

12-17-09

**Amendment to Council Calendar Item #1756**

Adopt Uniform Policies for Partial and Full Exemptions of System Development Charges for Qualified Affordable Housing Developments

Amend Exhibit A, Subsections 30.01.095.F.4.d and 30.01.095.F.4.e to read as follows:

d. For rental properties, if the exemption terminates within five years of initial building permit issuance, additional charges will be due and owing. These charges include a processing fee of \$250, and accrued interest from the date of the ~~submittal of a complete exemption application~~ **issuance of the building permit** to the date of the termination of the exemption. The reinstated system development charges shall be determined based on rates in effect on the date of the submittal of a complete ~~exemption~~ **building permit** application. Accrued interest shall be calculated based on the interim interest rate in effect on the date of the termination of the exemption as set by general ordinance pursuant to Section 17.12.140. The City may collect reinstated system development charges, processing fees, carrying charges and the actual costs of collections by recording a property lien pursuant to Title 22.

e. For owner occupied units, if the units is not sold to a qualifying household, additional charges will be due and owing prior to change of ownership. These charges include a processing fee of \$250, and accrued interest from the date of the ~~submittal of a complete exemption application~~ **issuance of the building permit** to the date of the termination of the exemption. The reinstated system development charges shall be determined based on rates in effect on the date of the submittal of a complete ~~exemption~~ **building permit** application. Accrued interest shall be calculated based on the interim interest rate in effect on the date of the termination of the exemption as set by general ordinance pursuant to Section 17.12.140. **The City may collect reinstated system development charges, processing fees, carrying charges and the actual costs of collections by recording a property lien pursuant to Title 22.**



**Office of the Director**

**City of Portland, Oregon - Bureau of Development Services**

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City Council  
Agenda Item  
Staff Supplemental Report

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TO: Commissioner Randy Leonard

FROM: Paul L. Scarlett, BDS Director *PLS*

DATE: December 10, 2009

RE: Uniform Policies for the Repayment of SDC Exemptions for Affordable Housing

Requested Council Hearing Date: December 17, 2009, 2:00 TC

I. RECOMMENDATION

Amend Code Chapters 17.13, 17.15, 17.36, 21.16 and 30.01, and Ordinance No. 182843 to establish uniform policies for partial and full exemptions of system development charges for qualified affordable housing developments.

II. BACKGROUND

On September 23, 2009, Council accepted a report and recommendations (CC# 1348) for public works permitting process improvements. The recommendations were developed by an interagency team of public works and development bureaus, representatives of the Development Review Advisory Council and a focus group of development professionals and stakeholders. The interagency team included representatives of the bureaus of Development Services, Environmental Services, Fire, Parks and Recreation, Transportation and Water. The recommendations included uniform policies for partial and full exemptions of system development charges for qualified affordable housing developments. The proposed ordinance implements the recommendations.

III. FINANCIAL IMPACT

The Auditor's Office and Revenue Bureau may incur costs associated with the modification of the Lien Accounting System to implement the proposed ordinance. The Auditor's Office is considering various administrative options and will be able to determine the implementation costs once a desired approach is selected. The Auditor's Office may adopt new processing fees to recover administrative costs of the deferral program.

IV. LEGAL ISSUES

No issues have been identified or have arisen regarding the consolidation of policies governing the repayment of SDC exemptions for affordable housing.

V. CONTROVERSIAL ISSUES

No controversies have surfaced from the development stakeholders who have participated in the public works permitting reform process. The interagency team expects the expanded deferral program to be well received by property owners and developers. However, some development stakeholders will object to the use of a recorded property lien to secure deferred and installment payment contracts. The bureaus will continue to work with the Development Review Advisory Council and local financial institutions to incorporate SDC deferrals into private development financing agreements as an alternative to a City property lien.

VI. LINK TO CURRENT CITY POLICIES

The ordinance implements new deferred payment policies for system development charges that need to be integrated with existing deferral practices and installment loan programs. The bureaus will work with the Auditor's Office and Revenue Bureau to implement the proposed changes.

VII. CITIZEN PARTICIPATION

The public works and development bureaus developed the proposed ordinance in cooperation with representatives of the Development Review Advisory Committee and a focus group of private development professionals. Participants included architects, engineers, developers and a representative of the Citywide Land Use Group.

VIII. OTHER GOVERNMENT PARTICIPATION

Not Applicable. Work on this proposal has been limited to representatives of the bureaus of Development Services, Environmental Services, Fire, Housing, Parks, Transportation and Water.

IX. FINANCIAL IMPACT ON LOCAL ECONOMY

IF APPLICABLE, PROVIDE INFORMATION ON ESTIMATED NUMBER OF JOBS CREATED BY THIS ACTION

The bureaus do not anticipate the addition of new private jobs as a result of this proposal. However, the new public works permitting process will require private developers to engage the services of development professionals earlier in the public works design process to ensure a timely permitting of public works improvements.

IF THIS ACTION IS CONTRACT-RELATED, PROVIDE INFORMATION ON M/W/ESB PARTICIPATION (NUMBER AND PERCENTAGE)

Not Applicable.

X. IF THIS IS A CONTRACT, DOES CONTRACTOR HAVE A CURRENT BUSINESS LICENSE? \_\_\_\_\_ WHAT IS THEIR BUSINESS LICENSE NUMBER? \_\_\_\_\_ IS THEIR ACCOUNT WITH THE CITY CURRENT? \_\_\_\_\_ IF NOT, HOW MUCH IS OWING? \_\_\_\_\_

Not Applicable.



City of

**PORTLAND, OREGON**

Development Review Advisory Committee

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December 9, 2009

Dear Mayor Adams and City Commissioners:

As Chair of the City of Portland Development Review Advisory Committee (DRAC), I am writing to you to express the entire DRAC's support for the completion of the Building Permit Fee Estimator, an online fee estimator for development projects. The DRAC is comprised of representatives from significant organizations involved in construction, design, development, and neighborhood associations.

The proposed Building Permit Fee Estimator will fulfill an initiative to create an online tool to allow customers to quickly, easily, and in a coordinated way receive an estimate of the fees for their proposed private development project. Presently, customers must contact each of the development review bureaus (BDS, BES, Parks, Transportation, Water) to receive an estimate of plan review, permitting, and SDC fees. The online Building Permit Fee Estimator will allow customers to obtain fee information from one source, at their convenience, at various times during the project life cycle. Customers will spend less of their own time searching for fee estimates, and staff will spend less time in this iterative and time-consuming process.

Because these fees are charged by multiple City bureaus, it is difficult for customers to know what the overall permit cost will be before committing to their project. The Building Permit Fee Estimator holds tremendous value because it will give customers detailed, comprehensive information about the fees that apply to their projects before they submit plans. The system will use the same fee calculators that City staff use, to ensure accurate estimates. The Building Permit Fee Estimator will contribute significantly toward the goal of making the City's permitting services more streamlined and efficient.

The cost of the Building Permit Fee Estimator is projected to be \$50,000. We are aware that due to the economic downturn, City bureaus cannot request funding in their budgets for new projects. We therefore strongly encourage you to designate funding for the Building Permit Fee Estimator, to make the permitting process more effective and efficient for both customers and City staff.

Please feel free to contact me to ask questions or receive additional information. I can be reached by phone at (503) 244-3525 or [steve@portlandremodel.com](mailto:steve@portlandremodel.com).

Respectfully submitted,

Steven Heiteen  
Chair, DRAC  
Steven Heiteen Construction, Inc.