



City of  
PORTLAND, OREGON

Development Review Advisory Committee

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## DRAC Fees & Regulations Subcommittee

### MINUTES

Monday, April 17, 2017

#### Subcommittee Members Present:

David Humber, DRAC  
Christopher Kopca, DRAC  
Susan Steward, BOMA  
Justin Wood, DRAC

#### City Staff Present:

Shannon Carney, City Budget Office (CBO)  
Cindy Dietz, Water  
Jessica Eden, CBO  
Alexis Estevez, CBO  
Mark Fetters, BDS  
Elshad Hajiyev, BDS  
Sarah Huggins, Parks  
Kurt Krueger, PBOT  
Andy Peterson, BDS  
Elisabeth Reese Cadigan, BES  
Deborah Sievert Morris, BDS

#### Subcommittee Members Absent:

Maryhelen Kincaid, DRAC  
Joe Schneider, DRAC

#### Handouts:

- Draft Subcommittee Minutes – 2/6/17
- Housing Development Report Summary Memo
- Strategies for Accelerating Housing Development in Portland
- Fee Comparison Tables

### **Convene Meeting**

Justin Wood (DRAC) convened the meeting and welcomed attendees. Minutes from the February 6, 2017 Subcommittee meeting were approved.

### **Report on GATR Recommendations**

Shannon Carney, Alexis Estevez, and Jessica Eden (City Budget Office/CBO) reviewed the handouts ***Housing Development Report Summary Memo*** and ***Strategies for Accelerating Housing Development in Portland*** and gave an update on the Government Accountability, Transparency, and Results (GATR) session findings regarding affordable housing and development fees. They stressed that the recommendations in the report are not final, and they are looking for feedback from the development community.

Wood cited the policy decisions made by City Council that result in additional costs for development, such as energy scoring, Local Transportation Infrastructure Charge (LTIC), and tree fees. Those fees do not reimburse the City for actual costs; they are meant to achieve policy goals. Looking at permit and SDC fees only does not take those other fees into account.

Wood said that the market in Portland is so tight that raising fees will not stop construction, but will inhibit the construction of affordable housing. Starter homes aren't being built because the higher costs to developers make it difficult to be profitable in that range of the market. Eden said that came up in their discussions with developers, but is not called out specifically in the report. Carney said this issue will be included in the feedback they provide to City Council.

Carney said that the recent DRAC letter to City Council was generally in line with their findings in the report.

Christopher Kopca (DRAC) said that with SDCs it's not just the fees, but the formulas used to calculate increases. Kopca cited the upcoming Parks SDC increase that is linked to requirements in City Code. Kopca said the City Council should review all SDC fee proposals at the same time, rather than separately. Carney said their report agrees with that recommendation.

Wood said that for developers, the concern is with SDCs and other policy-related fees, rather than actual permit review fees.

### **Cumulative Fees**

Elshad Hajiyev (BDS) reviewed the handout ***Fee Comparison Tables***, and noted that the handout does not include some of the policy-related fees discussed earlier. Hajiyev asked whether the sample project types in the tables should be modified; Andy Peterson (BDS) noted that using the same types allow for trends to be tracked over time. Kopca suggested added a larger tenant improvement (TI) project, such as a grocery store or other retail store.

Wood suggested adding a project or two that had some of the extra policy-related fees (LTIC, trees, etc.). Peterson referenced a specific project where LTIC and tree fees combined are \$90,000; total permit fees for an SFR on that lot would be \$190,000, making development impractical. Elisabeth Reese-Cadigan (BES) suggested separating SDCs out in the tables.

Hajiyev said the tables will be updated once the development bureaus provide information on their increases for FY 2017-18. Reese-Cadigan and Cindy Dietz (Water) said their numbers won't be available until May 2017.

Sarah Huggins (Parks) suggested using available data to determine where undeveloped lots exist that would be likely to incur LTIC and/or tree fees if developed. Carney said at least some of the data is available, and it would be a worthwhile exercise. Kopca suggested adding columns to the tables for inclusionary housing, LTIC, trees, and other fees of that type.

Krueger said this conversation has been going on in the DRAC for a while, and asked how action can be taken to communicate better with City Council and actually make change. Wood suggested that the DRAC advocate for the City Council to review all the SDC master plans together so they see the big picture. Peterson suggested they request that the City Council make fee changes effective later than July 1, so they have a chance to do a larger review of all fees. Other attendees expressed support for the proposal.

Wood said that the City Council needs to decide how to rank competing policy goals. Wood said that in other jurisdictions, boards equivalent to the DRAC have to give approval to any development proposals before they go to their respective City Councils. Wood advocated for the DRAC to play a similar role.

Krueger suggested that the DRAC invite the Mayor to a DRAC meeting to have this discussion in person.

Hajiyev suggested that the City Budget Office (CBO) pull SDC-related information out of bureau Requested Budget submissions and present that to the Mayor before the Proposed Budget is released. This would provide the information earlier to the City Council and the DRAC.

Wood said that SDC concerns are more related to methodology changes rather than year-to-year increases.

Huggins suggested requiring that when bureaus propose fee or methodology changes, they show how the changes would impact overall development costs.

Reese-Cadigan said that BES and Water have Public Utility Boards and Citizen Utility Boards that weigh in on rates, and that they should be contacted and invited to a DRAC discussion.

### **Steps / Future Meetings**

All agreed that these issues will be discussed further at the meeting of the full DRAC on Thursday, April 20, 2017.

**Next Subcommittee Meeting: TBD**  
Minutes prepared by Mark Feters, BDS