



City of
PORTLAND, OREGON

Development Review Advisory Committee

Development Review Advisory Committee
Meeting Minutes
Thursday, September 15, 2016

DRAC Members Present:

Jeff Bachrach	Claire Carder	Michael Harrison
David Humber	Rob Humphrey	Maryhelen Kincaid
Christopher Kopca	Dana Krawczuk	Jennifer Marsicek
Kirk Olsen	Mitch Powell	

City Staff Present:

Tom Armstrong, BPS	Tyler Bump, BPS	Fred Deis, BDS
Cindy Dietz, Water	Rebecca Esau, BDS	Mark Feters, BDS
Matt Grumm, Comm. Saltzman's Office		Elshad Hajiyev, BDS
Kathryn Hartinger, BPS	Sarah Huggins, Parks	Kurt Krueger, PBOT
Phil Nameny, BPS	Mitch Nickolds, BDS	Kareen Perkins, BDS
Dora Perry, BDS	Andy Peterson, BDS	
Elisabeth Reese-Cadigan, BES	Paul Scarlett, BDS	
Deborah Sievert Morris, BDS	Brandon Spencer-Hartle, BPS	Nancy Thorington, BDS
Matt Tschabold, BPS	Christopher Weir, PBOT	

Guests Present:

James Adkins, HBA	Margaret Davis, UNR/Roseway Neighborhood Assoc.
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DRAC Members Absent:

Hermann Colas	Maxine Fitzpatrick	Justin Wood
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Handouts

- Draft DRAC Meeting Minutes 6/16/16
- Draft DRAC Meeting Minutes 8/18/16
- Inter-Bureau Code Change List
- Non-Cumulative Cost Recovery Report
- BDS Major Workload Parameters
- BDS Position Requests 2016 Fall BMP
- BDS FY 2017-18 Budget Preparation Process
- Restrictions on Political Activity
- Draft Service Levels Subcommittee Notes
- 9/7/16
- Draft Fees Subcommittee Notes 9/9/16
- Historic Resource Inventory & Demo Delay Policy
- RICAP 8
- DOZA Project Overview August 2016
- Inclusionary Housing Program Recommendation
- Upcoming Council Agenda Items

Convene Meeting

DRAC Chair Maryhelen Kincaid convened the meeting and welcomed DRAC members, City staff, and guests.

Ms. Kincaid introduced and welcomed new DRAC Member Jeff Bachrach, representing the Planning & Sustainability Commission. Mr. Bachrach is an attorney focusing on real estate development and land use development work.

DRAC members reviewed and approved minutes from the June 16, 2016 and August 18, 2016 DRAC meetings.

Director's Report

BDS Director Paul Scarlett reviewed the handouts **Non-Cumulative Cost Recovery Report** and **BDS Major Workload Parameters** and discussed the continued growth in the bureau's workload and revenues. BDS has filled 42 positions since May 2016, though a number of vacant positions remain and are in the process of being filled.

BDS Service Level Update

Service level gaps are shrinking as positions are being filled. Pre-issuance check timelines have gone from 3 weeks to just under 2 weeks. BDS has also been contracting out for temporary help, and Mr. Scarlett expressed thanks for the labor unions' support for contracting services as a way to help with workload. The bureau is generally meeting its 24-hour turnaround goal for inspections. Over the next couple months, there should be marked improvement in all service areas.

DRAC Member Christopher Kopca said he was surprised at the revenue drop in August, given the rush to develop ahead of new regulations (inclusionary zoning). Andy Peterson (BDS) said the August drop was an impact of the Construction Excise Tax that went into effect August 1, 2016. Activity and revenues in July were higher as customers tried to get ahead of the new tax.

Mr. Kopca said he appreciates BDS's efforts to staff up, but he cautioned the bureau to keep an eye on the economy. He said he believes that we've seen the peak of growth.

BDS Budget Process / Budget Advisory Committee

Mr. Scarlett noted that the DRAC has been very supportive of BDS adding positions over the last few years. The DRAC has also supported BDS using the City's mid-year Budget Monitoring Process (BMP) to add those positions more quickly. He referenced the handout **BDS Position Requests 2016 Fall BMP**. In the 2016 Fall BMP, BDS will be adding 12 full-time positions and converting 4 existing limited-term positions to permanent. This will take the bureau to 385 positions, the highest number in BDS's history. This growth is a reflection of not only the volume of work but also the complexity of construction. Commissioner Saltzman is supportive of adding the positions.

Mr. Scarlett then referenced the handout **BDS FY 2017-18 Budget Preparation Process**. BDS's fiscal year (FY) 2017-18 budget will focus on efficiencies and process improvements rather than adding positions. As usual, there will be opportunities for input from the DRAC, BDS employees, and stakeholders. The bureau's Budget Advisory Committee (BAC) will begin meeting in November 2016; BDS would like to have 1-2 DRAC members participate on the BAC. Mr. Scarlett said he is particularly interested in having large projects represented on the BAC – large projects make up the bulk of BDS's revenues, but have not always been well-represented on the BAC. Mark Feters (BDS) said that BAC meetings are scheduled for:

- Tuesday, November 29, 2016, 12:00 p.m. – 1:30 p.m., Room 2500A
- Tuesday, December 20, 2016, 11:30 a.m. – 1:00 p.m., Room 2500A
- Wednesday, January 18, 2017, 12:00 p.m. – 1:30 p.m., Room 2500A

DRAC members were encouraged to contact Mr. Feters if they were interested in joining the BAC.

Elshad Hajiyev then discussed the BDS Financial Advisory Committee, which reviews BDS's financial projections and 5-Year Financial Plan. He asked DRAC members to contact him if they wanted to participate on the Committee.

Election Laws

Mr. Feters reviewed the handout **Restrictions on Political Activity** and discussed its relevance to DRAC members. He emphasized that the restrictions apply only when individuals are acting in their official capacity as DRAC members.

DRAC Subcommittee Updates

Service Levels Subcommittee

DRAC Member Rob Humphrey referenced the handout **Draft Service Levels Subcommittee Notes 9/7/16** and gave an update on the subcommittee's work.

Mr. Humphrey expressed uncertainty over the likelihood of significant service level improvements over the next couple months because of the difficulties the other infrastructure bureaus (PBOT, BES, Water, etc.) face in adding staff positions. He said that it was good for the subcommittee to hear from the other bureaus and understand their staffing struggles and the impact on the overall development review process.

The Subcommittee discussed the need to get the staffing issue before City Council – the need to be able to add staff to all the development bureaus and the value of development to Portland and to City revenues. Mr. Scarlett noted that Subcommittee members and City staff discussed the possibility of coordinating development review-related budget requests from the various development bureaus, rather than each bureau submitting its request in a vacuum.

Mr. Humphrey advocated the publishing of timeline/service related data from all the bureaus, so the DRAC can better support the effort to improve hiring and make staff additions easier. The Subcommittee also talked about being more forward-looking at what development is coming down the road, and setting up a more formal process for industry representatives to report on what is coming up.

Fees & Regulations Subcommittee

The Fees & Regulations Subcommittee had its second meeting last week. The development bureaus set fees differently, so the various bureaus are presenting on how they structure their fees and SDCs. Parks and Water Bureau presented at last week's meeting, and PBOT and BES will present at the next meeting.

Historic Resource Inventory & Demolition Delay Policy

Nancy Thorington (BDS) and Andy Peterson (BDS) reviewed the handout **Historic Resource Inventory & Demo Delay Policy** and provided background information and a status update. The policy was changed in order to align with State law, and was implemented on September 1, 2016. The delay applies to permits for demolition or modification of ranked properties that are removed from the Historic Resource Inventory (HRI).

Brandon Spencer-Hartle (BPS) said that Portland Maps shows properties on the HRI and whether they are ranked. They are going through the HRI and double-checking the accuracy of the data; they should be done by November. The review will not result in properties being added or removed from the list. He described the rankings and their meanings. Since the HRI was completed in 1984, the ranking numbers may not still be relevant.

DRAC Member Kirk Olsen said that it would be good to have a link to the HRI from Portland Maps.

DRAC Member Dana Krawczuk referenced a case in Lake Oswego where the court held that only the property owner at the time of historic designation could request its removal from the list. Ms. Thorington replied that the City Attorney said Portland won't be applying that restriction, only the building code. Any owner can request removal from the list.

Mr. Kopca encouraged the City to notify current owners of properties on the list so they know what's happening. Many owners probably don't even know they're on the list. Mr. Spencer-Hartle said there are about 2,700 ranked properties and 1,000 unranked properties on the list. Mr. Scarlett said that BDS published a service level update about this, but did not send notice directly to property owners. Ms. Kincaid said that she and DRAC Member Claire Carder can talk with the neighborhood coalitions. BDS Inspections Manager Mitch Nickolds said the information should include expectations about what the City can and can't do; if the work doesn't require a permit, the City can't stop it.

RICAP 8

Kathryn Hartinger (BPS) distributed and reviewed the handout **RICAP 8**. She is new manager for the program. The handout includes items that have been added by staff since the plan was approved by the Planning & Sustainability Commission. There are 49 items in RICAP 8 – 33 related to the Zoning Code and 16 related to the Tree Code. The public comment period ends on October 14, 2016.

Fred Deis (BDS) referenced item #39 (Tree Plan Requirements) and asked why an arborist report will be required. Ms. Hartinger said it is required in order to show where dead/dying trees are located, so they can't be counted toward the required trees on site.

DRAC Member Mitch Powell said the Tree Code is embarrassing and causes delays to projects. He would like to see statistics on how many trees have actually been damaged during development; he feels that City staff is spending a lot of time and money and requiring developers to spend money on a problem that doesn't exist. Mr. Bachrach said that the fact that RICAP 8 has several items related to trees is a recognition that the Tree Code needs continuing attention and work. He encouraged Mr. Powell to express his concerns to the Planning & Sustainability Commission when they consider RICAP 8 in December 2016.

Design Overlay Zone Assessment

Phil Nameny (BPS) reviewed the handout ***DOZA Project Overview August 2016*** and gave an update on the project. Staff hope to have a report put together later this year. The consultant is partway through their work and will present their observations to the Design Commission on September 22, 2016. They will work on implementation in 2017. The scope is focused on the design review process.

DRAC Member Michael Harrison said that OHSU had wanted an opportunity to talk with the consultant. Mr. Nameny said they did talk with developers, some of whom have done work at OHSU. He said he will notify the consultant and see if they can follow up with OHSU.

Mr. Kopca asked whether the project will address the creation of an additional design group beyond the Design Commission, since they can't handle any more workload. Mr. Nameny said they are anticipating recommendations on thresholds for deciding when staff review is required as opposed to a Design Commission hearing or other process, as well as discussion of the possibility of having two Design Commissions. The consultants are looking at practices in other cities as well.

Inclusionary Housing

Tom Armstrong (BPS), Tyler Bump (BPS), and Matt Tschabold (Housing Bureau) distributed and reviewed the handout ***Inclusionary Housing Program Recommendation*** and gave an update on inclusionary housing proposals.

Two proposals are going forward: amendments to the Zoning Code and to Title 30 (Housing Code). The handout provides the project timeline, with the City Council hearing and vote scheduled for December 2016. If this schedule is maintained, the changes will go into effect February 1, 2017. Mr. Bump said the timeline is quick, and they are working closely with the Housing Bureau and BDS regarding project impacts on staff workloads. They are also continuing to communicate with stakeholders.

Ms. Krawczuk asked whether the current Floor Area Ratios (FAR) menu will remain. Mr. Bump replied that they are working on this. Either the menu will be left or an alternative will be provided.

Mr. Olsen asked what will happen with projects that will be in process at the time the changes go into effect. BDS Land Use Manager Rebecca Esau said a handout will be provided that addresses this issue.

Mr. Kopca asked whether BPS has gotten feedback on the proposal from its expert panel. Mr. Tschabold said they have received some. The panel has met monthly since April 2016, working on development prototypes. Some concerns were expressed. The panel will continue meeting through December 2016. Mr. Kopca replied that the panel expressed a lot of surprise to this proposal, and he questioned whether there will be enough time to work through their issues. Mr. Tschabold said that Commissioner Saltzman told the panel that he didn't expect them to all agree, and that they didn't have final approval authority over the proposal. Panel members seemed less comfortable with the numbers when they were looking at an actual proposal as opposed to numerous options. There are issues that need to be addressed, and there will be sufficient time.

Ms. Kincaid said that she is concerned about the impacts of proposal – costs, staff time (BPS, Housing Bureau, BDS), community impacts, SDC fee waivers (less money for capital improvements), and the short timeline for people to digest and understand the information. Ms. Krawczuk said there will definitely be a surge in applications before the effective date, then development will stall and prices will go up. She said eventually the system will recalibrate and adjust to the new reality.

Mr. Tschabold noted that inclusionary housing isn't new in the US. Multiple studies of successful implementations have not shown increased housing costs or negative impacts on housing development. Mr. Kopca replied that the regulations will make it more expensive just to get through the process. Those higher costs will raise the price of other projects, impacting more people. Mr. Tschabold replied that it depends on the specific project; not every scenario will have higher costs. They have tried to calibrate the program to offset potential increased costs.

Other

The DRAC meeting ended early due to a building evacuation drill, cutting short the discussion on inclusionary housing.

The next DRAC meeting is scheduled for Thursday, October 20, 2016.
Minutes prepared by Mark Feters (BDS)