



City of  
**PORTLAND, OREGON**

Development Review Advisory Committee

**Development Review Advisory Committee**  
**MINUTES**  
**Thursday, October 15, 2015**

**DRAC Members Present:**

Hermann Colas	Phil Damiano	Dave Humber
Rob Humphrey	Maryhelen Kincaid	Christopher Kopca
Dana Krawczuk	Jennifer Marsicek	Justin Wood

**City Staff Present:**

Claire Adamsick, Comm. Fritz's Office		Fred Deis, BDS
Cindy Dietz, Water	Mark Feters, BDS	Jill Grenda, BDS
Matt Grumm, Comm. Saltzman's Office		Peter Hurley, BPS
Denver Igarta, BPS	Kurt Krueger, PBOT	Barry Manning, BPS
Elizabeth Reese-Cadigan, BES	Jason Richling, BDS	
Commissioner Dan Saltzman	Paul Scarlett, BDS	Nancy Thorington, BDS
Paul van Orden, ONI	Sue Williams, BES	Sandra Wood, BPS

**DRAC Members Absent:**

Claire Carder	Maxine Fitzpatrick	Kirk Olsen
Joe Schneider		

**Guests Present:**

Margaret Davis, UNR – Neighborhoods  
Joshua Klyber, Code Unlimited

**Handouts**

- Draft DRAC Meeting Minutes 9/17/15
- Inter-Bureau Code Change List
- Non-Cumulative Cost Recovery Report
- BDS Major Workload Parameters
- Workload Summary & Financial Status FY 2015-16
- Vacancy Report
- Fee Comparison Table
- Mixed Use Zones Project Discussion Draft Summary
- Affordable Housing Impact Fee Proposal
- Transportation System Plan Update
- Noise Task Force Memo to DRAC 10/13/15
- DRAC Work Plan w/edits

## **Convene Meeting**

DRAC Chair Maryhelen Kincaid convened the meeting and welcomed DRAC members and guests. DRAC members reviewed and approved minutes from the September, 2015 DRAC meeting.

## **Director's Report**

BDS Director Paul Scarlett referenced the handouts **Non-Cumulative Cost Recovery Report** and **BDS Major Workload Parameters**. Cost recovery and bureau reserves continue to be strong.

### Information Technology Advancement Project Update

Mr. Scarlett gave a brief ITAP update. Vendor Sierra Systems is currently working on a 90-day due diligence period to get the ITAP Land Use module running. The period will run through the end of 2015, and will provide Commissioner Saltzman with information to make decisions regarding the future direction of the project. BDS's interagency partners are involved in the process.

### Staff Vacancies / Service Levels

Mr. Scarlett reviewed the handout **Workload Summary & Financial Status FY 2015-16**, which was developed in response to requests from the DRAC for more context to the data conveyed in the Cost Recovery and Workload Parameters handouts.

Over the next few months, the bureau will reviews its fees as part of its annual budget and 5-year financial planning processes. BDS strives to keep fees as low as possible, and will hold fees constant or make reductions if financial projections support it. The BDS Finance Committee provides independent economic review of BDS's financial projections and financial planning process.

DRAC Member Justin Wood observed that BDS isn't the only municipal building department in Oregon with large financial reserves, and builders are complaining to state legislators and asking for caps on reserves. The State may act at some point to address large reserves. Mr. Scarlett said that fees also have to be part of the equation, rather than just capping reserves. Capping reserves without addressing fees ends up capping development.

BDS's largest cost is personnel, and the bureau is currently carrying over 40 vacant positions. As those positions are filled, costs will increase and the reserve balance will go down. BDS and Commissioner Saltzman are sensitive to concerns over the reserve and fees, and will look at them closely.

DRAC Member Christopher Kopca asked whether there are triggers to indicate when staff reductions would need to occur in an extended economic downturn. Mr. Scarlett said there are several indicators that will be looked at, such as workload and the types of projects being submitted. Land use activity also acts as an early warning system; decreases in land use activity indicate that building activity will drop in the near future.

Margaret Davis (UNR-Neighborhoods) asked whether any of the reserves can be diverted to enforcement. Mr. Scarlett said that State law prohibits BDS from using building permit revenues to support local code programs, such as the BDS Enforcement Program. The Enforcement Program receives a combination of City General Fund support along with its own fees and fines, and currently has some funds in its own reserves.

Mr. Scarlett then reviewed the handout **Vacancy Report**. It is anticipated that the majority of the vacant positions will be filled by the end of December. The bureau can share this report with the DRAC on a bi-monthly or quarterly basis going forward. DRAC Member Rob Humphrey said that from a customer standpoint, it looks like the pinch points in the development review process will be addressed as vacant positions are filled.

Mr. Scarlett next reviewed the handout **Fee Comparison Table**. He stressed that the bureau and Commissioner Saltzman have heard the DRAC's concerns regarding the cumulative effect of increases in all the fees related to development. DRAC Member Phil Damiano suggested adding more residential project types to the table.

#### Demolition Subcommittee

Nancy Thorington (BDS) gave an update on the Demolition Subcommittee. The Subcommittee was charged to return to the City Council in June 2016 with a report on implementation of the changes. The next Subcommittee meeting is scheduled for October 26<sup>th</sup> from 2:00 – 4:00 p.m. The first part of the meeting will focus on major remodels; they will also discuss issues that have arisen in the implementation of the new code.

#### BDS Boards & Commissions Ordinance

Ms. Thorington said that BDS is taking an ordinance to the City Council on October 28<sup>th</sup> to clean up the code language for all BDS appeal boards and make it more consistent. The ordinance will create term limits for all BDS boards and commissions. There will be a provision allowing the BDS Director to extend terms.

Sandra Wood (BPS) noted that BPS commissions are authorized in the Zoning Code, so they cannot be part of this ordinance. A similar clean-up of commission language will be done as part of Regulatory Improvement Code Amendment Package (RICAP) 8.

#### **Mixed Use Zoning Project**

Barry Manning (BPS) distributed and reviewed the handout **Mixed Use Zones Project Discussion Draft Summary** and gave an update on the project's work and status. The project is designed to respond to Comprehensive (Comp) Plan policies and input from neighborhoods. The handout is also available at: <http://www.portlandoregon.gov/bps/article/547815>. The full project document is available at: <http://www.portlandoregon.gov/bps/article/546850>.

DRAC members and City staff discussed Floor Area Ratio (FAR) transfers and other specific project items.

BPS is taking comments on the Discussion Draft through November 16<sup>th</sup>. Proposed code amendments will then be presented to the Planning & Sustainability Commission around the New Year, and a public hearing will take place in February 2016. The City Council will consider the proposed changes sometime in Spring 2016, with an effective date one year later.

DRAC Member Hermann Colas said that the advent of these kinds of buildings along with climate concerns will lead to more electric vehicles, which will need parking. He asked whether BPS is planning for the parking of electric vehicles, and whether parks and other amenities are being provided for all the new multi-family units. Mr. Manning said that this project does not address electric vehicles, but they are making changes in allowances for commercial parking. There is no parks plan associated with this project, but they are requiring on-site open areas for residential units (48 s.f. per unit).

Mr. Kopca said that he appreciates the idea of expanding the design review zone, but the dilemma is the wait to go before the Design Commission. Expanding the zone will add more work to the Commission and increase the backlog, placing more pressure on developers who need predictable timelines and impacting development.

Mr. Scarlett said that BDS is meeting with the Design Commission Chair in the next week or so to discuss this issue. Ms. Wood said that BPS is hearing this concern from several sources, and want to find out what the specific issues are so they can address them. Mr. Kopca said that the Commission continues to work at finer and finer levels, and that can't be sustained if even more projects are added to their workload.

Jill Grenda (BDS) said that probably 95% of permitting outside the Central City uses community design standards, rather than going through the Design Commission. BDS has been advocating for a fix to community standards for residential development in commercial zones, as they don't work well. In the Central City, developers have to go through design review. Mr. Manning said that their intent would be to do staff-level reviews, rather than public hearings with the Design Commission.

They are scheduled to talk with the Design Commission again in early November.

### **Commissioner Saltzman**

Ms. Kincaid welcomed City Commissioner Dan Saltzman and asked him to share his priorities for the DRAC and his observations on the proposed Demolition Tax. Commissioner Saltzman expressed appreciation for the work of DRAC members and the importance of the DRAC's input on development issues.

Regarding the previous discussion, Commissioner Saltzman said that one of the most consistent complaints he has heard is about the design review process. Everyone values the process, but the current backlog is making it ineffective. He wants to fill the last vacant position on the Design Commission and wants to look at the possibility of creating a second Commission.

He said that ITAP is his #1 priority regarding BDS. He is also aware of concerns with BDS reserves and the continuing vacant positions, and he and BDS will look at using the reserves to make adjustments to fees.

He mentioned incentive zoning for affordable housing – proposing to limit existing development bonuses and using them to fund a significant bonus for developing affordable housing. This is working its way to the City Council through the Comp Plan process.

The Commissioner asked for the DRAC's advice on a proposed affordable housing impact fee, and he distributed the handout **Affordable Housing Impact Fee Proposal**. On October 28<sup>th</sup> he will be asking the Council to fund a study.

The City Council had a 3-hour hearing on the Mayor's Demolition Tax proposal yesterday (Oct. 14<sup>th</sup>). The Mayor seems to be slowing down the process to allow more input, and the Commissioner doesn't think the tax will be adopted for at least the next month or so. He said he appreciates the DRAC's concerns about being shut out of the process.

### Questions

Mr. Colas asked if there would be consideration to make it easier to develop affordable housing, such as an accelerated review process. Commissioner Saltzman said this is something BDS has deliberated on for a variety of circumstances. He said he is open to considering fast-tracking the permit process for affordable housing, but he wants the DRAC's input.

Mr. Kopca suggested that the Commissioner consider establishing more than one design review commission/process. He said that the Demolition Tax is a form of income redistribution that will increase the cost of development, making housing less affordable. Commissioner Saltzman observed that the city is witnessing the largest multi-family residential development boom in its history, and he is chagrined that so little of it is affordable.

Mr. Kopca said that for larger facilities, the bonuses for bike parking and amenities do work and are needed. If those bonuses are reduced, bike use will be impacted. Commissioner Saltzman said that there are currently 18 different bonuses, and he suggested that the City should get rid of ones that are less necessary and use the money to incentivize affordable housing, which is a higher need. Mr. Kopca suggested that the Commissioner consider sunsetting such a change.

Mr. Damiano said that he supports affordable housing and mass transit goals. He sits on multiple City committees, and he is frustrated that they are filled with single-interest activists who push for policies that make housing less affordable.

DRAC Member Dana Krawczuk said that the focus tends to be on the status of median family income (MFI), but part of the equation is that wages are stagnant. The solution has to include addressing the need for good-paying jobs. She also observed that Commissioner Fritz previously issued memos that BDS needed to "raise the bar" in regards to discretionary review standards, and asked whether that is Commissioner Saltzman's current policy. The Commissioner said that is not his policy.

Ms. Kincaid said that the DRAC is concerned with the cumulative impact of increases in development fees and wants to move this issue forward with the City Council. Other stakeholders should be involved as well. Commissioner Saltzman replied that the Mayor has made a commitment to convene a group to look at cumulative impact of fees, but the group hasn't yet materialized.

Mr. Kopca said that if the DRAC decides to look at fees, it would need to set aside some other issues for a period of months. Ms. Kincaid suggested that the work could be done by a subcommittee, rather than the full DRAC. After discussion, there was agreement amongst DRAC members to create a subcommittee to look at overall development fees. There was acknowledgement that the subcommittee will need a staff commitment from BDS and the other development bureaus.

### **Transportation System Plan Amendments**

Peter Hurley (BPS) gave a presentation on draft amendments to the Transportation Systems Plan. He distributed the handout **Transportation System Plan Update**. The Plan is being implemented in three stages in alignment with the Comp Plan; his presentation focused on Stage 2. The public comment period for the Discussion Draft ends on November 13<sup>th</sup>, and BPS intends to release proposed draft code changes by the end of December.

Ms. Wood clarified that this is the one visit to the DRAC for this project; there will be additional opportunities for involvement and input in the future.

### **Noise Task Force Update**

Claire Adamsick (Commissioner Fritz's Office) reviewed the handout **Noise Task Force Memo to DRAC 10/13/15** and gave a brief update on the work of the Noise Task Force. She plans to return to the DRAC in November with more information. The handout outlines concerns the Task Force has been addressing; they are not recommendations.

DRAC members discussed the reasons for the creation of the task force. Noise Control Officer Paul van Orden said the Task Force is looking at changes to EX zoning; there are issues regarding noise variances, including notification, appeals and construction work prior to 7:00 a.m.

**Next DRAC Meeting:**  
**Thursday, November 19, 2015**  
Minutes prepared by Mark Feters, BDS