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Memorandum

To: Bill Cunningham, Bureau of Planning and Sustainability
From: Liz Hormann, PBOT Active Transportation and Safety
RE: Transportation Demand Management (TDM) Plan Requirement – Implementation and Affordable Housing
Date: July 6, 2018

This memo outlines the general implementation framework for the Transportation Demand Management (TDM) development requirements and the exemption to the Multimodal Incentive Fee for Affordable Dwelling Units.

Background on the TDM Requirement in Commercial/ Mixed Use Zones

Under 33.266.410, a development in a commercial/ mixed use zone, that is sited outside the Central City Plan District, includes more than 10 new dwelling units, and is located within 1,500 of a transit station or 500 feet of a transit street; is required to have a TDM Plan approved prior to the issuance of a building permit.

There are two options for a developer to meet the TDM Plan requirement:

1. Pre-approved TDM Plan (outlined in Title 17.107.035) – an administrative option which includes a one-time, Multimodal Incentive Fee equivalent in value to an annual TriMet pass per unit, due at building permit issuance. The current rate is $1,100 per market rate dwelling unit and $0 per affordable dwelling unit. Additionally, the applicant is required to allow PBOT to disseminate transportation options information and administer an annual transportation options survey for the first four years of occupancy.

2. Custom TDM Plan (outlined in 33.852.105.H and 17.107.020) – a Land Use Review process, approved through a Transportation Impact Review (TIR) process (Type II discretionary Land Use Review). The applicant must develop a TDM Plan and implement approved TDM strategies at occupancy. For approval, the Custom TDM Plan must demonstrate how the TDM strategies will contribute to sufficiently achieving the City's mode share and residential auto ownership targets.

The purpose of the TDM plan requirements is to prevent, reduce, and mitigate the impacts of the new development on the transportation system, neighborhood livability, safety, and the environment, while providing safe and efficient mobility options for tenants in the building.

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Implementation of TDM Requirement

In December 2016, adopted the code language in both Title 33 and 17 to include the TDM requirements in Commercial/ Mixed Use Zones. At the same time, through Exhibit P, City Council directed PBOT staff to develop the administrative processes to implement the code changes.

From November 2017 to May 2018, PBOT staff led an inter-bureau coordination group to develop and refine a very specific step-by-step implementation process for development and permit review across the Bureau of Development Services (BDS) and PBOT. Much of this focus was on how permit review, sign-off and communication would happen in a timely and efficient manner. The final Administrative Rule, which provides guidance to PBOT, other City Bureaus, applicants and the public on the implementation of the TDM requirements, was adopted by the Director of PBOT on May 21, 2018.

Basic Development Review Process and Requirements:
The following graphic outlines the basic process for each of the two TDM Plan Options, and what is required by the applicant for each stage of development:

① Is your project subject to the TDM Requirement?
(all four must apply to trigger requirement)

- ☐ Located in a Commercial/ Mixed Use Zone (CR, CX, CM1, CM2, CM3, CE)
- ☐ Includes more than 10 new dwelling units
- ☐ Located close to transit (within 500 feet of a Transit Street and 1,500 feet of a Transit Station)
- ☐ Located outside of the Central City Plan District

② Select a TDM Plan Option

	Pre-Approved TDM Plan	Custom TDM Plan
Land Use Review	• N/A	• Submit TDM Scoping Form • Submit Land Use Review Application and Fees • Land Use Review Approval
Building Permit	• Pay Multimodal Incentive Fee • Submit signed agreement form	• Pay multimodal incentive amount (as conditioned in the land use approval) • Submit signed agreement form
Occupancy	Work with PBOT to implement the TDM Plan: • PBOT to distribute Transportation Options Information • PBOT to disseminate multimodal incentives purchased with the Multi-modal Incentive Fee to residents • PBOT to conduct annual resident commute survey	• Developer to implement TDM Strategies as outlined in approved plan and conduct annual reporting for 4 years • PBOT to supply and disseminate multi-modal incentives as agreed upon in the approved Custom TDM Plan

At Building Occupancy:
While it will be another 9 to 18 months before a new development subject to the TDM requirement is built and is issued its certificate of occupancy, PBOT staff are working on refining the protocol for the implementation of the Pre-Approved TDM Plan and the Custom TDM Plan.

The following are two general models for providing the transportation options incentives with the Multimodal Incentive Fee. Each of these models starts with a required meeting (or phone conversation) between the property manager and PBOT staff, as outlined in the signed agreement form submitted prior to building permit issuance.

1) Property Manager run program – at occupancy PBOT will provide the property manager with the Multimodal Incentives (HOP cards, bike share memberships, Streetcar Passes, car share memberships, etc.) for the property manager to pass on to the tenants.
2) PBOT run program – at occupancy PBOT works with each resident, via an online form, to select the package of incentives and distributes to each resident individually.

For the Custom TDM Plan option, a developer is required to implement their approved TDM Plan, so at building occupancy PBOT's role will vary depending on that plan. The one piece where PBOT will always have a role, is using any multimodal incentive money paid prior to building permit issuance to procure and distribute the transportation options incentives.

Staff are also working on the survey mechanism and information package that will be disseminated for the first four years of occupancy.

Affordable Housing Exemption to the Multimodal Incentive Fee

At the time of adoption, the Code standard was written that the Multimodal Incentive requirement is equal in value to an annual TriMet pass, per unit. There was no distinguishing between market rate units or affordable units. Therefore, out of acknowledgement on the potential impact to affordable housing and the availability of a Low-Income Fare Pass from TriMet, staff proposed to develop two rates for the Multimodal Incentive Fee; one rate for market rate dwelling units and one rate for affordable dwelling units.

The Oregon Office of Economic Analysis estimated that between 2006 and 2015, the Portland housing market was under-built by approximately 23,000 units of housing, which was insufficient just to keep up with population growth. Additionally, given the existing Housing Emergency, and the City's various policy goals to provide and support affordable housing citywide, an exemption for designated affordable housing units was proposed to City Council.

On May 24, 2018 City Council adopted, Ordinance 188956, to amend the Transportation Fee Schedule (TRN-3.450) to incorporate the Multimodal Incentive Fee rates from the Pre-Approved Transportation Demand Management Plan (per Code Chapter 17.107), and to exempt Affordable Dwelling Units from the Multimodal Incentive Fee until June 30, 2020.

City Council also directed the following as part of the Ordinance:

- Where exempt, affordable dwelling units are within a building with market rate dwelling units that were subject to the Multimodal Incentive Fee, the same multimodal incentives will be offered to all

the units in the building, regardless of which units generated the fee and the incentives will be offered to the affordable dwelling units first.

- PBOT is directed to report back to City Council by end of September 2018, with options for how to fund an equivalent level of multimodal incentives for the exempt, affordable units, for the duration of the exemption period. With a focus on how to fund the incentives for buildings where all the units are exempted, affordable units.

PBOT staff are incorporating this direction from Council into the implementation work, to be ready when the first developments subject to the TDM requirement are built and occupied.