



**CITY COUNCIL MEETING
STAFF REPORT**

Meeting Date: February 22, 2024		Subject: Resolution No. 3123 Parks SDC Reduction Request from Homebuilding Association of Greater Portland	
		Staff Members: Chris Neamtzu, AICP, Community Development Director and Kris Ammerman, Parks and Recreation Director	
		Department: Community Development	
Action Required		Advisory Board/Commission Recommendation	
<input checked="" type="checkbox"/> Motion <input type="checkbox"/> Public Hearing Date: <input type="checkbox"/> Ordinance 1 st Reading Date: <input type="checkbox"/> Ordinance 2 nd Reading Date: <input checked="" type="checkbox"/> Resolution <input type="checkbox"/> Information or Direction <input type="checkbox"/> Information Only <input type="checkbox"/> Council Direction <input type="checkbox"/> Consent Agenda		<input type="checkbox"/> Approval <input type="checkbox"/> Denial <input type="checkbox"/> None Forwarded <input checked="" type="checkbox"/> Not Applicable Comments: N/A	
Staff Recommendation: Staff recommends Council adopt Resolution No. 3123.			
Recommended Language for Motion: I move to adopt Resolution No. 3123.			
Project / Issue Relates To:			
<input type="checkbox"/> Council Goals/Priorities	<input type="checkbox"/> Adopted Master Plan(s)	<input checked="" type="checkbox"/> Not Applicable	

ISSUE BEFORE COUNCIL:

Should the Council grant the request of the Homebuilding Association of Greater Portland (HBA) to further delay full implementation of the Parks System Development Charge increase?

EXECUTIVE SUMMARY:

Over the course of two weeks at the beginning of January, two different development related fees were increased consistent with adopted Resolutions and Ordinances. The two specific fees are the Parks System Development Charge (SDC) and the Frog Pond West Infrastructure Fee (FPWIF). The latter is a per-door fee established to pay developers obligations (frontage improvements on Boeckman and Stafford, Boeckman Bridge, sewer pipe upgrades, and a neighborhood park) as part of constructing Frog Pond West.

The Parks SDC was adopted by the City Council on August 21, 2023. Adoption included a voluntary reduction in the proposed legally defensible amount per home from \$25,040 to \$14,000, which results in a \$6,651 increase in the Parks SDC for single-family residential units. The Parks SDC prior to this increase was \$7,349. The Project Team also voluntarily delayed the effective timeframe of the fee increase from 30 days, to 120-days to allow homebuilders to be able to plan for and advance ready permits ahead of the effective date. Despite being provided with public notice on multiple occasions, the HBA did not provide any formal written or oral input into the record as part of the adoption of the Parks SDC increase.

The Frog Pond West Infrastructure Fee and associated methodology was adopted via Resolution No. 2649 after the adoption of the Frog Pond West Master Plan. Each residential homebuilder in Frog Pond West is required to enter into a Development Agreement with the City that outlines the specifics of this particular fee, including specific dates that the fee can be increased (January 15 and July 15 of each year).

On January 15, 2024, this fee was increased by \$6,876 bringing the total per door fee to \$34,690. It should be noted that notification of increases in the Frog Pond West Infrastructure Fee is not required, as the potential increases are already outlined in the Resolution and each specific Development Agreement. However, City staff provided courtesy notice of both increases on December 19, 2023. The next day, the Mayor and Council President received an email from the HBA raising significant concerns about the cumulative impacts of the two fees being increased within two weeks and the impacts that can have on Developers' pro-formas, housing projects in the development pipeline, as well as potential impacts to homebuyers currently in the process of purchasing their home, since said fee increases are typically passed on to home buyers. The email to Council also included inaccurate information about who received notification. The previously distributed City staff memo to Council dated December 22, 2023 outlines in specific detail the process that was followed for each of the fees.

On January 8, staff met with a representative of the HBA along with four local homebuilder representatives – Stone Bridge Homes NW, West Hills Development, Ichijo USA Co., and Pulte Homes of Oregon. This meeting afforded HBA members an opportunity to provide feedback in implementing the increases. Following this meeting, staff directed the HBA representative to address the City Council under Citizen Input, which occurred on January 18, 2024. At that meeting, staff suggested that there could be some reasonable accommodations made, if the Council was interested. On January 23, 2024, staff had a zoom call with HBA and Stone Bridge Homes NW to discuss the possible options.

The specific options include:

Parks SDC

- The full SDC increase (\$6,651) has been in effect since January 1, 2024. If the Council approves the HBA request, staff will reduce the SDC for permits that come in between February 23, 2024 and June 30, 2024, after which time the full increase will apply.
- Phasing in the Parks SDC increase, with ½ of the SDC being applied on February 23, 2024 (\$3,325.50) and the other ½ being applied on July 1, 2024 (\$3,325.50), providing another 129 day delay in full implementation.
- The interim amount of Parks SDCs collected per home is \$10,674.50.
- No Engineering New Record Construction Cost Index (“ENR Index”) will be applied on July 1, 2024.
- This accommodation is for homebuilding only, and does not apply to other permit types such as commercial, industrial, or tenant improvements, nor is the City offering an accommodation for any other SDC.
- On July 1, 2024 the Parks SDC will be \$14,000 per single-family residential unit. After July 1, 2024, the Parks SDC will increase consistent with the ENR Index and adopting Resolution (i.e., the first time this fee would be indexed would be in 2025, and the adjustment would be effective as of July 1, 2025).
- It is anticipated by staff that with the deferral the Parks SDC account would not realize approximately \$362,500 in revenue for future park improvements by delaying implementation (41 lots in Frog Pond Oaks, 44 lots in Frog Pond Vista, 22 units in Frog Pond Estates, 2 remaining in Frog Pond Crossing).

Frog Pond West Infrastructure Fee

- Staff discussed with HBA delaying the collection of the FPWIF until the framing inspection (opposed to issuance of the building permit) in the home construction process, granting anywhere from one month to five months of delay in collection, depending on the speed at which the home is constructed.
- A home builder representative at the meeting suggested that this was not enough of a delay to be beneficial to them, and that builders may not take advantage of the program or find it of benefit to utilize.
- HBA representative agreed to survey the other current homebuilders in the Wilsonville community to hear their thoughts.
- On Thursday January 25, 2024, HBA emailed City staff stating that the delay in collection was not of interest to membership, and that while the gesture was appreciated, the proposal would not have a beneficial impact, **so staff has taken this proposal off of the table.**

EXPECTED RESULTS:

Providing reasonable accommodations for our homebuilding partners shows a good faith effort to accommodate their concerns, demonstrating the strength of the partnership with local homebuilders and the City. This accommodation seeks to balance the difficulties facing homebuilders and potential homebuyers while also acknowledging that SDCs are paid because of new development impacts on City systems.

TIMELINE:

This is a temporary reduction in the amount of Parks SDCs collected with each home. All proposed modifications to collection and fee amounts would be at full adopted amounts on July 1, 2024.

CURRENT YEAR BUDGET IMPACTS:

The Parks SDC account could see a reduction in revenue in an approximate amount upward of \$362,500 depending on the number of single-family home permits that are received, reviewed, and issued by July 1, 2024.

COMMUNITY INVOLVEMENT PROCESS:

This is a Council decision; there is no associated community involvement process. The public process was conducted as part of approval of the applicable Resolution and Ordinance.

POTENTIAL IMPACTS or BENEFIT TO THE COMMUNITY:

Loss of revenue causes a potential impact to the community by delaying the park capital improvements that can be made over time with SDCs. The benefits to the homebuilders include a reduced financial impact of the two fee increases on the price of a home, which benefits builders and homebuyers.

ALTERNATIVES:

The Council can approve the proposed alternative collection amounts and timeframe, can deny the request, or can propose a new approach.

CITY MANAGER COMMENT:

N/A

ATTACHMENTS:

N/A