

# A New Fee Meant to Spruce Up City Streets Has Property Owners Enraged

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## It's Also Got City Officials Contemplating Bizarre Workarounds

by [Dirk VanderHart](#)



Chris Bigalke

**AROUND THE TIME** Mavis Willford became a thorn in the city's side earlier this year, officials quietly considered burning down her home.

A 67-year-old employee of David Douglas School District, Willford had reason to make a fuss. She'd been on the verge of finally replacing her mold-infested manufactured home in East Portland's Mill Park neighborhood when she hit a major road block: a new fee meant to help fix hundreds of miles of deficient city streets.

Because of that fee—known as the Local Transportation Infrastructure Charge, or LTIC—Willford was surprised to learn she'd need to pay \$54,000 more than planned, potentially killing her aspirations for fungus-free living.

"We were doing okay until we got hit with that," Willford said recently. "I went down and I talked to a guy. I said, 'That's half the price of my home.' He said, 'That's the way it is.'"

Willford began complaining to anyone who would listen. She visited the office of Transportation Commissioner Dan Saltzman. She contacted the governor's office. She reached out to the city's ombudsman, Margie Sollinger, who investigates citizen complaints.

People wanted to help her, they said, but their hands were tied.

Under the LTIC program—passed by City Council in April 2016 and facing uncertainty and outcry from Portlanders of all stripes—citizens have no means of appealing the charge. It's levied on people seeking a new single-family building permit on land that sits on an unimproved or under-improved street, which can mean anything from a road of pocked gravel to one that has no sidewalks. Exemptions are currently granted only in limited cases, such as when a natural disaster destroys a house.

The only disasters that had befallen Willford's dilapidated home were moisture and the march of time, but officials at PBOT thought they might have a way to change that. If city firefighters were to burn her house down as part of a training exercise, they believed, Willford could be let off the hook under the disaster clause.

"It was considered," says Matt Grumm, a senior policy director for Saltzman.

It's hard to imagine a more unnecessary or drastic solution to a burdensome fee than burning down someone's house, but that's sort of where the LTIC is at this point.

A year and a half after the charge went into effect, it's facing outcry and veiled legal threats from citizens who say it's devastated their building plans. It's even getting the side-eye from neighborhoods that stand to reap the money it collects—money that can pay for roughly a quarter-mile of improvements each year.

"Although the program has successfully collected additional revenue for public improvements, it has also resulted in inequities that we encourage Council to address," read a letter to Portland City Council from Sollinger and Dante James, director of the city's Office of Equity and Human Rights. "For those with more modest means, the LTIC has proven to be cost-prohibitive."

The LTIC was passed last year at the urging of former Commissioner Steve Novick, and was aimed at addressing a longstanding challenge: the 250 miles of city streets that are either completely unimproved or lack sidewalks, curbs, and other amenities streets are supposed to have.

It's long been city policy to require property owners to pay for those improvements themselves,

but the city has often given developers a pass on putting in sidewalks when they build on unimproved roads. When developers *do* spruce up streets as intended, it can lead to awkward results—like islands of sidewalk in otherwise undeveloped blocks.

The LTIC is supposed to put an end to those islands. Rather than forcing owners to improve their own street, the charge gives them the option of paying \$600 for every foot of their property that lines the road (a rate the city says is about what they'd pay to spruce up their own property). That money then goes into a fund that's supposed to bankroll targeted road improvements throughout the city.

According to data obtained in a public records request, the city has assessed more than 90 properties under the LTIC since it went into effect in May 2016. Charges ranged from \$6,000—for a Southeast Portland property that only had a driveway abutting an unimproved street—to \$120,000 for a corner lot in the shadow of Powell Butte.

More frequently, the charges are in the tens of thousands. Records show property owners in Southeast and Southwest Portland have been assessed LTICs most often—roughly 78 percent of all charges. To date, the city's collected about \$2.2 million in LTIC cash.

But though it's been collecting money under the LTIC, the city doesn't yet have a plan for using it. And while the charge has been taken in stride by infill developers, it's facing heated complaints from property owners looking to improve their own land.

At a Portland City Council hearing earlier this month, PBOT brought forth a tentative proposal for how it would spend the millions it's collected. The plan would prioritize neighborhoods with underserved populations, along with streets that are close to transit lines, but it immediately drew questions from council members.

Mayor Ted Wheeler wondered why the Portland Bureau of Transportation (PBOT) planned to spread its limited funds throughout the city, rather than focusing on one area at a time. Commissioner Amanda Fritz didn't believe the bureau had weighed equity appropriately. (The city zeroed in on Northeast Portland's Cully neighborhood, Southeast Portland's Division Midway district, and Tryon-Stephens in Southwest Portland for improvements.)

That wasn't the only challenge. Property owners who testified before council railed against the payment, and against the inconsistent messaging they've received from the city. One man, a doctor named David Farris, said he'd given up plans to build a home on ritzy Southwest Fairmount Boulevard because of an LTIC charge he says reached \$124,000. (It is not reflected on the spreadsheet PBOT released to the *Mercury*.)

"We want to sell now," said Farris, who brought an attorney with him to the council hearing. "The LTIC has effectively rendered our property... valueless."

Another property owner named Ken Paulsen says he is being forced to pay \$90,000 to build on his Southwest Portland property. "Granted, we need to find [a] way to fund road improvements," Paulsen wrote in a letter to the city council. "But how can it be fair to single out a person to carry an unjust portion of the burden?"

It's the latest blowback for one of Portland's most reliable quandaries. For decades, the city has puzzled over how to meet its transportation priorities without the money to pay for them (remember the blowup over a "street fee" proposed by Novick and former Mayor Charlie Hales?). The LTIC was one way of addressing that—but right now it's traveling a bumpy road.

City council appears ready to address at least some of the cost concerns. As part of the package that council's considering, the city would cap the charge at a maximum \$120,000, with smaller ceilings depending on a property's zoning designation. According to Grumm, with Saltzman's office, there's interest in allowing citizens to appeal the charge in the future, too.

But the council stopped short of enacting any fixes earlier this month. Amid the flurry of questions about the policy, Saltzman essentially dropped the matter.

"I'm going to suggest that since clearly this is an issue that's going to take more time than we have budgeted today that we... continue the hearing to sometime in January or February," Saltzman said at the time.

A hearing has yet to be scheduled.

As for Willford, the woman whose home the city considered burning down, it never came to that. Officials wound up fudging their own rules and deciding that the mold and rot in her home was enough to constitute a "disaster."

They never even mentioned the fire idea to Willford. Which is funny, because she would have accepted.

"I would have said, 'Go for it,'" she says. "It cost me \$9,000 to tear [the house] down."