

## TRN-1.26 - Local Transportation Infrastructure Charge

### LOCAL TRANSPORTATION INFRASTRUCTURE CHARGE

*Administrative Rule Adopted by City Council*

ARC-TRN-1.26

---

The Local Transportation Infrastructure Charge (LTIC) was approved by Ordinance No. 187681 by the Portland City Council on April 13, 2016, effective May 13, 2016. It is described in section 17.88.090 of the City Code. This document serves as the Administrative Rules that govern the LTIC.

[Link to Local Transportation Infrastructure Charge Document \(PDF, 156 kb\)](#)

[Link to Appendix A: Calculation of Initial LTIC Rate \(PDF Document, 374 kb\)](#)

[Link to Appendix B: Map of LTIC Zones \(PDF Document, 7.58 MB\)](#)

### HISTORY

Adopted by Acting Assistant Director of Portland Bureau of Transportation May 20, 2016.

Filed for inclusion in PPD May 26, 2016.

Amended by Director of Portland Bureau of Transportation December 27, 2016.

Amended by Ordinance No.188891, passed by City Council April 11, 2018 and effective May 11, 2018.

---

### Acknowledgements

**No Changes**

### Table of Contents

**No Changes**

### 1 Introduction

The Local Transportation Infrastructure Charge (LTIC) was approved by Ordinance No. 187681 by the Portland City Council on April 13, 2016, effective May 13, 2016. It is described in section 17.88.090 of the City Code. This document serves as the Administrative Rules that govern the LTIC.

#### 1.1 Purpose

The purpose of these Administrative Rules is to regulate the application of the LTIC

program, which collects funds from ~~new, single-family, certain types of~~ residential development on unimproved streets to finance the construction of street improvements necessitated by such development.

## 1.2 Definitions

Terms used, but not defined, in these Administrative Rules are defined in section 17.88.010 or Chapter 33.910 of the Portland City Code (PCC) or, in the absence of definitions in those authorities, are intended to have their commonly understood meanings.

## 1.3 Overview

The LTIC is a charge paid by an applicant for a ~~new, single-family, residential, certain~~ building permits for ~~a projects in single-dwelling zones that will create or add units, for a total maximum of six units per lot, of one or two units~~ or for approval to create a final partition plat to create three or fewer lots. The LTIC is only charged on property that has frontage on an unimproved street. The amount of the LTIC is based on the total number of linear feet of unimproved street frontage.

The payment of the LTIC by a property owner will exempt the property from the requirements of PCC 17.88.020 B and future applications of the LTIC. That Code section requires an owner to make frontage improvements as a condition of obtaining a building permit, conditional use, zone change, or land partition or adjustment if the property is adjacent to a street that does not have standard full-width improvements.

All other requirements of PCC Title 17, including those pertaining to dedications and waivers of remonstrance to the formation of local improvement districts, remain unchanged.

An applicant may elect to build frontage improvements to the City's adopted standard. Doing so would satisfy the assessment of the LTIC. However, an applicant who chooses to build frontage improvements would not have the ability to appeal the imposition of requirements related to those improvements.

## 1.4 Authority

The Director of the Bureau of Transportation has the authority under PCC 17.88.090 D to collect and administer the LTIC and to establish all related rules and procedures.

## **2 Determination of the LTIC**

### 2.1 Applicability of the LTIC

There are four factors that determine if a property is subject to the LTIC:

- Zoning
- Adjacent streets

- Permit type
- Previous payments

### 2.1.1 Zones where the LTIC applies

PCC 17.88.090 A states that the LTIC applies ~~within a single-family residential zone, to~~ “the following projects within a single-family residential zone”. These projects are limited to “new single-family building, a new building with up to 6 units, or another type of construction project that will increase the number of units up to six on the lot” and “approval to create multiple lots other than as part of a subdivision”. Single family residential zones are ~~which~~ is defined by PCC 17.88.010 as “any of the Single-Dwelling Zones identified in Title 33 of the City Code.” At the time of implementation of these Administrative Rules, those zones are listed in PCC 33.110.020. The LTIC does not apply to property located in other zones.

### 2.1.2 Streets where the LTIC applies

Under PCC 17.88.090 B, the LTIC will only apply to properties with frontage on unimproved local streets.

#### *A. Local streets*

PCC 17.88.010 defines a local street as “any street classified as a Local Service Street in the City’s adopted Transportation System Plan.” Chapter 2 of the 2007 Transportation System Plan (TSP) identifies a street classification system for six modes of transportation (motor vehicle, transit, bicycle, pedestrian, truck, emergency vehicle). The determination of a local street for purposes of the LTIC is based on the motor vehicle street classification, referred to as Traffic Classification Descriptions in the TSP.

Local Service Traffic Streets, as ~~defined~~ shown in Chapter ~~2-3~~ of the TSP, is the only classification of streets where the LTIC is applied. Chapter ~~2-3~~ of the Portland 2035 Transportation System Plan ~~also~~ includes a series of maps that collectively show the entirety of the City’s transportation network, identifying the traffic classification of all streets in the network as one of these six traffic classifications.

#### *B. Unimproved streets*

PCC 17.88.010 defines an unimproved street as “any local street without a curb other than a local street that has been formally accepted by the Bureau of Transportation as having been fully built to an adopted Residential Shared or Residential Separated City street standard that does not require a curb.”

For purposes of the LTIC, then, an unimproved street is generally defined by the absence of curbs. Streets accepted by PBOT as having been built to an alternative street standard, however, are an exception to this rule.

The City has adopted three Residential Street Standards: (1) Traditional, (2) Separated, and (3) Shared. The Separated and Shared street standards, which were adopted by Ordinance No. 185759, do not include curbs. Thus, if a street has been accepted by the City as having been fully built to one of those two alternative standards, then that street is no longer subject to the LTIC, despite the lack of curb. The City will maintain a map identifying all streets that have been accepted by the City as having been fully built to an alternative standard.

*C. Calculating frontage*

The LTIC is calculated using only that portion of a property's frontage that qualifies for the LTIC. If a portion of a property's frontage is improved with a curb but does not meet the current design standards, that portion of the remaining frontage of the property would still be subject to the requirements of PCC 17.88.020, which requires frontage improvements for streets that do not have standard, full-width improvements.

The calculation of the length of frontage subject to the LTIC for a given lot shall not exceed the following lengths, based upon the zone the lot is located in:

R2.5 – Not applicable.

R5 = 50 feet

R7 = 70 feet

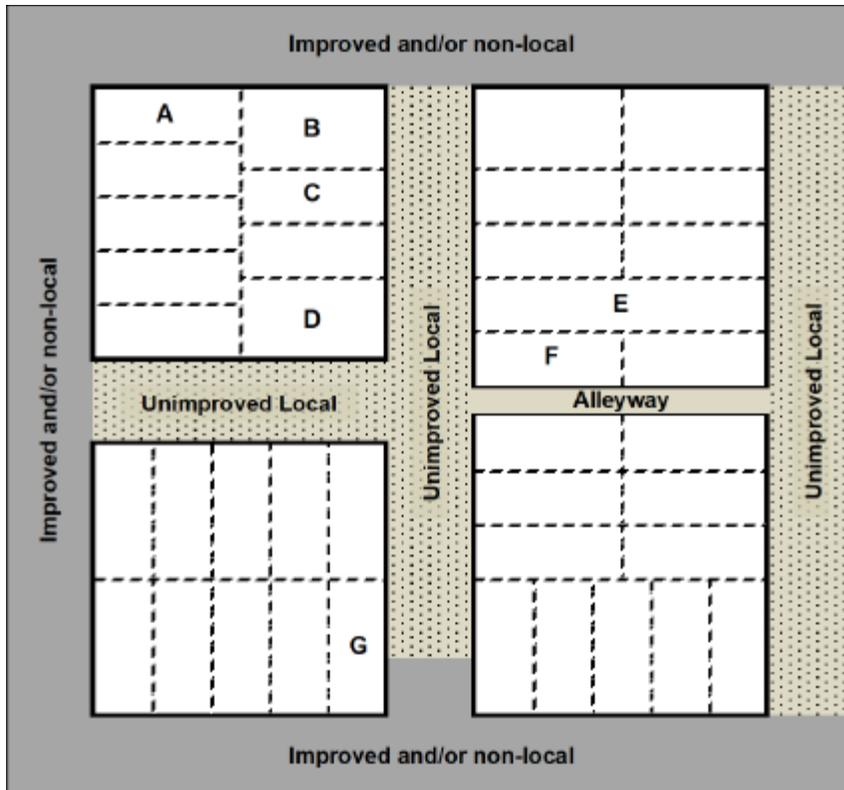
R10 = 100 feet

R20 = 120 feet

RF = 120 feet

Figure 1 illustrates examples of common frontage conditions and their implications for calculation of the LTIC. All properties in the illustration are in a single-family residential zone, and none of the streets has been accepted by the City as having been fully built to a Separated or Shared Street standard.

Figure 1. Illustration of potential LTIC frontage conditions



For each of the examples that follow, the total amount of frontage subject to the LTIC shall not exceed the per-lot caps that apply to different zones.

**Example A.** This property is a corner lot with frontage on two streets. Both of these streets are either improved and/or non-local streets. Neither street is subject to the LTIC. Therefore, this property would have zero feet of frontage subject to the LTIC. Both frontages are subject to standard improvement requirements.

**Example B.** This property is a corner lot with frontage on two streets. One of the streets is improved and/or non-local. Frontage on that street would not be subject to the LTIC. However, the other street is an unimproved local street. Frontage on that street would be subject to the LTIC. The improved and/or non-local frontage is subject to standard improvement standards.

**Example C.** This is a midblock property with frontage on only one street. The street is an unimproved local street. Frontage on that street would be subject to the LTIC.

**Example D.** This property is a corner lot with frontage on two streets. Both of the streets are unimproved local streets. Frontage on both streets would be subject to the LTIC.

**Example E.** This is a long, midblock property that has frontage on streets on opposite sides of a block. Both of these streets are unimproved local streets. Frontage on both streets would be subject to the LTIC.

**Example F.** This property is a corner lot with frontage on one unimproved local street and one alleyway. Frontage on the alleyway would not be subject to the LTIC. Frontage on the unimproved local street would be subject to the LTIC.

**Example G.** This property is a corner lot with frontage on two streets. One street is improved and/or non-local. The other street is a partially improved and partially unimproved local street. Only the unimproved portion of the frontage on the local street would be subject to the LTIC. The improved and/or non-local frontage is subject to standard improvement requirements.

### 2.1.3 Frontage improvements to satisfy LTIC requirements

An applicant may elect to satisfy the LTIC in the form of frontage improvements built to the City's adopted standard. Doing so would permanently avoid an assessment of a monetary LTIC for that property. However, the applicant would not have the ability to appeal the imposition of requirements related to those improvements.

### 2.1.4 Situational applicability

~~PCC 17.88.090 A states that payment of the LTIC is triggered by an application for a new, single-family, residential, building permit for a project of one or two units or for approval to create multiple lots other than as part of a subdivision . . . . “projects within a single-family residential zone . . . .” This applicability is explained further below.~~

#### *A. Situations to which the LTIC applies*

**Construction.** PCC Title 24 requires building permits for any construction, even if replacing a previous building of the same use and number of units. ~~All building permits for new construction of a house or duplex in a single-family residential zone on property with frontage on an unimproved local street are subject to the LTIC, unless otherwise stated in these Administrative Rules.~~

Under PCC 17.88.090 A, “a building permit to construct a new, single-family building, a new building with up to six units, or another type of construction project that will increase up to six the number of units on the lot” is subject to the LTIC.

Under PCC 17.88.090 B, the LTIC is assessed “according to the total number of linear feet of unimproved street frontage.”

**Land division partition.** A land division partition is a land use action, distinct from the building permit process. Oregon Revised Statutes (ORS) Chapter 92 governs Tentative and Final Approval of Plans; Plats. ORS 92.010 distinguishes between two types of land divisions: partitions and subdivisions. The LTIC does not apply to subdivisions, which is the act of dividing land into four or more lots. The LTIC does apply to partitions, which is the act of dividing land into not more than three parcels. The LTIC will be charged at the time of an application for a final partition plat. During a land division partition process, the amount of the LTIC is based on the total applicable local street frontage of the original

property being divided, after any required dedications, on unimproved local streets. (A tract of land created through a land division subdivision shall not count as a lot for the purposes of the LTIC.)

*B. Situations to which the LTIC does not apply*

**Accessory dwelling units.** An accessory dwelling unit (ADU) is a second, smaller dwelling unit created on a lot with an existing residential unit. Although many accessory dwelling units require new construction permits, applicants in these situations will not be charged the LTIC.

**Affordable housing.** Affordable housing is exempt to the extent established by PCC 30.01.095.

**Disaster replacement.** Under normal circumstances, demolition of an existing structure and replacement of that structure with new construction is subject to the LTIC. However, subject to approval by the PBOT Administrative Review Committee, the charge does not apply if the demolition is the result of damage due to fire or another disaster and if the permit for the replacement structure is submitted within one year of the demolition.

**Alteration of existing structure.** Alteration of an existing structure, including a Major Residential Alteration or Addition (as defined in PCC 24.55.210), provided that no additional units result from the alteration, does not count as new construction for the purposes of the LTIC. Applicants in these situations will not be charged the LTIC.

**Property line adjustment or lot confirmation.** A property line adjustment procedure is used to relocate a single existing common property line between two abutting lots. A lot confirmation verifies that a lot of record has legal status as a property that is eligible for development under the zoning code. In both situations, no additional lots or building sites are created. The action of a property line adjustment or lot confirmation will not, by itself, trigger application of the LTIC, although a subsequent building permit or land division partition may.

**Properties for which the LTIC has already been paid for a previous land use or development action.** As provided by PCC 17.88.090 C, if the LTIC has been paid for a property for its frontage, that frontage will not be subject to the LTIC again in the future. For example, if the LTIC is paid for the entirety of a property's frontage for a land division and a building permit is subsequently requested for one of the lots created by the land division, the applicant for the building permit will not have to pay the LTIC.

Property frontages that abut unbuildable "paper" rights-of-way. Unbuildable "paper" rights-of-way are rights-of-way that are, in the determination of the City, unpaved, dirt or gravel, and impassible. A frontage that abuts an unbuildable "paper" right-of-way and that meets all of the following criteria, in the determination of the City, is exempt from LTIC:

1. No motor vehicle access exists along any portion of the frontage;

2. No improvements for motor vehicular access are proposed by applicant; and
3. Either of the following applies:
  - a. Any segment of the abutting right-of-way grade exceeds 21%, as measured along the right-of-way centerline; or
  - b. Any segment of the abutting right-of-way lies within an environmental overlay “c” or “p” zone as measured along the right-of-way centerline.

**Property Frontages with a valid City Administrative Review Committee (ARC)**

**decision.** Frontages to which unexpired ARC decisions apply are LTIC-exempt and are subject to the requirements of the ARC decision.

**Low-income owner-occupants.** The owner of a property to which the LTIC applies may request an exemption from payment of the LTIC if the owner satisfies both of the following criteria:

1. The owner is an individual who lives on the property; and
2. The owner certifies to the satisfaction of the City that the owner’s household has a gross annual income of less than 80 percent of the area median income as established by the Department of Housing and Urban Development (HUD), as adjusted for household size.

**2.2 Rate of the LTIC**

PCC 17.88.090 B states that, “The charge will be based on the average, location-specific, actual cost to the City to build local street improvements to City standards at the time of application.” The process for establishing the initial rate of the LTIC, the formula for annual inflationary adjustments, and other rate adjustments are explained below.

**2.2.1 Geographic zones**

City Code describes the rate of the LTIC as being “location-specific.” This does not mean that the amount of the fee is determined by the cost of improvements specific to a property’s frontage. It means that the City can establish multiple geographic zones with different rates for the LTIC. Currently, the City has two zones for the LTIC:

1. Zone 1: Inside Municipal Separate Storm Sewer System (MS4) areas.
2. Zone 2: Outside MS4 Areas.

MS4 refers to geographic areas of the City that drain to the National Pollutant Discharge Elimination System (NPDES) MS4 stormwater management area. The MS4 area does not include areas where stormwater flows to sumps or to the combined sewer area. A map of LTIC Zones 1 and 2 is included as Attachment B to these Administrative Rules.

The reason for having two separate zones is to account for the likely differences in the cost of providing stormwater infrastructure, which is an integral part of local street improvements. Properties in MS4 areas (Zone 1) tend to be more challenging locations in which to build stormwater infrastructure, due to steep slopes, soil types, and other factors. Those differences may justify separate LTIC rates for Zone 1 and Zone 2 in future updates to these Administrative Rules. The initial rate of the LTIC is the same in both zones.

### 2.2.2 Establishing the initial rate

The initial rate of the LTIC was established based on average historical construction costs for local street improvements in Portland.

### 2.2.3 Annual inflation adjustments

Each year, the City will publish the LTIC rate and update it to account for inflation according to the Engineering News Record 20-City Average Construction Cost Index.

### 2.2.4 Other rate adjustments

In addition to the annual inflationary adjustments, the LTIC will be updated periodically, but no more frequently than every five years, to ensure that, among other considerations, the rate is equal to the actual, inflation-adjusted construction costs of local street improvements built by the City.

## 2.3 Calculation of the LTIC

Bureau of Transportation staff will calculate the amount of the LTIC required, based on information included in the permit application, by multiplying the length of a property's frontage, after any required dedications, on unimproved local streets by the rate of the LTIC. However, if the applicant constructs improvements that comport with the City's adopted standards and written requests, the property will be exempt from future applications of the LTIC.

### 2.3.1 Application of LTIC payments to local improvement district assessments

The amount of a property owner's payment of the LTIC, as valued at the time of payment, will be credited to a future, final local improvement district (LID) assessment against that property. The property owner will remain responsible for the balance of the LID assessment.

If insufficient funds are available in the Local Transportation Infrastructure Charge Fund account to satisfy the credit described above, the City will provide the credit from the general fund.

If the amount of the LTIC payment exceeds the final LID assessment against that property, the remainder of the LTIC payment will remain in the Local Transportation Infrastructure Charge Fund account but may be credited towards additional future, final LID assessments against that property.

None of the LTIC payment will have any cash value and may not be refunded to any owner of that property.

**3 Administration of the LTIC**

**Remainder of Administrative Rule Unchanged**