Units (ADU's)

Matt Grumm (Commissioner Saltzman's Office) noted that Mayor Adams has asked that the existing Systems Development Charge (SDC) waiver for accessory dwelling units (ADUs) be extended another 3 years. The draft resolution question extends the SDC suspension for 2 years - to summer 2015 - for complete applications. They have to receive a Certificate of Occupancy within the following year, or by summer 2016. Commissioner Saltzman's office is working on this, to be implemented before the end of the calendar year.

Online Fee Estimator

Mr. Peterson announced that the new Online Fee Estimator is now available on the BDS website for customers to use, at www.portlandonline.com/bds/59194. He thanked the stakeholders for their assistance in the design and testing of this new feature. Mr. Skille suggested creating a survey for permit applicants with questions, such as "Did you use the Online Fee Estimator available on the BDS website?" and "How useful was it?", "How accurate was it?", and maybe "Any suggestions for improvements?"

Telephone Customer Survey

Mr. Scarlett noted that BDS used to do an annual telephone survey of customers, but recently this was dropped due to budget cuts. BDS plans to start doing this survey again.

Subcommittee on Early Assistance Options

Kurt Krueger (PBOT) explained that the subcommittee on Early Assistance Options is working on how to streamline the options available and integrate Public Works Permit/Requirement information into the service bureau and land use services information provided to customers. After its next meeting, the subcommittee should have a proposal to share with the full DRAC.

Vacant Property Registration Program

Mr. Grumm explained that the registration program for vacant properties is on hold. Dan Gilkinson noted that the DRAC continues to have serious concerns about this project. Mr. Fish emphasized that the program is not needed. The DRAC will be updated at its next meeting regarding the status of this project.

Upcoming Code Changes

Ms. Danaher said that City Code Section 17.32 (Public Sewer System and Drainage Improvement Permits) is being cleaned up, and she will bring concepts to DRAC before a draft is produced. She is currently working on the problem statement(s).

ITAP Top Vendor Identified

Mr. Scarlett announced that Sierra Systems has been identified as the top vendor of the three vendors who submitted bids on ITAP (Information Technology Advancement Project). The other two vendors were Accela and CSDC. BDS will brief the Mayor-Elect in November/December on ITAP and the selection process before beginning negotiations with Sierra Systems.

Next DRAC Meeting: Thursday, November 15, 2012, 8:00 a.m. - 9:30 a.m.
Minutes prepared by Denise Kleim, BDS