



ADU SDC Waiver Program

**Presentation to City Council
June 27, 2018**

ADU SDC waiver so far

- System development charges (SDCs) have been waived for accessory dwelling units (ADUs) since 2010
- In 2009, 24 ADUs were permitted
- In 2016, 615 ADUs were permitted – about 10 percent of new housing capacity

ADU SDC waiver so far

- Research found 25 percent of ADUs are short-term rentals
- Current ADU SDC waiver expires July 31, 2018
- Final inspection and certificate of occupancy must occur before June 30, 2019

City Council direction

Council directed:

- Extend ADU SDC waiver
- Involve BDS, BES, Water, Parks and Revenue Bureau
- Require covenant acknowledging the ADU will contribute to housing capacity and not short-term rental market
- Incorporate Revenue Bureau for covenant administration and biennial reports

ADU SDC Waiver Program

- Six bureaus created a working framework for an ADU SDC Waiver Program
- Revenue Bureau will administer covenant and enforce violations
- SDC bureaus will monitor covenant recording
- Program application and fee of \$400 will be required

ADU SDC Waiver Program (con't)

The waiver program:

- Waives SDC fees for property owners provided a covenant is signed
- Allows those without a covenant to rent new ADUs as short-term rentals
- Helps fund a position in Revenue Bureau
- Assesses violations at 150 percent of the current SDC rates

Next steps

- Programming to occur in TRACS
- BDS works with Revenue Bureau on application and handout/website materials
- Revenue Bureau biennial reporting on monitoring information
- Violation process and protocol

Staff recommended changes

- Amend Ordinance to state it is an emergency
- Amend Council directive d to state “Portland City Code is amended as shown in Exhibit A, to take effect August 1, 2018.”
- Change date application fee applies in Exhibit A from July 1, 2018 to August 1, 2018
(17.14.070.F.4.c)

Staff recommended changes (con't)

- Amend Council directive c to state “The Revenue Division shall request an increase in appropriation, funded by increased revenue associated with program fees, in the FY 2018-19 Fall Supplemental Budget Process.”
- Amend Ordinance title to say “Conditionally exempt the construction of certain accessory dwelling units from Parks and Recreation, Environmental Services, Transportation and Water system development charges and authorize the creation of a Revenue & Tax Specialist V position in the Revenue Division to perform waiver compliance”.

Council directs

- Adopt ordinance as amended including:
 - Create a Revenue & Tax Specialist V position in the Revenue Division.
 - Grant Revenue Division read and write access to TRACS and successor databases
 - Revenue Division shall request an increase in appropriations through FY 2018-19 Fall Supplemental Budget Process
 - Amend Portland City Code, as amended
 - Rescind Portland Parks & Recreation Policy Document PRK-4.01