



City of
PORTLAND, OREGON

Development Review Advisory Committee

DRAC Service Levels Subcommittee
Meeting Notes
Wednesday, January 24, 2018

Subcommittee Members Present:

Claire Carder, DRAC
Michael Harrison, DRAC
Rob Humphrey, DRAC
Martha Williamson, DRAC
Justin Wood, DRAC

Dan Cote, BDS Inspections
Rebecca Esau, BDS Director
Kurt Krueger, PBOT
Vu Mai, Water Bureau
Elisabeth Reese Cadigan, BES
Kathy Sharp, Human Resources

Other City Staff Present:

Ross Caron, BDS
Mark Feters, BDS
Elshad Hajjyev, BDS
David Kuhnhausen, BDS
Andy Peterson, BDS
Marshall Runkel, Comm. Eudaly's Office
Kim Tallant, BDS

Subcommittee Members Absent:

Maryhelen Kincaid, DRAC

Handouts

- List of Projects – Fast-Track Permitting Pilot
- Fast-Track Permitting Pilot Summary

Convene Meeting

BDS Director Rebecca Esau convened the meeting and welcomed attendees.

SDC Waiver for ADUs

Rebecca introduced Marshall Runkel (Comm. Eudaly's Office), who summarized the Commissioner's proposal to indefinitely extend the Systems Development Charge (SDC) waiver for Accessory Dwelling Units (ADUs). The proposal has strong support from other City Council members. The proposal would include a requirement that property owners taking advantage of the waiver sign a covenant that the ADU would not be used as a short-term rental unit.

Rebecca described logistical issues that would need to be addressed, such as tracking the use of ADUs over time. It hasn't yet been determined how long the covenant would apply. They are also considering what would happen if a property owner wanted out of their covenant; would they pay the waived SDCs, or a penalty, or both?

Justin Wood (DRAC) asked how the proposal will affect SDC methodology over the long-term. Elisabeth Reese Cadigan (BES) replied that BES and Water would make up the lost revenues through rate increases. Kurt Krueger (PBOT) said PBOT's costs would be reflected in their rates. Andy Peterson (BDS) said that Parks had said that they would make fewer park investments.

Rob Humphrey (DRAC) said the covenant should be recorded on the property title with the County, so it shows up on a title report. Rob also recommended that if a property owner (existing or new) opts out of a covenant, they should pay the current SDC rate (rather than the rate at the time the covenant was signed).

Marshall said the purpose of the covenant is to preserve long-term housing, and prevent its conversion to short-term rental use. They are very open to input on the length of the covenant; 60 years would make it consistent with other SDC waivers. Justin suggested a 10-year covenant, to match the Portland Housing Bureau's Homebuyer Opportunity Limited Tax Exemption Program's 10-year waiver. Justin felt that a long, 50 or 60-year covenant would result in fewer people using it, plus it would create more tracking work for the City.

Rob asked what the average SDC fees are for an ADU; David Kuhnhausen (BDS) said about \$15,000.

Marshall said that Accessory Short-Term Rental (ASTR) companies will be providing reports on what properties are being used as short-term rentals, so City staff will be able to compare the list of ADU covenant properties against the ASTR list.

Rebecca asked attendees for their thoughts on penalties for breaking ADU covenant. Marshall replied that they should pay the SDCs, perhaps times two. Rob said there needs to be a warning system or grace period for new owners who aren't aware of the covenant.

Justin said that the risk to buyers from penalties for breaking the covenant would preclude use the waiver. Justin added that it might be better to charge SDCs on ADUs, then set up an option to get the fees waived by signing a regulatory agreement with the Portland Housing Bureau. Andy replied that this option exists now.

Rob said that the initial response from ADU builders to the idea of extending the waiver has been positive.

Fast Track Permitting Pilot Project

Rebecca reviewed the handout *List of Projects – Fast-Track Permitting Pilot* and briefly highlighted the projects on the list.

Michael Harrison (DRAC) asked how the Fast-Track pilot differs from BDS's Major Projects Group (MPG). Andy replied that most of the projects in the Fast-Track pilot list wouldn't meet the project valuation requirements for MPG. In addition, Fast-Track projects won't have as many up-front meetings as with MPG, and Fast-Track projects would get through the review process quicker.

Rob asked who created the Fast-Track project list and how projects were selected. Rebecca said that the Mayor and Commissioners selected the projects. Marshall said there was a heavy emphasis on affordable housing, and they also looked for projects with links to Portland's economic development strategy and broader public benefit. Andy added that each Commissioner chose a few to put on the list, based on information on what projects were or would be coming in the door.

Rebecca then reviewed the handout *Fast Track Permitting Pilot Summary* and gave details on how the project will work. Rebecca said they have heard that developers don't want to use the self-certification option because of the higher risk level.

Justin suggested that a model used a few years ago by BDS might work for the pilot project; BDS allowed some minor plan corrections to be verified by inspectors in the field, rather than by updating the plans.

Rob asked if any challenges have emerged so far. Ross Caron (BDS) replied that the reduced timelines for projects will require applicants/developers to commit to a schedule; setting and keeping to that schedule will be challenging for the City and applicants. Meeting the reduced timelines will be a challenge for BDS and the other development bureaus. Rebecca added that if developers don't meet the schedule, the City would have to change it, impacting multiple review staff.

Michael asked if there will be impacts on BDS Major Projects Group (MPG) staff and projects. David said the pilot project shouldn't have an impact on MPG.

Rob asked what will happen after the first 10 projects in the pilot. Rebecca said the plan is to see how the pilot goes, learn from it, and then decide how to move forward. She noted that electronic plan review is coming and will be part of the pilot.

Review Gates

Rebecca asked attendees whether it is feasible to implement review gates now, or wait for electronic plan review.

Rob said that review gates work great in small jurisdictions. Larger jurisdictions have more review authorities, and review gates are tied to the longest review. This means the entire review process can be slowed down by the slowest review agency. Review gates are more efficient for City staff, but not necessarily for applicants.

Rebecca replied that review gates could also benefit applicants, if City staff review time is used more efficiently. Overall review time could be improved.

Andy said that project designers have been favorable toward review gates. Rob replied that design teams are favorable because it gives them leverage to push back against developers, who want things done faster than designers can manage. Rob also said that it will be good to include review gates in the pilot project, to see if they will really help.

David said that in the pilot, applicants will receive check sheets (and responses) as soon as they're complete; they won't be held until the last one is done.

Michael said that item # 6 in the project summary handout ("Conflict Identification and Resolution") will be a key benefit to the project, and critical to keep the rest of project moving. Rob said that item #5 ("Complete Application Submittals") is very important. Also, training for the staff who are reviewing submittals for minimum standards needs to be thorough. They still see applicants turned away for something that shouldn't have been required.

Claire Carder (DRAC) asked whether all the projects in pilot will be completed before evaluation of the project takes place, and how the next steps will be decided. Rebecca said that they are starting to talk about this, and should have an answer in the next couple weeks. Rebecca said that additional questions and comments should be sent to Ross.

Next Steps / Future Meetings

Rebecca said the next meeting will be scheduled soon, to focus on electronic plan review. The DRAC Fees & Regulations Subcommittee will also be meeting to talk about coordinating the timing of fee increase presentations from the development bureaus.

Next Subcommittee Meeting: February 14, 2018
Meeting notes prepared by Mark Feters, BDS