

LOCAL TRANSPORTATION INFRASTRUCTURE CHARGE (LTIC)

A new charge to residential infill development on curbless local streets

What's the problem?

Less than 3% of the 2,066 miles of streets in Portland are unimproved (dirt and gravel) and about 15% of Portland streets are under-improved (some pavement and/or sidewalks, but no street curb). Over the years, the pace of infill development on these "problem streets" has increased, but the policies for realizing complete and connected improvements has not kept up.

The long history of incremental policy and lack of tangible progress, coupled with changing standards and costs, have resulted in a problem whose size makes any quick fix to "just solve the problem" unrealistic. Building all unpaved streets to full City standards is beyond the reach of current funding, any technically or politically feasible new fee, or any quick fix.

Why do we need an LTIC?

The City of Portland has a long-standing dilemma of not collecting fees or requiring infrastructure improvements from new development on problem streets. In the past, instead of making the needed improvements, developers often received a "waiver of remonstrance," a legally-binding agreement that obligates future homeowners to participate in any local improvement district (LID) for infrastructure improvements in the future.

While the system for issuing waivers has been refined in recent years, neighbors and developers continue to voice their concerns that this process doesn't adequately, or comprehensively, address Portland's problem streets. Currently, the only alternative to waivers is to require developers to construct partial street improvements directly in front of each building site, resulting in a patchwork of unconnected, half-street improvements scattered throughout the city.

Working with a group of community stakeholders, the City has now developed a proposal that offers another option for addressing infill developers' obligations to local street improvements - charging a Local Transportation Infrastructure Charge (LTIC). The charge is intended to solve two immediate issues: 1) Not charging any fee for infill developers on problem streets is unfair, because some developers are required to build half streets on their frontage while others can pass the cost onto future homeowners via a waiver; and 2) continuing to issue waivers of remonstrance wastes an opportunity to start accumulating money to make future improvements.

The LTIC proposal

Working closely with a Stakeholder Work Group made up of residents from neighborhoods with high concentrations of problem streets, infill developers and their consultants, and City staff involved in the permitting and street waiver process, the project team has developed a proposed LTIC, as follows:

Developers building four or fewer housing units on problem streets without curbs will be provided the option to pay the new LTIC fee or build the partial street improvements through the City's public works permitting process.

Details of the fee:

Applicability

- Infill development in single family residential zones
- Development occurring on lots where any part of the frontage does not have a curb
- Lots fronting city rights-of-way
- Streets classified as local street for all modes
- Only development with four or fewer housing units will be eligible for the LTIC option
- Non-residential building permits will be exempt from the LTIC, as will permits for multi-family development and residential development that include more than four housing units
- The full amount of the LTIC fee will be imposed on all applicable residential developments and no credits will be given

Basis

- Fee assessed at building permit application
- Upon payment, developer will have no further obligation to make transportation improvements to their frontage
- Developer retains the option to improve the frontage via a public works permit, instead of paying the fee
- Fee will be charged based on linear feet of frontage without curb

Rate

- Proposed rate is \$600 per linear foot of frontage without curb
- The initial rate is based on available data for the costs of building local streets.
- The LTIC is being set up to accommodate two separate fees, based on storm drainage conditions, with zone 1 for properties within MS4 areas (special stormwater management areas with properties that tend to be more challenging to build storm drainage due to steep slopes, challenging soil types, and other factors) and Zone 2 for all other areas of the city
- Rate for initial launch is same for both zones, due to current lack of data to inform variability
- Rate will be reviewed and updated based on actual construction data and indexed to inflation