



City of  
**PORTLAND, OREGON**

Development Review Advisory Committee

**Development Review Advisory Committee**  
**Meeting Minutes**  
**Thursday, March 16, 2017**

**DRAC Members Present:**

Jeff Bachrach  
Michael Harrison  
Christopher Kopca

Hermann Colas  
Rob Humphrey  
Jennifer Marsicek

Maxine Fitzpatrick  
Maryhelen Kincaid  
Justin Wood

**City Staff Present:**

Ross Caron, BDS  
Rick Faber, Forestry  
Sarah Huggins, Parks  
Mitch Nickolds, BDS  
Elisabeth Reese Cadigan, BES

Fred Deis, BDS  
Mark Feters, BDS  
Kurt Krueger, PBOT  
Dora Perry, BDS  
Deborah Sievert Morris, BDS

Cindy Dietz, Water  
Elshad Hajjiyev, BDS  
Tim Morris, BDS  
Andy Peterson, BDS  
Jody Yates, PBOT

**Guests Present:**

Nick Daniken, Builder

**DRAC Members Absent:**

Claire Carder  
Kirk Olsen

David Humber  
Mitch Powell

Dana Krawczuk  
Joe Schneider

**Handouts**

- Draft DRAC Meeting Minutes 02/16/17
- Inter-Bureau Code Change List
- Non-Cumulative Cost Recovery Report
- BDS Major Workload Parameters
- IVR Inspection Request Limitations
- Draft BDS FY 2016-17 Spring BuMP Requested Positions & Service Levels
- Residential Permit Night
- Residential Permit Night Press Release
- Parks SDC Fee Adjustments July 2017
- GATR Session Overview
- Development Permit Fees Memo from Mayor Wheeler
- Upcoming City Council Agenda Items

## Convene Meeting

DRAC Chair Maryhelen Kincaid convened the meeting and welcomed DRAC members, City staff, and guests. A quorum was not yet present, so minutes from the February 16, 2017 DRAC meeting were not reviewed.

## Director's Report

### Inspection Request Limitations

Tim Morris (BDS) reviewed the handout **IVR Inspection Request Limitations** and described an upcoming service change that will guarantee the scheduling of residential and commercial inspections by limiting inspection requests through BDS's Interactive Voice Response (IVR) system. This change will negate the need to rollover inspections to the next day, providing more predictability for applicants and homeowners. Requestors will know for certain whether their inspection will take place the next day, or the day after. The system will allow inspections to be scheduled up to 5 days in advance. The inspection cutoff number can be changed on relatively short notice to account for staff absences.

Justin Wood (DRAC) asked what will happen if an applicant calls for multiple inspections on a single permit and hits the inspection cutoff partway through. Morris said it is unclear at this point, but they will research it. Wood asked if BDS has looked into using video inspections (applicants submitting video evidence in lieu of an on-site inspection). Morris said the bureau used video and photo inspections during some of the inclement weather events in December and January, and will explore further use.

Hermann Colas (DRAC) asked whether the inspection limitation will result in applicants trying to schedule inspections a few days ahead of time in order to make sure they get the day they want – even though they may not be ready for the inspection. Morris replied that if a job isn't ready, it will result in a delay of a few days to get a reinspection.

Rob Humphrey (DRAC) asked if BDS was aware of a similar inspection limitation system being used in other jurisdictions. Morris said they found similar systems in use in the cities of Santa Fe and Vancouver.

BDS anticipates implementing inspection limitations in about a month.

BDS Director Paul Scarlett added that the system is designed to help with the much larger volume of inspection requests BDS is receiving and to address customers' frustration with rollover inspections.

Colas suggested the bureau consider changing its 24-hour inspection window to 48 hours as an alternative way to address the problem.

Kincaid asked how the relative complexity of different inspections will be addressed. Morris said that the cutoff numbers factor in more complex inspections, and they will be sufficient. Kincaid asked how customers will be notified. Morris said a service level update will be published on the BDS website. Wood suggested also putting a message on the IVR system ahead of implementation.

Humphrey asked what percentage of job sites aren't ready for inspections that applicants have scheduled; Morris estimated around 20%. Morris said that more customers schedule inspections assuming that they'll be rolled over, and then they aren't ready. Humphrey asked if an analysis of the numbers has been done to ensure that the inspection limitation will make things better. Morris said the bureau will roll out the change and then make adjustments as needed; the priority is providing predictability to customers by preventing rollovers.

Budget Update / 2017 Spring Budget Monitoring Process (BMP)

Scarlett reviewed the handout **Draft BDS FY 2016-17 Spring BMP Requested Positions & Service Levels** and described the bureau's plans to request up to 24 additional fee-supported positions through the City's 2017 Spring Budget Monitoring Process (BMP). Using the Spring BMP allows BDS to begin filling the positions in May 2017; if BDS had used the annual budget process, the positions wouldn't be available until July 2017. This plan has the support of City Commissioner Eudaly.

BDS currently has about 44 vacant positions. Once those positions plus the additional 24 positions are filled, the bureau will have about 410 staff positions in total. BDS had about 360 positions prior to the last recession.

Scarlett referenced the handouts **Non-Cumulative Cost Recovery Report** and **BDS Major Workload Parameters** for information on BDS's current workload and financial status.

Christopher Kopca (DRAC) questioned whether the workload growth shown in the handout justifies the additional staff positions. Scarlett said that adding these positions and filling vacant positions will reduce the BDS reserve balance and will help improve a variety of bureau services that aren't currently meeting service level goals.

Deborah Sievert Morris (BDS) noted that it takes 14 weeks on average to hire a new employee, and that the bureau has been filling 5-10 positions each month.

Elshad Hajiyev (BDS Finance Manager) said that the bureau expects revenues to go down slightly and expenditures to increase in FY 2017-18, but cost recovery should be around 100%.

Humphrey suggested adding information to the BMP handout regarding the numbers of existing staff positions, and asked whether the bureau considers the number of positions being added to be aggressive. Scarlett replied that the number of positions is reasonable. The bureau wants to make sure that positions can be supported over the long term so staff cuts can be avoided in the future. Humphrey asked whether BDS has to fill all the positions once they're approved. Scarlett replied that positions can be left vacant, but the bureau does a lot of work upfront to make sure that all requested positions can be supported financially.

Fred Deis Retirement

Scarlett noted that BDS Facility Permit Program/Field Issuance Remodel (FPP/FIR) Manager Fred Deis is retiring. A new manager has been selected. Various DRAC members recognized the effectiveness of FPP/FIR and thanked Deis for his service.

## **Meeting Minutes**

A quorum was present at this time, so DRAC members reviewed and approved minutes from the February 16, 2017 DRAC meeting with one correction: Claire Carder (DRAC) had been marked as absent, but was actually present at the meeting.

## **Residential Permit Night**

Andy Peterson (BDS) reviewed the handouts **Residential Permit Night** and **Residential Permit Night Press Release** and gave an update on the upcoming reinstatement of Permit Night in April 2017. BDS is excited to restore the program. Notice will be sent to the Neighborhood Coalitions and neighborhood newspapers.

Scarlett noted that BDS wanted to reinstate Permit Night in 2016, but decided to wait to ensure that sufficient staffing from BDS and the other development bureaus would be available. The bureau will watch staffing closely to make sure that Permit Night doesn't negatively impact overall service levels.

Michael Harrison (DRAC) asked whether the other development bureaus will have enough staff. Elisabeth Reese Cadigan (BES) said they added one position, but BES staff will be present only two nights per month rather than all four. Water and PBOT will have staff present every other week as well.

## **Parks Bureau SDC Fees**

Sarah Huggins (Parks) reviewed the handout **Parks SDC Fee Adjustments July 2017** and described the Parks SDC fee index and changes for FY 2017-18.

J. Wood asked why Central City fees are going down. Huggins said several new multifamily tax lots were added that had lower values than other lots that were already developed.

J. Wood noted that Mayor Wheeler is asking the development bureaus to find ways to reduce fees to help with housing affordability, but bureaus are instead increasing fees. Huggins said that the handout explains that the indexed fee is required by code. Any discussions about fee reductions for affordability would be applied to the indexed fees.

Kopca made a motion for the DRAC to ask City Council to review and discuss the proposed indexed increases in light of other fee increases and housing affordability. J. Wood seconded the motion. Harrison suggested adding the context of the Mayor's direction to all bureaus to consider ways to reduce fees. Kopca expressed concern that the Parks' SDC fee increase will set the standard for the other development bureaus.

Colas referenced the number of people moving into Portland and the increasing cost of housing, which will amplify the need for park space. Colas asked whether the 6.5% SDC increase reflects this perceived future need for parks. Huggins said the code requiring the indexed fee has been in effect since 2008, but it's being applied to the fee structure that went into effect on July 1, 2016. The index is designed to help keep pace with the need for park space and increasing costs. Kopca said that these issues were discussed when the fee changes were made in 2016; the numbers are unsustainable over time and there are unintended consequences.

Jeff Bachrach (DRAC) asked whether other bureaus' SDC fee changes will also take place without review and approval by City Council. Staff said that all bureaus take their SDC changes before City Council. Scarlett said that the development bureaus present their fees to City Council separately, though the DRAC has discussed advocating for a combined presentation so the City Council can see the overall picture.

Kincaid recommended tabling Kopca's motion until after the next agenda item, due to its relevance to the present discussion. DRAC members concurred.

### **Government Accountability, Transparency, & Results (GATR)**

Shannon Carney (City Budget Office) and Alex Howard (OMF) reviewed the handouts **GATR Session Overview** and **Development Permit Fees Memo from Mayor Wheeler** and described the Government Accountability, Transparency, & Results (GATR) program.

The GATR session on January 19, 2017 focused on affordable housing and included the Bureau Directors from the Bureau of Housing and the development bureaus. The session looked at improving review and permitting timelines and reducing costs. Mayor Wheeler directed the bureaus to develop recommendations to improve processes and reduce costs in order to improve housing affordability. A multi-bureau team is working on this and will report back to City Council on April 7, 2017. Howard is looking at fees and is meeting with people to find out what will be most helpful to incentivize affordable housing.

J. Wood said that with every fee/SDC increase, it makes it more difficult to build affordable starter housing. Fee/SDC increases prompt developers to build bigger, more expensive homes. J. Wood referenced a recent project where fees and SDCs totaled \$42,000 on a \$300,000 house.

Carney asked whether fees are more relevant for single-family development, and timelines/process more relevant for multifamily development. J. Wood replied that for single family, SDCs are the main problem; permit fees are not the issue. Humphrey referenced tree fees and the Local Transportation Infrastructure Charge (LTIC) as other impactful costs. Kincaid has heard that in some cases it is cheaper to demolish and redevelop rather than renovate existing housing. Housing preservation needs to be incentivized.

Carney asked whether developers would be willing to pay more in order to have faster review timelines. Scarlett said if the City could meet its timeline goals, a lot of the frustration would evaporate. Humphrey and J. Wood agreed.

J. Wood added that the City lacks a single point of contact for projects because multiple bureaus are involved. Applicants get caught in the middle when bureaus can't agree.

DRAC members and City staff discussed the prioritization of permits for affordable housing. Humphrey said that permits should be reviewed in the order received; prioritizing permits for affordable housing (or anything else) is inequitable. Scarlett said that with the declaration of the housing emergency, affordable housing projects are being prioritized at the direction of City Council.

Kincaid asked how this impacts other permits. Peterson said it is resource-intensive to prioritize affordable housing permits; "affordable housing" is being narrowly defined, so the number of qualifying permits is relatively small. But prioritizing those permits does impact the timelines for other projects. The effects cannot be fully mitigated.

Harrison said OHSU is willing to pay more to keep its projects moving forward, because missed timelines lead to increased project costs. Harrison asked what hinders the development bureaus from adding enough staff to deal with the work, and suggested the City should look at expanding employment during this extended development boom.

Maxine Fitzpatrick (DRAC) asked whether staff could be designated to specialize in different types of construction. Peterson said BDS review staff is currently split between 1 & 2 family and other types of constructions; further specialization isn't feasible at the present.

Kopca differentiated between housing affordability and "Affordable Housing" as defined by the City. The Mayor's letter seems to be addressing housing affordability, but this discussion is about Affordable Housing. Howard said they are trying to tease out overall costs and see where the most gains can be made. Carney said in the past they have looked at Affordable Housing, but this report is an attempt to look at the larger issue of housing affordability.

Colas observed that construction costs remain the same, even if a project is identified as affordable. Colas also referenced project delays caused by bureaus disagreeing or by code interpretations by inspectors, and the impact of delays on project costs. There is not a point of contact for applicants/developers to call to get decisions quickly that allow projects to move forward. Scarlett referenced the effort at consolidation of the development bureaus back in 2009 that resulted in their co-location.

Humphrey said that if the City were to meet its stated service level goals, much of the issues being discussed would become moot. Humphrey said the City Council has not paid attention to the service level issues and the difficulty for development bureaus to hire staff. Meeting service level goals would negate the need to prioritize affordable housing projects for review and permitting.

Kincaid asked Carney and Howard to meet with the DRAC Fees & Regulations Subcommittee to discuss this issue further.

#### Kopca Motion

After discussion, the DRAC agreed approved a motion to write a letter to the City Council. The letter will recommend that:

- The City Council review the Parks Bureau SDC fees, rather than approving them without discussion.
- The City Council review all SDC fee changes together, rather than separately.

The next DRAC meeting is scheduled for Thursday, April 20, 2017.  
Minutes prepared by Mark Feters (BDS)