

**Portland Parks and Recreation
Park System Development Charge Taskforce**

Meeting Summary

June 12, 2014

Attending:

Task Force Members

Dennis Stoecklin, Concordia University
Christe White, University of Portland
Debbie Aiona, League of Women Voters
Jim Sjulín, Community Member at Large
Justin Wood, Home Builders Association of Metropolitan Portland
Nolan Lienhart, Community Member at Large

City Staff:

Todd Lofgren, Property and Business Development Manager
Jeff Shaffer, Park Finance Manager
Maija Spencer, Park SDC Program Specialist
Tom Crail, Senior Policy Analyst
Patti Howard, Senior Policy Analyst

Consulting Team:

Randy Young, Henderson, Young & Company
Shannon Roth, PRR

Visiting:

Jon Kloor, Home Builders Association of Metropolitan Portland

Following an introduction of Taskforce members, Randy Young provided a brief summary of topics previously covered in past Taskforce meetings and emphasized there are two clear policy issues being investigated during this round of system development charges (SDCs) updates: (1) SDCs related to college dorms and dorm occupancy rates, and (2) residential SDCs charged on flat rate.

- The first Taskforce meeting introduced the SDC topic to Taskforce members and explained the expected research process.
- The second and third Taskforce meetings provided an opportunity to present the research and draft recommendations to the Taskforce. After these meetings, it was clear that there was need for follow-up and continued dialogue with the colleges. Also, it was unclear to the Taskforce why

another three to four thousand acres of parks were needed, and where this land would be found.

- Following the Taskforce meetings, the city staff and consultant team drafted a new schedule for the upcoming year to address these issues.

Apportioning Park SDCs between New Residences and New Business

Randy presented a new chart to ask the Taskforce to weigh-in on a policy decision from the 2008 SDC update process. (The new chart is “Apportioning Park SDCs Between New Residences and New Businesses”.) Currently, SDCs are charged based on the potential for using the parks, as measured by the average number of hours per day that people could use Portland Parks. The potential hours are different for kids than adults, and for working adults compared to adults who are not working. The 2008 methodology assumes that people who work in Portland, but do not live in Portland, have potential hours to visit Portland Parks during their work day. However, the 2008 methodology does not assume that employees who work in Portland but live in Portland have potential hours to visit Portland Parks during their working day. As a result, it is unclear why new businesses with employees living in Portland do not get charged SDCs for those employees, but the new businesses are charged SDCs for employees who live outside Portland. Randy asked for the group to weigh in:

- A Taskforce member asked why charge for both the new businesses and the new housing for residents who work in Portland? Randy used the chart to show how the 2008 methodology charges SDCs to new housing for residents who live in Portland but work outside the City, and charges SDCs to new businesses for workers inside the City who reside outside the City. However, new businesses are not charged SDCs for workers who reside inside the City. Randy observed that since it was determined that out-of-town workers could use the parks two hours per day, those who live and work in Portland could use parks for the same two hours during the work day, in addition to the potential hours when they are at home.
- Some Taskforce members were not clear about why the policy from 2008 does not charge businesses with Portland employees. Randy explained that they couldn't find any information related to the reasoning behind the 2008 decision.
- A member asked about a possible missing category on the chart. How are people who don't work or live in Portland accounted when determining SDCs? Do retailers support suburban users and maintenance of facilities? Randy mentioned that there is no data for shoppers at this time and therefore cannot be considered in the equation. Another Taskforce member mentioned SDCs are for building new parks; new parks are not typically built for people who don't live here and maintenance of parks is a separate issue entirely.
 - Clarification 9/12/14: The member intended to suggest that the City's large parks and central city parks have a great deal of use by those who live and work outside of Portland. Examples include suburban families who play soccer at Delta Park, attend events at Waterfront Park or play in the fountain at Jamison Square. Growth outside of Portland will put additional strains on existing parks, lowering the service level for Portland residents and increasing the need for new parks over and beyond the needs generated by population growth within the City of Portland. This is particularly

significant given that the region outside of Portland is growing faster than the City of Portland.

- Several Taskforce members expressed skepticism about the total hours available to use parks and recreation facilities. Randy reminded the group that the only purpose is to determine the portion of parks that benefit residences compared to the portion of parks that benefit businesses, therefore it is acceptable to use “potential” hours to determine the allocation between residences and businesses.
- The group preferred that moving forward, parks SDCs be applied to businesses with employees that live in Portland.

Residential Occupancy Rates for Portland’s Park SDCs

Randy provided a summary on the Residential Occupancy Rates for Portland’s Park SDCs and presented his previously distributed memo. In this memo to the Taskforce, he included two different approaches to calculating SDCs: the total bedroom count vs. square footage. The bedroom count process has proved to be a bit difficult to consistently administer in other jurisdictions. The square footage method seems to be easier and more consistent. Randy has recommended that the Taskforce move forward with building size/square footage.

A new addendum to the Residential Occupancy Rates memo called “Person per Housing Unit by Size of Unit” was presented to the Taskforce. The chart shows that it is possible to break down the sizes even more than originally anticipated. Randy asked the group whether size should be used at all. If yes, should size increments from the original memo be used, or should more detailed square footage information (using the new chart) be used?

- Randy was asked to clarify whether Portland State University did the original research and demographics data analysis. He confirmed that the additional table is an extrapolation of data done by PSU, and also clarified that the data on the original policy memo was also an extrapolation.
- The Taskforce agreed that looking at the SDCs based on “central city” and “non-central city” makes the most sense.
- A member of the Taskforce mentioned that he has done some research and concluded that it is difficult to get SDCs administered by square footage rather than bedroom count because of its strong correlation to a property tax, and that impact fees are prohibited by law from being charged like a property tax. He also mentioned that there are currently no jurisdictions that use the square footage approach. He noted that some cities have programs that help diminish the impact of SDCs on small houses. Therefore, it is possible to make the argument that families with properties that have large yards could use their own property rather than the park, but properties in downtown with high-rise buildings have more need of parks and recreational facilities. Randy was interested in knowing more about the research showing that SDCs based on size of units haven’t been successfully implemented in Oregon. Randy also mentioned that it becomes a slippery slope when trying to determine who can/should/would use parks and recreational facilities.

- Another member of the Taskforce mentioned that he was interested to know if there are any legal or court case backgrounds about why square footage hasn't been successful in Oregon. Additionally, he was interested in the occupancy rates addendum – why does it make sense to use square footage? Randy explained that the more square footage gradations are available, it better aligns with the number of persons who impact the park system. SDC costs to residents are as much a part of cost per square footage, as they are for additional amenities, etc.
- Randy stated that he will do further research for Portland in relation to SDCs charged on a square footage basis, particularly cities that tried to do square footage but then backed away.
- Some members of the Taskforce voiced that square footage appears to be a better way than bedroom count, but there was some concern about this approach. For example, it is harder to do projections of future square footage for a park master plan and more difficult to develop estimates, etc.
- Randy explained that SDCs are not projected based on park master plan projects to be built and a Taskforce member pointed out that a Master Plan update is done more often, closer to every 5 years, which allows for updates and approximations.
- Specifically related to the detailed gradations provided on the addendum chart, it was noted that whether there are two categories or 20, the charges are still doing the same thing, but it seems fair with more options to offer.
- Another member of the Taskforce voiced that he supports the earlier comment that more detailed calculations looks more like a tax and SDCs cannot work like taxes. The presentation of SDCs cannot look like a tax, from a legal standpoint.
- A member of the taskforce asked why there is a concern with bedroom count and why is square footage a better indicator of occupancy? Sizes of houses can change – but number of bedrooms should be an accurate indicator of density in the house. The bedroom count often plays into short-term rentals and roommates (not square footage).
- Randy responded that too many categories on the square footage addendum comes back to whether or not there is an issue with it resembling a tax structure. He will look at whether or not there is any example in the state of Oregon where they considered and then discarded the square footage approach.

Dormitory Rates for Portland's Park SDC

Randy summarized his previously distributed memo on dormitory rates. He noted that when SDCs originally began, only residences were included. Colleges were not included because they were not considered residences. However, Portland changed their SDCs to include business and other organizations, such as colleges. This resulted in some opposition from the colleges. For the current round of SDC development, the city promised to look at the issue to see how this could be addressed or resolved. In his memo to the Taskforce, Randy proposed some alternatives for determining dormitory SDC rates and recommended an SDC charge of a 0.73 students per dorm room, rather than the current single-occupancy rate.

Denny Stoeklin presented the memo from College Coalition to Portland Parks and Recreation outlining their recommendations for Parks SDC charges related to dormitories:

- There are certain policies to take into consideration when determining SDCs:
 - Current city policy encourages and requires campuses to develop campus housing.
 - Design guidelines specifically callout park-like settings, open spaces and sports facilities.
 - Basis for SDC rates should be students living in on-campus housing, regardless of housing type.
- Data for on-campus dorm population and existing campus open space:
 - Campus provided open space: 18.9 acres per 1000 campus students
 - Current city park standards: 13.22 acres per 1000 residents
- Conclusion:
 - No basis for assessing additional Parks SDC on campus-based housing. Parks requirement are fully mitigated by campuses.

In response to the memo's findings and conclusions, the Taskforce posed questions and voiced an appreciation for the work Dennis did in preparing and presenting the memo:

- Question from the Taskforce: what if a developer wants to build an apartment complex across the street and serve only students who attend that university, could that developer be exempt of the SDC charges?
 - Dennis: No, a developer takes on that risk and it is outside of the campus boundary. If it is within the boundary of the university it falls within the university plan.
- Dennis mentioned that more student housing is being developed off-site, rather than onsite because urban campuses are running into their maximum capacity for on-campus housing, and are paying SDC charges on that account.
- Another member asked for clarification on the differences between Randy and Dennis' calculations for open campus areas.
 - The group noted that difference between Randy's figures includes all college students on campus, but figures provided by Dennis include only students residing in campus housing.
 - A member of the Taskforce noted that the city residential calculation process more closely aligns with Randy's analysis than in the College Coalition memo; however, colleges should pay lower SDCs than they currently pay.
 - Another Taskforce member agreed that colleges should pay less than others and asked the group to consider what the accessibility of campuses is to the general public. Colleges have an environment that is more insular than the rest of the city, but it is separate from the city. You are living in the space in a different way than if you were a worker/resident of the city. This is important to keep in mind when considering SDCs.
 - The Taskforce requested clarification on the numbers of open space acres available on campuses. The current figures shows what is currently open, not what might be built, so we may want to take into consideration what spaces may disappear with buildings in the future, based on the campus master plan.

- It is important to note, use by off-campus students using the open space on college campuses. The numbers need to reflect their use.
- Several Taskforce members requested time for further consideration, since the numbers are so different.
- Randy noted that if the notion of ratios of open spaces/students on campus gets traction with the Taskforce, it will be important to have more information to take a look at all of the data more closely to see what alternates can be proposed.
- Additionally, public parks are something available into perpetuity, if a section was closed off to the public for development purposes, it would be elected officials to make that decision, likely after extensive public involvement. However, campuses can change access to their grounds without any due process from the public.
 - Dennis responded that campuses have a master planning process and some of these issues are addressed. If there is going to be a building, it will show in the master plan.
- The group briefly discussed how Portland Parks and Recreation charges SDCs to colleges building offices (rather than dorms). They pay the business SDC fees in those instances.
- A member of the Taskforce asked about private developers putting a major playground or community space in their development? The group responded that there is an SDC credit program available to developers, as long as their space is open to the public.
- The Taskforce confirmed preference to use a consistent method for measuring the SDC costs for colleges.
- Randy summarized that although the Taskforce did not need to resolve the issue in the current meeting, some possible thoughts to carry forward from this discussion include having the Taskforce ultimately decide where SDC dormitory charges are:
 - About *policy*, such as “stop charging SDCs for college dorms”; or
 - Not about the policy, but about the *numbers*: “Continue charging SDCs for college dorms, but determine a different calculation.”
 - The Taskforce could also make recommendations to both address policy questions and propose different numbers.

New proposed schedule and meeting conclusion

Randy reviewed the proposed schedule and suggested the next Taskforce meeting be planned for August or September. A member of the Taskforce asked if the group will see any numbers about the amount of money/costs that are earmarked for development of new parks. Randy responded that he will check in with Riley about providing this information to the Taskforce.

The meeting concluded with Randy thanking the Taskforce for attending.