



City of
PORTLAND, OREGON

Development Review Advisory Committee

Development Review Advisory Committee
Meeting Minutes
Thursday, March 17, 2016

Attendees:

DRAC Members Present:

Claire Carder	Hermann Colas	Michael Harrison
Rob Humphrey	Maryhelen Kincaid	Christopher Kopca
Dana Krawczuk	Kirk Olsen	Justin Wood

City Staff Present:

Ross Caron, BDS	Ariana Denney, BDS	Cindy Dietz, Water
Rebecca Esau, BDS	Matt Grum, Comm. Saltzman's Office	
Elshad Hajiyev, BDS	Rachel Hoy, BPS	Sarah Huggins, Parks
Kurt Krueger, PBOT	Phil Nameny, BPS	Mitch Nickolds, BDS
Andy Peterson, BDS	Elisabeth Reese-Cardigan, BES	
Deborah Sievert Morris, BDS	Sara Wright, BPS	

Guests Present:

Steve Elder, UNR
Jeff Fish, Fish Construction

DRAC Members Absent:

Maxine Fitzpatrick	David Humber	Jennifer Marsicek
Mitch Powell	Joe Schneider	

Handouts

- Draft DRAC Meeting Minutes 2/18/2016
- Inter-Bureau Code Change Project List
- Non-Cumulative Cost Recovery Report
- BDS Major Workload Parameters
- Differences Between Type IIX & Type III Land Use Reviews
- BDS News/Customer Notification ADU SDC Waiver Expiration
- Parks Residential Park SDC fees (2 pages)
- Central City 2035 Discussion Draft
- 2035 Comp Plan Community Involvement Program

Convene Meeting

DRAC Chair Maryhelen Kincaid convened the meeting and welcomed DRAC members and guests. DRAC members reviewed and approved minutes from the February 18, 2016 DRAC meeting.

Director's Report

BDS Sr. Business Operations Manager Deborah Sievert Morris referenced the handouts **Non-Cumulative Cost Recovery Report** and **BDS Major Workload Parameters**.

BDS FY 2016-17 Requested Budget and 2016 Spring Budget Monitoring Process (BMP) Request

Ms. Sievert Morris discussed the bureau's recent FY 2016-17 Requested Budget and 2016 Spring Budget Monitoring Process (BMP) request. BDS requested 5.0 General Fund-supported positions in its FY 2016-17 Requested Budget. The bureau is requesting 23.5 additional fee-supported positions in the 2016 Spring BMP due to continuing service lags and a desire to focus more attention on outreach. 18.5 of these positions are new, while 5 are conversions of limited-term positions into permanent. The positions will also support the creation of a Public Information & Enforcement Division, combining the bureau's public information and enforcement programs. The bureau's re-organization with the new division will address span of control issues while increasing efficiency.

BDS Finance Manager Elshad Hajiyev added that the City Budget Office (CBO) recommended that the City Council not approve BDS' request for 5 positions funded by the General Fund, and it is unlikely that funding will be approved for the positions. Ms. Kincaid noted that the BDS Budget Advisory Committee (BAC) recently voted to send a letter in support of BDS's General Fund requests. DRAC Member Christopher Kopca asked for further information, and Mr. Hajiyev explained that the CBO supports BDS's programs, but does not support funding them from the General Fund. Mr. Kopca said it would be difficult to endorse BDS's budget proposal without understanding and weighing all of the City proposals CBO is considering.

DRAC Member Claire Carder asked about the justification for funding those positions through the General Fund. Mr. Hajiyev responded that the positions would support two BDS Neighborhood Inspections programs that support underrepresented populations and provide general community benefit: the Extremely Distressed Properties Enforcement Program and the Enhanced Rental Inspection Program. DRAC Member Michael Harrison added that it is a core function of municipalities to address distressed properties, and it is important to ensure adequate funding is obtained.

Mr. Hajiyev said that the CBO further recommended permanently transferring existing General Fund support from BDS's Land Use Services program to Neighborhood Inspections, resulting in a \$1.1 million loss in land use revenue per year that would probably need to be offset by fee increases.

DRAC Member Justin Wood asked whether land use fees are already calculated at the full cost of delivering services. BDS Land Use Services Manager Rebecca Esau responded that General Fund revenue is factored into the fee structure. Mr. Wood advocated for General Fund support for BDS services because they are for the public good. Matt Grumm (Commissioner Saltzman's Office) said that Commissioner Saltzman is also in support of General Fund revenues for BDS positions in these programs.

After discussion, DRAC members agreed to review the BDS BAC letter and determine whether to add the DRAC's endorsement.

Tree Code Amendments

Ms. Esau said that the proposed amendments to the Citywide Tree Code went to City Council on March 16th and will be returning to Council for testimony and a vote on March 30th. It has not yet been decided whether the amendments would go into effect immediately or after 30 days.

Affordable Housing – New Land Use Process

Ms. Esau reviewed the handout **Differences Between Type IIX & Type III Land Use Reviews**. As a result of the housing emergency declaration by City Council, the Council adopted an ordinance on March 9th for affordable housing projects using Housing Bureau programs. The ordinance streamlines the required land use review process in order to expedite the development of affordable housing. There will likely be 2 to 6 projects this year affected by the ordinance.

Mr. Harrison asked if a Type IIX land use case were appealed to the Design Commission, could it then be appealed to the City Council. Ms. Esau replied that the appeal would go to the State Land Use Board of Appeals (LUBA). Mr. Kopca asked about the rationale of the change, mentioning the importance of all being held to the same criteria, and suggested that DRAC monitor projects, because it is a change in processing and that projects may be approved without meeting design standards. Ms. Esau replied that this issue was raised before the City Council, and BDS will be holding all projects to the same standards. Mr. Harrison said he believes there are challenges with the current design review process, and it would be worthwhile for the DRAC to be involved in revisiting design review.

Ms. Esau said the resolution was a separate item. The City Council directed BPS to work with the Housing Bureau to develop code amendments for land use reviews and permits, which will go to the Council on December 1, 2016. BDS and BPS are currently partnering on the Design Overlay Zone Assessment (DOZA) project, and understand that there are issues with Design Review process, which BDS is supporting BPS in rewriting. A consultant will be visiting the DRAC to collect input as they form their recommendations to review the design process within the next month and a half.

Phil Nameny (BPS) said they are in the process of selecting a consultant to bring on board in May that will conduct a series of interviews and surveys with stakeholders. Sessions with the Historic Design Commission and the City Council are planned for the end of the year.

DRAC Member Dana Krawczuk asked whether DOZA would be backward- or forward-looking. Mr. Nameny responded that the review will look at how things have worked in the past, and how regulations can be streamlined to develop recommendations. DRAC Member Kirk Olsen asked whether the scope of the consultant's services will be available to review. The BPS staff replied that details should be added to the website in the near future. BPS said he would keep the DRAC informed of progress.

Ms. Esau stated that the Housing Bureau has 6-12 projects this year, and City Council has asked that BDS and all interagency partners prioritize in the permitting and land use review processes.

DRAC Member Rob Humphrey noted the importance of making improvements in simplifying regulations and removing regulatory obstacles in all permitting and land use processes. DRAC Member Herman Colas said disagreement among neighborhood stakeholders over affordable housing projects can result in delays and cost increases. Mr. Harrison noted that while the value of the Design Commission is important, the process takes too long, and a lot of issues enter into the discussion that do not fall under the Commission's purview.

DRAC Subcommittee Updates

Fees & Regulations

Subcommittee members decided to review bureau permit fees rather than Systems Development Charges (SDCs).

Mr. Krueger discussed the Local Transportation Infrastructure Charge (LTIC) and asked for DRAC support for the proposal. Mr. Wood said there is support from the building community. Ms. Kincaid said that she has a little concern regarding how the money is spent. She recommended that the money stay in the neighborhood coalition or geographic area where it's collected, so streets could be improved in that area. Mr. Krueger said that they are looking at developing a separate fee for SW Portland, and they'll come back to the DRAC to let them know what the fee increase will be when it's proposed.

DRAC members voted to approve the motion to support the LTIC.

Development Bureau Fee Updates

Cindy Dietz (Water) discussed the process behind determining changes to Water Bureau SDC fees. Water Bureau staff will begin looking at SDCs over the next few months, but do not expect increases above inflation.

BES Business Services Manager Jonas Biery provided an overview of the process behind calculating BES's SDC fees. Historically, BES SDC fee increases have been in the 5-10% range, but they are anticipated to be above 7% or 8% this year.

Mr. Krueger said that PBOT permit fees are anticipated to increase within their customary 5-8% range based on staff increases. PBOT SDCs are not expected to increase; however, they are beginning an overhaul of their SDC program this year.

Sarah Huggins (Parks) reviewed two handouts for **Residential Park SDC fees**, and discussed Parks' new methodology and process for calculating their SDC fees. Ms. Huggins explained that the change in fees is no longer an indexed fee.

Accessory Dwelling Units – SDC Waivers

Andy Peterson (BDS) reviewed the handout **BDS News/Customer Notification ADU SDC Waiver Expiration**, and discussed the current SDC waiver for ADUs scheduled to expire on July 31, 2016. There is discussion in City Hall as to whether the waiver program should be continued. The waiver was initially intended to provide an incentive to build in the post-recessionary market by removing a potential cost barrier.

Mr. Peterson asked how DRAC members felt about the continuation or expiration of the waiver program. Mr. Wood said that he has heard from residents fearful that adding SDC costs would be a deterrent for development, and believes the waiver should be extended to support infill growth. Mr. Harrison said that because ADU inhabitants use City services, he would support a reduced SDC charge, but not a continuation of the waiver. Mr. Kopca agreed, and added that SDC charges may need to be further divided to create a new category for ADUs.

Ms. Kincaid said it can be difficult to determine how ADUs are actually being used, whether for family or commercial business purposes. She had heard that many ADUs are being converted into Air B&Bs. DRAC Member Rob Humphrey asked whether it is possible to track how ADUs are being used. Mr. Peterson replied that there is currently no tracking mechanism in place. BPS is planning to perform another assessment on short term rental regulations to present to the City Council this fall, and can report to the DRAC on that as well. Mr. Krueger suggested phasing SDC fees in over 2 to 3 years to allow people time to adjust. Mr. Harrison agreed with this approach.

Mr. Peterson said that customers would appreciate certainty and advanced notice as to the timing and decision of whether the waiver will be extended. The decision will ultimately fall to the City Council. Ms. Kincaid and Ms. Carder plan to draft a letter to the City Council based on feedback from other Committee members.

Central City Plan

Rachel Hoy (BPS) reviewed the handout **Central City 2035**, which describes the update to the 1988 Central City Plan. BPS will release a draft plan in February 2017, hold a public comment period, and hold hearings in June 2017. One of the biggest proposed changes updates the bonus and transfer options that allow more FAR (Floor Area Ratio) and establish firm height limits.

Ms. Krawczuk asked about people with FAR earned and unused that have the expectation of being able to transfer it elsewhere, and how that would be allowed for by the new Code. Ms. Hoy replied that if a transfer has occurred, the proposal is that for 2 years the FAR can be used before the prioritization of affordable housing or historic preservation they are proposing. DRAC members and City staff spent time discussing FAR.

It was asked how the Central City Plan relates to the City's Comprehensive Plan with respect to the timing? Ms. Hoy said that the Central City Plan is the first amendment to the Comprehensive Plan. BPS hopes that the Central City Plan will be adopted by the City Council at end of this year, but it will not go into effect until the Comprehensive Plan is adopted in late 2017 or early 2018.

Community Involvement Program

Sarah Wright (BPS) discussed her work on the early implementation of Chapter 2 of the Comp Plan and Community Involvement Program, and shared the handout **Community Involvement Program**. She discussed the Program's four parts, including a new Community Involvement Committee required by the state.

Ms. Kincaid noted that there seemed to be overlap between the new committee and the DRAC, Design Review, and Adjustment committees, and asked how the new committee would relate. Ms. Wright replied that the new committee is required by the state to be an independent body focused on community involvement, and will develop recommendations for improving those efforts.

Pulse of the Industry

Mr. Wood shared his professional experience and provided an overview of the Portland Home Builders Association. He discussed infill development challenges for the single family construction industry. Additional costs placed on single family development have made it more challenging to build affordable homes. The additional costs necessitate the building of larger homes that can be sold at a higher expense to makeup the costs. The market has become difficult for median home buyers and renters.

Upcoming City Council Items of Interest

Ms. Kincaid noted that many items will be brought before the City Council in late March, as discussed during the meeting.

She also noted the following action items:

- DRAC will circulate a letter on whether the committee supports the BAC letter to City Council regarding use of the General Fund to support BDS positions.
- DRAC will send a letter of support for the Local Transportation Infrastructure Charge.
- Ms. Kincaid and Ms. Carder will meet to draft a letter to regarding the DRAC's position on the extension of SDC waivers.
- A separate meeting may be needed to address design review and code changes.
- DRAC plans to hear from Ms. Esau regarding tree code amendments after the City Council meetings.