

Multnomah County Land Use Planning Fee Study 2024

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Asset Management and Continuous Improvement
Department of Community Services

Multnomah County

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Summary

*The 2024 Multnomah County Land Use Planning Fee Study analyzes the cost recovery of the Current Planning program. It finds that on average, **17% of the annual total expenditure is covered by permit fee revenue between 2019 and 2024**, which is about a 5% decrease from the cost recovery reported in the 2016 Fee Study. This is due to expenses increasing faster than permit revenues. The study also includes a comparative analysis of planning fees in other Oregon counties, revealing a variety of approaches to fee setting and cost recovery. Based on the findings, the report asks the Chair and Board policy questions regarding: cost recovery, including setting a target recovery rate, adjusting fees incrementally, and considering equity and economic impacts.*

Context and Overall Methodology

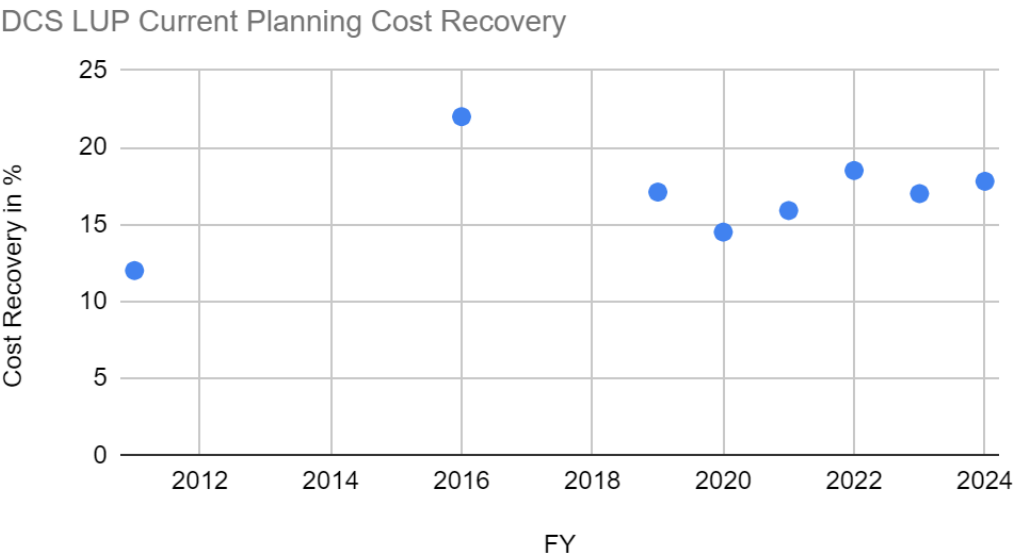
In 2012, FCS Group conducted a Land Use Planning Fee Study that provided Multnomah County stakeholders with “an analysis of the full costs for land use planning services to determine what fees should be charged to achieve a desired level of cost recovery.” FCS Group determined that revenue generated from the Land Use Planning Division’s permit fees amounted to 12% cost recovery for FY 2011 costs associated with its Current Planning section.¹

Due to FCS Group’s report, the Land Use Planning Division requested a Resolution to increase planning fees 15% per year for four years (FY 2014 through FY 2017) to increase the proportion of Current Planning costs it recovers which was approved by the Board of Commissioners. Holding constant other factors that may affect cost recovery, a 15% fee increase over four years increases recovery by 75% of the original rate. For example, starting with a 20% cost recovery rate, 15% fee increases over four years results in 35% cost recovery.

¹ The division’s long range planning and code enforcement activities were not included in the FY 2011 cost recovery analysis. This methodology was followed in the 2016 study. We have used the same methodology for this report. The only additional note on methodology for this study that we were not able to find a comparable reference to in the two earlier Fee studies was regarding Charges for Services and Intergovernmental transfers. In this Fee Study, we have included revenues from “Charges for Services” (those fee items that have a “deposit” and are supposed to have 100% cost recovery) as part of the permit fee revenue but have not included Revenue from Intergovernmental Transfers when calculating Cost Recovery.

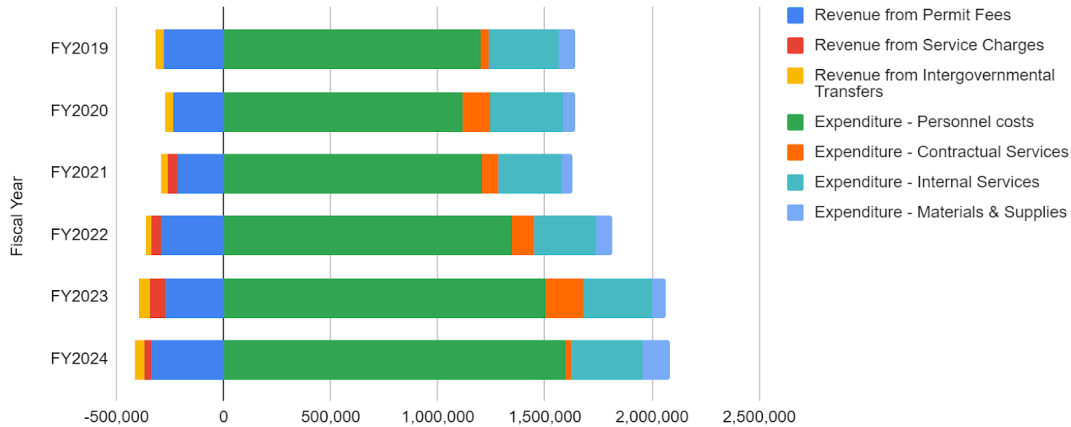
The FCS Group report recommended the department reassess its cost recovery rate every three to four years. A similar study was conducted internally for FY2016 which calculated a fee recovery of only 22% of the total expenditure for the Current Planning program. This report summarizes findings from the Land Use Planning Division's internally-conducted cost recovery analysis for FYs 2021, 2022, 2023 and 2024. This 2024 fee study finds that only 18% of the total cost incurred by LUP's Current Planning program in 2024 was recovered from permit fees and charges for services. That number was 16% in FY 2023, 19% in FY 2022 and 16% in FY 2021. There has been a 5% reduction in cost recovery between FY 2016 study and the average cost recovery of FY 2021, 22, 23 and 24. This appears to be due to expense increases outpacing permit revenues in recent years.

In addition to analyzing costs and revenues, this study included a comparative study of planning fees in other counties in Oregon. As part of that study, an online survey of Planning Directors in Oregon counties was conducted in August 2024. Also a review of the fee schedule of some neighboring counties was conducted to compare fees for similar services across counties. Findings from that study are also included in this report. The report finally makes specific recommendations based on the analysis for the Multnomah County Board of Commissioners to consider.

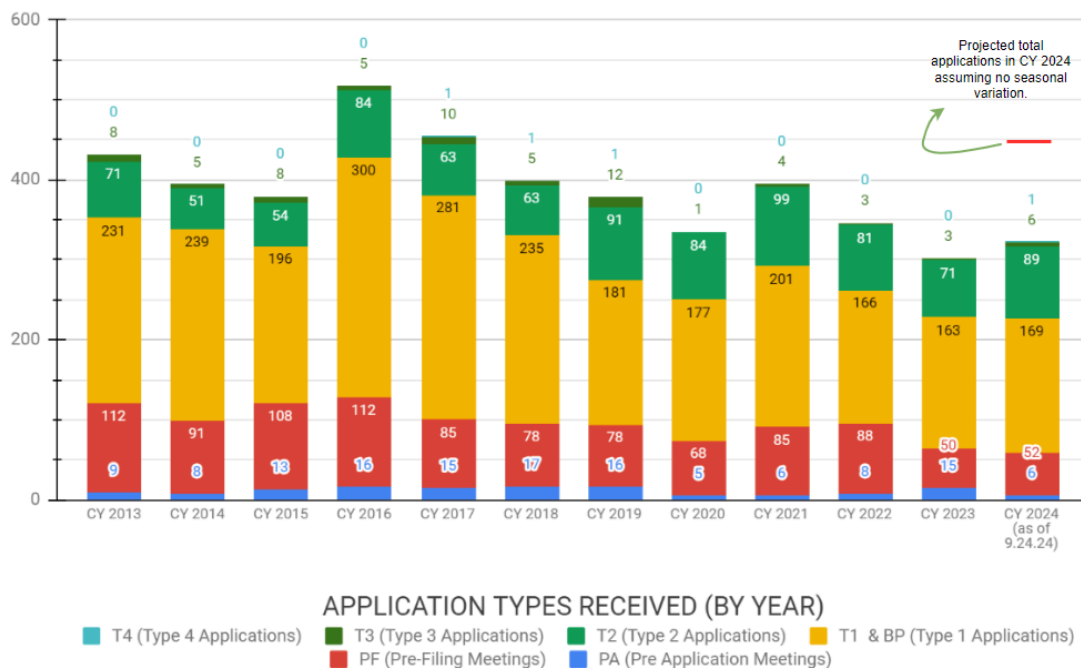


Cost Recovery Percentage for FY 2019 to FY 2024 is calculated as follows:
(Revenue from Permit Fees and Service Charges / Total Expenditure for LUP Current Planning) * 100
Note: Total Expenditure for LUP Current Planning includes costs currently funded by DLCD grant funding that subsidizes processing of permits in the National Scenic Area. It does not include costs incurred by other programs like Long Range Planning, Code Enforcement or Solid Waste Program.

Revenue and Expenditure by Fiscal Year



Fiscal Year	Revenue from Permit Fees	Revenue from Service Charges	Revenue from Intergovernmental Transfers	Total Revenue (excluding General Funds)	Expenditure - Personnel costs	Expenditure - Contractual Services	Expenditure - Internal Services	Expenditure - Materials & Supplies	Total Expenditure	Cost recovery %
FY2019	278,312	3,085	35,000	316,397	1,198,095	36,435	326,645	80,116	1,641,291	17
FY2020	234,320	2,867	35,000	272,187	1,118,386	127,406	338,786	54,085	1,638,663	14
FY2021	216,913	41,906	35,919	294,738	1,206,541	73,045	297,943	52,662	1,630,191	16
FY2022	291,236	44,336	30,000	365,572	1,345,640	105,537	286,207	74,173	1,811,557	19
FY2023	270,936	74,943	50,000	395,879	1,498,781	183,610	319,030	61,883	2,063,304	17
FY2024	334,172	36,315	42,688	413,175	1,595,502	28,938	330,788	124,653	2,079,881	18



Summary Findings from the analysis of Multnomah County LUP Current Planning expenses and revenues

Methodology

- Data used in the study:
 - Workday ledger data for Division “90-10 DCS Land Use Planning” for FY21, FY22 and FY23; and
 - PRNavigator data with details of Permits processed between July 1, 2020 and June 30, 2023.
- Data was cleaned, names of permits were matched between two datasets, case number discrepancies were resolved.
- Total permits by year and by type of permit was calculated from PRNavigator data.
- Workday ledger transactions were grouped by revenue category, primary cost object and year and were matched with permit type to compute revenue and spending for each permit type for which data was available.
- Not all permit types are processed every year. Consequently, to assess the efficiency of cost recovery, we aggregated revenue and expenditure data for permit types over three fiscal years (FY21, FY22, and FY23) to determine the percentage of costs recuperated.
- Since cost to process each individual permit is not tracked either in Workday or in PRNavigator, we do not have data on variance of cost within each permit type. Workday ledger only provides information on aggregate cost of all permits within the same permit type.

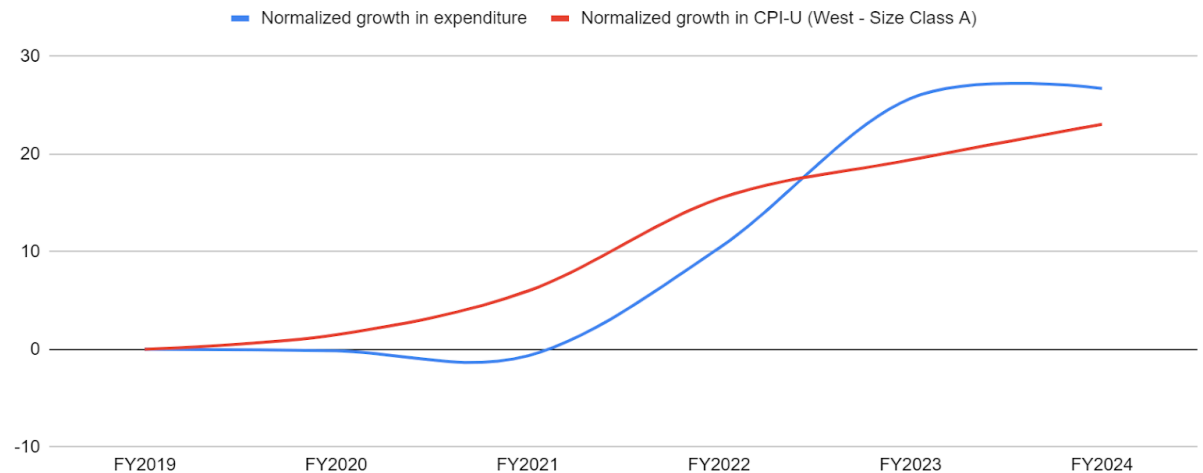
Findings

- Labor costs are rising: The costs towards wages and benefits within LUP Current Planning has decreased as a proportion of total expenditure over the past three fiscal years, declining from 74.2% in FY21 to 70.4% in FY23. However, it is important to note that the cost of professional services surged by over 150% between FY22 and FY23, a portion of which was utilized to supplement planner hours. If we include the cost of professional services to wages, the share of total ‘labor cost’ to overall expenditure rose from 79% in FY21 to 81% in FY22 to 83% in FY23. The rate of year-on-year increase in total expenditure has been rising (10% between FY21 and FY22 compared to 19%

between FY22 and FY23). But the rate of increase in total 'labor cost' (i.e., wages, benefits and professional services) has been faster (13% between FY21 and FY22 compared to 21% between FY22 and FY23). The graph below shows the change in our current planning expenditure relative to changes in cost of living in Portland region as reflected by the Consumer Price Index for All Urban Consumers (CPI-U) West - Size Class A². If we consider FY2019 as our base year, our expenditure declined slightly till FY2021 and then started rising. Our expenditure overshoot the trend line for normalized growth in CPI in FY2023 and is gradually reverting back to it in FY2024.

Change in Current Planning Expenditure relative to CPI

Base year FY2019

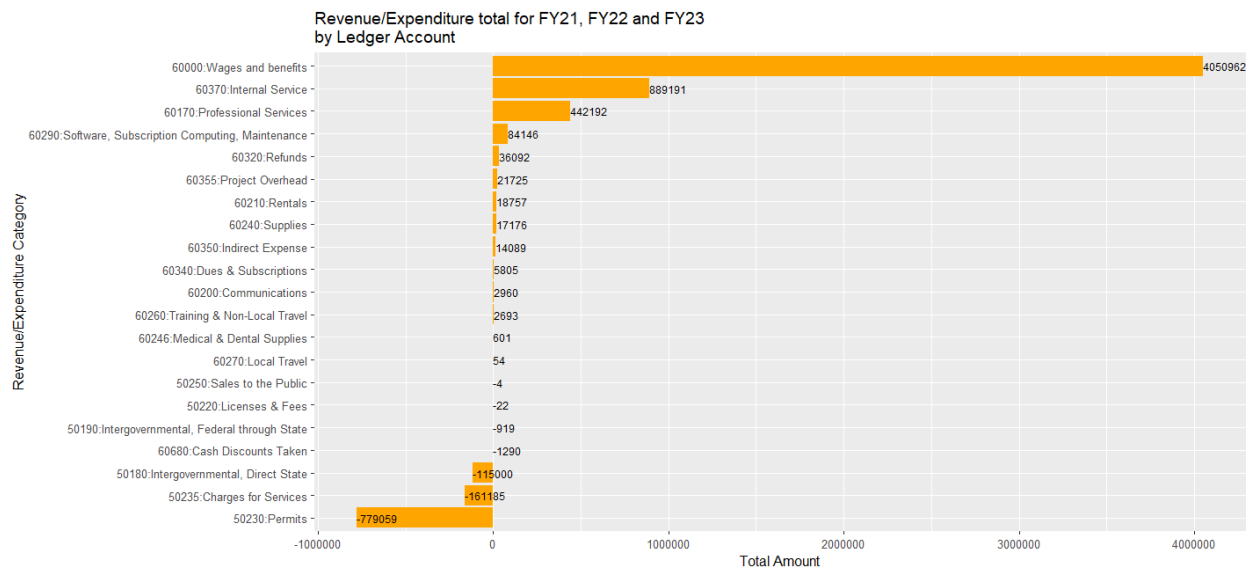


- Total revenue (from permit fees, charges from services, and intergovernmental transfers from State/Federal sources but not including General Funds) for LUP Current Planning rose from USD290K in FY21 to USD348K in FY22 to USD382K in FY23. Revenue rose only 32% between FY21 to FY23 whereas expenditure rose 38% during the same period.
- While much of the costs to run the LUP Current Planning program shows predictable growth, none of the three revenue sources for LUP Current Planning (permit fees, charges for services, and intergovernmental transfers) show any trend in the last three years and are therefore unpredictable for future budgeting purposes. While revenues from intergovernmental transfers and charges from services dropped between FY21-FY22 and then rose between FY22-FY23, fees collected from processing permits showed the opposite pattern. Also an intergovernmental transfer from DLCD may or may not continue in the future which currently subsidizes part of the cost of processing permits in the National Scenic Area but continuity in that grant in the future is not guaranteed

² Consumer Price Index for All Urban Consumers (CPI-U) West - Size Class A

https://data.bls.gov/timeseries/CUURS400SA0?amp%253bdata_tool=XGtable&output_view=data&include_graphs=true

- Only a little over 17 percent of total expenditures is covered from the LUP Current Planning revenues in the form of fees and charges for services each year. The remaining expenditure is mostly covered by 'General Funds.' A small portion (around \$40,000 per year) is covered by a grant from DLCD.
- Since only about a sixth of the Current Planning expenditure is being recovered from revenues, full cost recovery may require fees to be raised roughly 6 times across all permit types.
- Workday Data on time use of planners is not granular enough to determine cost recovery for all permit types. The top four most expensive time entry categories across all three years are:
 - 901000 DCS LUP Current Planning** (\$452,295 out of \$1,156,390 total wage spending in FY 21, \$488,265 out of \$1,270,899 in FY22, \$649,906 out of \$1,421,451 in FY23)
 - Counter Time/Public Assistance** (\$192,379 out of 1,156,390 total wage spending in FY 21, \$217,492 out of \$1,270,899 in FY22, \$184,939 out of \$1,421,451 in FY23)
 - Compliance** (\$78,706 out of \$1,156,390 total wage spending in FY 21, \$112,784 out of \$1,270,899 in FY22, \$115,025 out of \$1,421,451 in FY23)
 - Legislative** (\$49,370 out of \$1,156,390 total wage spending in FY 21, \$84,601 out of \$1,270,899 in FY22, \$52,837 out of \$1,421,451 in FY23)
- Even for permits that are currently full cost recovery (those that require a deposit rather than a straight fee), we are not adding overhead costs to planner's time. The full cost recovery permits only recover the cost of planners' time (plus employee benefits) devoted to that specific permit and does not include costs incurred on internal services, indirect expenses and other overhead costs (fleet, IT, facilities, etc.) that are incurred in addition to planners' time to process these permits.



How are other Oregon jurisdictions dealing with cost recovery of their current planning programs?

Methodology

An online survey was sent to all county planning directors in Oregon through the email list of the Oregon Association of County Planning Directors (AOCPD) in September 2024. Eleven counties responded to the survey and provided information about the number cases they receive, their extent of cost recovery and the strategies they use to determine fees.

Survey findings

Question 1. - If you have revised your permit fees at least once in the past two years, how did you go about making changes to your fee schedule? (Was it a flat percent increase in fees across all permit types or change in fee for each permit type was determined separately? Or was it some mix of both strategies?)

Of the 11 counties surveyed, 10 provided responses on how they have revised their permit fees in the last two years:

- Washington County raised their planning fees by 50% in the 2023-24 budget, and then implemented an annual program cost increase that started for the 2024-25 budget. For 2025-26, they are considering implementing a technology fee because their permitting software cost went up significantly.
- Marion County increased fees once in the last 20 years, in 2023, using a mix of flat percentage increases (15-20%) and individual fee adjustments.
- Linn County analyzed similar fees from neighboring counties and revised fees based on the average amount.
- Deschutes County increased current planning application fees by 16% and building valuation fees by 0.09% for FY 24-25.
- Clatsop County reviewed fee increases individually for each permit type and recently dropped or eliminated fees for certain permits due to simplified processes.
- Columbia County adjusts fees annually based on the CPI-U West index.
- Wasco County also updates fees yearly according to CPI.
- Clackamas County changes individual permit fees based on average hours spent on permit type.
- Hood River County primarily uses a flat percentage across the board (5% and then 3%.)
- Coos County increases a flat increase based on cost of living increase but sometimes changes fees for specific permit types if a process was changed causing more (or less) time to be invested in that type of application.

The remaining counties either did not respond or indicated they had not revised their permit fees in the last two years.

When comparing Multnomah County with other counties above, the majority of other counties have revised their permit fees in the past two years. Clatsop, Linn, Clackamas, Marion and Coos Counties considered individual fees separately at least for some of the fee types and adjusted them based on either changes in processing time or based on what neighboring counties were charging. Deschutes County increased their planning fees across all permit types by 16% whereas Wasco, Columbia, and Coos Counties tied their fee increase to CPI numbers.

Question 2 - How do you address equity issues in determining fees for certain permits or for certain categories of applicants? (For instance, do you reduce or waive fees for property owners that are below a certain threshold of income or wealth?)

- Marion County: No income-based reductions, but keep fees low for home occupations, hardships, and property line adjustments.
- Lake County: No fee waiver policy or history of granting waivers.
- Deschutes County: No income-based reductions, but fee waivers possible for indigency.
- Clatsop County: No sliding scale or automatic waivers, but case-by-case waivers possible upon Board of Commissioners approval.
- Columbia County: Fee waivers possible, but require written request and Board of Commissioners approval.
- Wasco County: Fee Waiver program for applicants with household income below 150% of the federal poverty level.
- Clackamas County: No income-based reductions mentioned.
- Hood River County: No income-based reductions mentioned.
- Coos County: Fee policy and fund to assist those who cannot afford permits.
- Washington County: Fee waiver available for low-income households.

Currently Multnomah County does not have a fee waiver or reduction policy. However, as part of the Land Use Code update, we are strongly considering bringing a proposal to the Board that would allow fee waivers based on certain equity criteria.

Question 3 - Does your planning director have the authority to reduce or waive fees in certain circumstances, and if so how are those instances defined?

- Planning director has discretion: Marion, Columbia
- Planning director has authority within guidelines: Linn, Wasco, Washington
- Planning director does not have authority: Deschutes, Clatsop, Clackamas, Hood River
- Other: In Clackamas, the department director (not planning director) can waive fees. In Hood River, only the Board can reduce or waive fees.

Multnomah County planning director currently does not have the authority to reduce or waive fees under any circumstances unlike five counties that do and two other counties where the authority to reduce or waive fees is with someone above the planning director.

Question 4 - Do you financially penalize code violators? If so, what is the form and extent of the penalty? (For instance, some jurisdictions may charge 2x fees to the applications that are the result of correcting a violation.)

7 out of 11 counties reported they financially penalize code violators. Penalties include:

- Fines: Varying amounts, from \$100-1000 daily (Marion) to up to \$500 daily (Columbia). Wasco County mentioned double application fees.
- Liens: Used by Deschutes County to collect costs, capped at 10% of property value.
- Double fees: Rarely used by Clatsop and Hood River counties.
- Hourly charges: \$75/hour for enforcement work in Linn County.

2 counties (Lake, Clackamas) indicated no financial penalties for code violations. In Washington County, if a code violation case goes before a Hearing Officer, the Hearing Officer determines the penalty fee.

Confirmed violations, if left unresolved, can incur daily fines in Multnomah County but unlike Wasco, Clatsop and Hood River Counties, we do not charge any additional application fees.

Question 5 - What is your current cost recovery rate (in %) for FY 24 for your Current Planning program?

County	Cost recovery in FY 2024 in %
Clatsop County	9.5
Columbia County	12
Multnomah County	18
Hood River County	20
Lake County	25
Clackamas County	30
Marion County	50
Washington County	98
Coos County	100

Among those who answered this question, only one county reported 100 percent cost recovery. Most counties gave an approximate cost recovery number in the online survey. Multnomah County, with a cost recovery of 18 % is on the lower side of the range. Median cost recovery among the counties for which we have data is 25%.

Question 6 - What share of your costs (in %) of the Current Planning program goes into non-fee tasks like customer service, counter time, or public assistance?

- Washington County: Estimated 30% of costs for non-fee tasks.
- Marion County: 50% of costs for non-fee tasks.
- Clackamas County: Estimated 50% of costs for non-fee tasks.
- Clatsop County: 50-75% of costs for non-fee tasks, including special projects and state mandates.
- Hood River County: Unsure of the exact breakdown.
- Coos County: 40% of costs allocated to non-fee tasks, built into overhead.
- Lake County: 60-80% of Planning Director's time on non-fee tasks due to being a one-person shop and staff reductions.

Multnomah County Workday time entry data does not have enough granularity to calculate the share of costs that goes to non-fee tasks but we can estimate that share to be around 50-60%. Out of this, a little over 10% of LUP Current Planning costs goes towards counter time / public assistance. Another 6% goes towards “compliance” work. Overall, these numbers are comparable to other counties that did answer this question.

If you have any further comments or thoughts regarding how fees for different planning permits are determined, please let us know. We appreciate your time to complete this survey.

- Lake County: Fees were increased and new fees added to align with surrounding counties and cover previously uncharged services. The fee schedule may increase again in January 2026.
- Clatsop County: Legislative changes and state mandates, like clear and objective standards and FEMA BiOp implementation, consume significant staff time and may necessitate raising floodplain permit fees.
- Hood River County: Expressed interest in receiving a summary of the feedback collected in the survey.

Comparison of current fees across counties for comparable services

It is very difficult to compare fees across counties because each jurisdiction uses different names and has different processes for similar sounding permits. Still an attempt was made to pull similar permit types from some of the fee schedules of our neighboring counties to see how Multnomah County's fees compare with other counties. Fees charged by the City of Portland are also provided below for comparable permit types.

Permit type	Lot of Record / Legal Parcel Determination
Lane County fee in FY 2025	'Legal Lot Verification' fee of \$489.60. And something called a 'Final Legal Lot Verification with Notice' for \$1,297.44 and something called 'Legal Lot Verification' (for subdivisions) for \$3,183.84+ \$72.96 per deed.
Wasco County fee in FY 2025	\$494 for 'Legal Parcel Determination - Up to 5 hrs.' (\$91.12 per hour after).
Columbia County fee in FY 2025	\$767 for 'Lot of Record Verification'
Multnomah County fee in FY 2025	\$1,139
Hood River County fee in FY 2025	\$1,145
Marion County fee in FY 2025	\$1250 - \$1990
Linn County fee in FY 2025	\$1000/\$2500
Permit type	Zoning Plan Check
Lane County fee in FY 2025	\$170 for Zoning Determination Simple and \$810 for Zoning Determination Complex
Columbia County fee in FY 2025	\$295 for 'Planning Compliance Review/Land Use Compatibility'
Multnomah County fee in FY 2025	\$342 'Zoning Plan Check (new development, or new development and demo permit, or other site plan review)'
Hood River County fee in FY 2025	\$545 for 'Research Letter (e.g., rebuild letters, land use determination, or zoning verification letter)'
City of Portland fee in FY 2025	\$182 to \$6566
Permit type	Inspection Fee / Site Visit
Lane County fee in FY 2025	\$103 - \$328 (for each additional inspection \$103)
Washington County fee in FY 2025	\$211 - \$316
City of Portland fee in FY 2025	\$19 to \$532
Multnomah County fee in FY 2025	\$288
Columbia County fee in FY 2025	\$237 to \$413
Polk County fee in FY 2025	\$117 to \$616 depending on the nature of inspection
Permit type	Marijuana Business
Washington County fee in FY 2025	New application/ outlet (\$100 County fee). Renewal (\$35 County fee). Change in ownership, additional license or second location: (\$75 County fee).
Multnomah County fee in FY 2025	\$765
Clackamas County fee in FY 2025	Marijuana Land Use Application – Type I - \$1000; Type II - \$1505

Hood River County fee in FY 2025	\$1,430 for 'Land Use Permit Type I: Marijuana or Psilocybin Production / Grow'
City of Portland fee in FY 2025	\$114 to \$3,969.
Columbia County fee in FY 2025	\$2,422 for Marijuana & Psilocybin Operation Permit

Based on the above analysis, we can say that Multnomah County fees are within the range of fees for comparable services in neighboring jurisdictions. There are jurisdictions that have higher fees than Multnomah County for some types of permits but there are also jurisdictions that charge lower fees than us for the same types of permits. We were not able to find any pattern that would suggest any one jurisdiction's fees were consistently lower than others across all comparable permit types. City of Portland fees were mostly on the higher side of the range of fees within most comparable permit types.

Key Fee Study Findings & Recommendations

Key Findings:

- 1. Multnomah County had an 18% fee cost recovery rate for FY 2024 for land use planning permits which is low compared to other counties in the study which ranged from 10% - 100%. Over the last six years the cost recovery rate has ranged from 15% - 19%. The City of Portland has a 100% cost recovery rate for land use permits.**
- 2. Ten out of eleven counties in the study have raised fees in the last two years utilizing a variety of approaches such as a flat percentage increase, comparisons to neighboring counties, and tying increases to the CPI index. Multnomah County did not raise land use fees for this current fiscal year (FY 2025). Previously the County raised fees 15% annually.**
- 3. 7 out of 11 counties who responded to the survey reported that they have the ability to reduce or waive permit fees in certain circumstances such as financial hardship by either the Planning Director, higher level directors, or the Board of Commissioners.**
- 4. Multnomah County's current fees are largely in the middle range of comparable fees charged by other nearby counties, and are significantly lower than the City of Portland.**

Recommendations:

1. Raise permit fees to better help keep pace with increasing FTE costs and to increase funding to allow additional FTE to improve customer service outcomes.
2. Consider adopting a cost recovery goal to be phased in over time. Factors to consider when raising fees include the impact of increased costs on applicants and the risk of higher fees discouraging permit applications which can lead to compliance and enforcement issues. For illustration purposes, the following table compares the current 18% cost recovery percentage with a target of 25%, 50%, 75% and 100% cost recovery rates phased in over a five year period.

Target cost recovery %	Annual % increase in fees required to achieve target cost recovery in five years ³	Total fee % increase after 5 years	EX: Significant Environmental Concern (Type 1) permit fee projection for FY2026 ⁴ in Year 1	EX: Significant Environmental Concern (Type 1) permit fee projection in Year 5
18% (current)	10%	61%	\$715	\$1,047
25%	19%	139%	\$774	\$1,551
40%	29%	257%	\$839	\$2,322
50%	36%	365%	\$884	\$3,024
75%	48%	610%	\$962	\$4,616
100%	55%	796%	\$1,008	\$5,815

3. Conduct a follow up fee study again a few years after the new Zoning Code is in place to continue to benchmark the County's fees.
4. Allow the Land Use Planning Director the authority to waive or reduce fees in certain circumstances.

³ These estimates assume a 10% year-on-year increase in our expenditure for the Current Planning program and our current cost recovery of 18%.

⁴ Multnomah County Fee for type "Significant Environmental Concern (Type 1)" for FY2025 is \$650.