



# PORTLAND PARKS & RECREATION

Healthy Parks, Healthy Portland



## **System Development Charge Update** **Investing in Portland's Parks System** **April 2015**

# Today's presentation:

1. SDC Definition
2. Parks SDC and Updates
3. 2015 Update: Five Changes
4. Proposed SDC Rates and Comparison to Other Cities
5. Community Concerns
6. Portland Parks Acquired With Parks SDC Money

# What is an “SDC” (System Development Charge)?

A one-time payment...

...paid by new development...

...for capital improvements...

...that are needed by new development.

# History of Portland's Parks SDC

## 1998

- Parks SDC adopted 1<sup>st</sup> time
- only residential development
- recovery rate = 30%

## 2004

- updated data
- recovery rate increased to 50%

## 2008

- updated data
- recovery rate increased to 75%
- commercial development added

# Why Do We Update SDCs?

1. Respond to changes
2. Improve accuracy of program

# 2015 Changes



1. Level of Service
2. Residential Development
3. Commercial Development
4. Types of Park Facilities
5. Recovery Rate

# I. Level of Service

- 2008 = Acres per 1,000 population
- **Problem: unrealistic land acquisition**
- 2015 Update = Investment per person

# Investment per Person: How to Calculate

1. Inventory existing land and improvements
2. Determine replacement cost (current value)
3. Current value  $\div$  current population = investment per person



## 2. Residential Development

- 2008: Flat rate (regardless of size)
- **Problem: one size does not fit all**
- 2015 Update: Size of dwelling unit (regardless of type)

# Average # Persons per Dwelling Unit

2 versions of the update:

Housing	Central City	Non Central
Single-Family	1.58	2.57
Multi-Family	1.03	1.66
Less than 1,000 sq. ft.	0.90	1.45
1,000 – 1,499 sq. ft.	1.26	2.03
1,500 – 2,249 sq. ft.	1.49	2.41
2,250 or more sq. ft.	1.75	2.82

# Average # Persons per Dwelling Unit

Example #1: Central City Apartment or Condo

Housing	Central City	Non Central
Single-Family	1.58	2.57
Multi-Family	<b>1.03</b>	1.66
Less than 1,000 sq. ft.	<b>0.90</b>	1.45
1,000 – 1,499 sq. ft.	1.26	2.03
1,500 – 2,249 sq. ft.	1.49	2.41
2,250 or more sq. ft.	1.75	2.82

# Average # Persons per Dwelling Unit

Example #2: Non-Central City Single Family House

Housing	Central City	Non Central
Single-Family	1.58	<b>2.57</b>
Multi-Family	1.03	1.66
Less than 1,000 sq. ft.	0.90	<b>1.45</b>
1,000 – 1,499 sq. ft.	1.26	<b>2.03</b>
1,500 – 2,249 sq. ft.	1.49	<b>2.41</b>
2,250 or more sq. ft.	1.75	2.82

### 3. Commercial Development

- 2008:
  - Where workers live
  - Local access parks
- **Problem: inconsistent treatment of new business development**
- 2015 Update:
  - No difference where workers live
  - No difference for local access parks

## 4. Types of Park Facilities

- 2008: Exclusions
- **Problem: growth doesn't support excluded facilities**
- 2015 Update: No exclusions

## 5. Recovery Rate (and Revenue from Other Sources)

- 2008: 75% recovery
- **Problem: growth is only paying for a portion of what growth needs**
- 2015 Update: 100% recovery  
(no more, no less)
  - 89% from SDCs
  - 11% from urban renewal, grants, transfers

# SDC per Residential Unit: Central City

Housing Unit	Current	Update
Single-Family	\$ 8,594	
Multi-Family	5,528	
Accessory Dwelling Unit	4,843	
Single Room Occupancy	4,943	
Less than 1,000 sq. ft.		\$ 5,494
1,000 – 1,499 sq. ft.		7,649
1,500 – 2,249 sq. ft.		9,071
2,250 or more sq. ft.		10,617



# SDC per Residential Unit: Non-Central City

Housing Unit	Current	Update
Single-Family	\$ 8,582	
Multi-Family	5,632	
Accessory Dwelling Unit	4,676	
Single Room Occupancy	3,877	
Less than 1,000 sq. ft.		\$ 6,773
1,000 – 1,499 sq. ft.		9,499
1,500 – 2,249 sq. ft.		11,265
2,250 or more sq. ft.		13,185

# SDC per Commercial Sq. Ft.:

## Central City

Development Type	Current	Update
Office	\$ 1.09	\$ 2.37
Retail	0.88	2.03
Industrial	0.56	1.19
Warehouse	0.12	0.26
Hospital	1.15	2.52

# SDC per Commercial Sq. Ft.:

## Non-Central City

Development Type	Current	Update
Office	\$ 0.48	\$ 1.83
Retail	0.38	1.44
Industrial	0.24	0.91
Warehouse	0.05	0.20
Hospital	0.51	1.93

# Comparison of SDC Rates for New Houses

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RANKING BY JURISDICTION FOR TOTAL SDCs	Residential Parks	Total Residential SDCs: Transportation, Water, Stormwater, Wastewater & Parks
West Linn	9,745	34,620
Gresham (Springwater)	9,039	31,101
Happy Valley	6,075	29,130
Tigard	6,451	27,817
Beaverton	5,524	25,339
Lake Oswego	12,034	25,022
Gresham (Pleasant Valley)	8,137	24,627
Wilsonville	5,150	24,398
Portland Non-Central City : 2,250 sq. ft. or mo	13,185	23,817
Hillsboro	4,072	23,690
Oregon City	3,585	22,024
Portland Non-Central City : 1,500-2,249 sq. ft.	11,265	21,897
<b>Average of Other Cities</b>	<b>5,816</b>	<b>21,767</b>
Sherwood	7,669	21,667
Portland Central City : 2,250 sq. ft. or more	10,617	21,249
Tualatin	4,115	21,210
Portland Non-Central City : 1,000-1,499 sq. ft.	9,499	20,131
Portland Central City : 1,500-2,249 sq. ft.	9,070	19,702
Portland Central City : 1,000-1,499 sq. ft.	7,649	18,281
Portland Non-Central City : less than 1,000 sq	6,773	17,405
Gresham (Current City)	3,837	16,693
Portland Central City : less than 1,000 sq. ft.	5,454	16,086
Canby	5,127	11,006
Troutdale	2,500	9,923

## Community Concerns:

1. Exemptions
2. Plans for spending SDCs
3. Increase of commercial rates
4. SDCs on the size of housing

# I. Are there changes to exemptions?

- **No change** to existing exemptions for affordable housing, tenant improvements and temporary uses
- **Add** exemption for campus housing

## 2. Where will the money be spent? Where's the CIP?

- Some SDCs start with CIP, others end with CIP
- Portland Parks has multiple CIPs covering 1, 5, 10 and 20-year time horizons
- Fully compliant with ORS 223.309

### 3. Why increase commercial rates? The increases are actually very modest:

	Annual	Monthly
Lease Rate: Portland Office* Space (Feb. 2015)	\$ 19.61	\$ 1.63
Park SDC Increase Amortized Over 10 Years	0.13	0.01
New Lease Rates with Park SDC Increase	19.74	1.64
Percent Increase Caused by Park SDC Increase	0.69%	
Annual % Fluctuation in Market Rates	6.30%	

\* Similar results for retail and industrial leases.

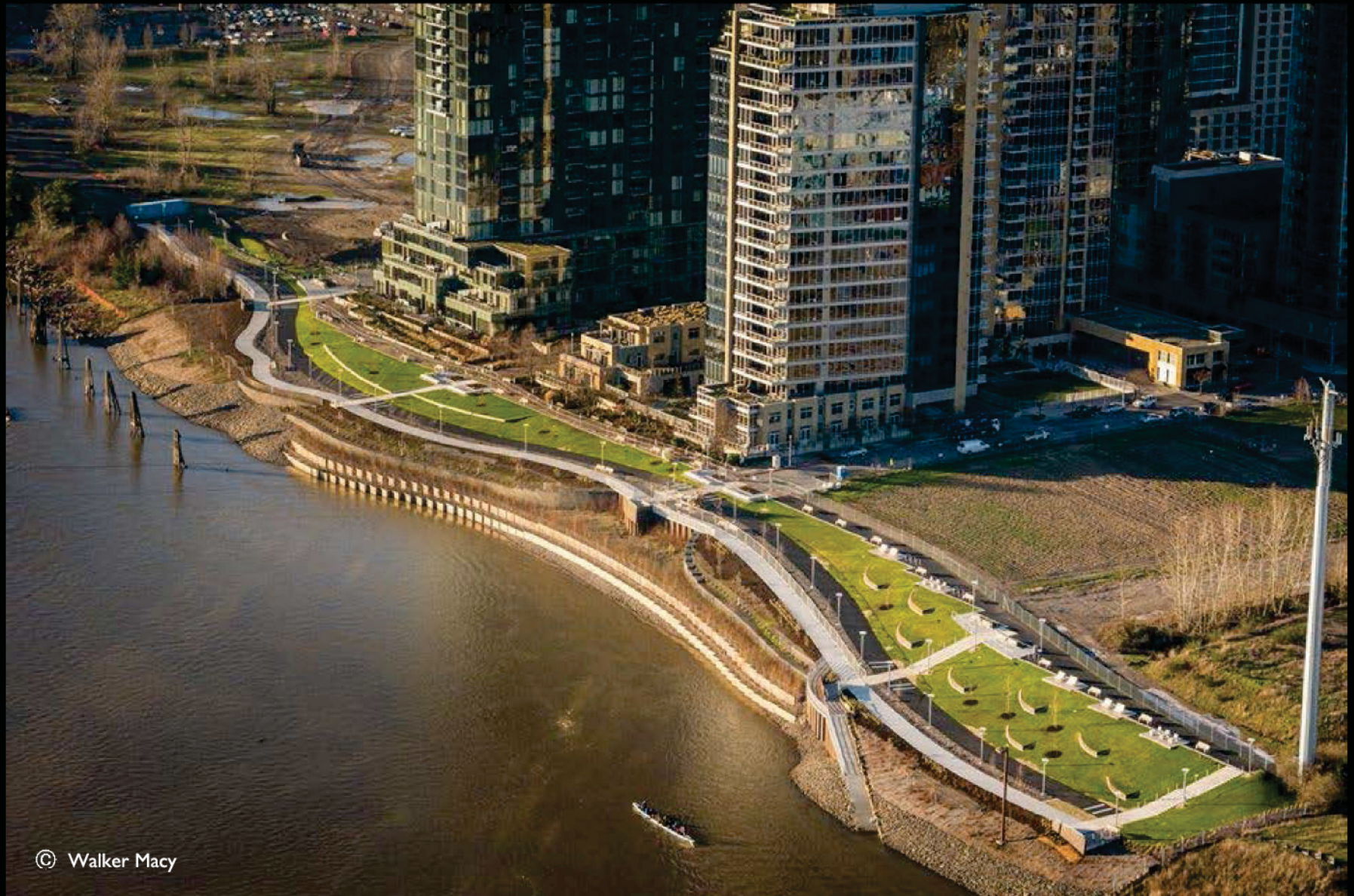


## 4. Does basing SDCs on the size of housing change the SDC to a tax?

- SDCs for commercial development are based on size
- Census data proves “ppdu” varies by size of dwelling unit

## Portland Parks SDC Program Success:

- SDCs have funded acquisition of 976 Acres
- SDCs have leveraged acquisition of an additional 165 Acres funded by our partners
- SDCs have funded construction of 18 new park facilities
- SDCs have funded construction of capacity increasing improvements in 31 parks



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South Waterfront Central Greenway 2015



K'unamokwst Park Aerial 2015



Westmoreland Park Adventure Play 2015



Eagle Point Acquisition on Terwilliger Parkway. A 100-year Vision Realized 2013



# Thank You





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# Average # Persons per Dwelling Unit

5 size ranges: smallest = < 700 sq. ft. Amendment

Housing Unit	Central City	Non Central
Less than 700 sq. ft.	0.77	1.24
700 – 1,199 sq. ft.	1.14	1.85
1,200 – 1,599 sq. ft.	1.38	2.22
1,600 – 2,199 sq. ft.	1.56	2.52
2,200 or more sq. ft.	1.73	2.79

# SDC per Residential Unit: Central City Amendment

Housing Unit	Current	Update
Single-Family	\$ 8,594	
Multi-Family	5,528	
Accessory Dwelling Unit	4,843	
Single Room Occupancy	4,943	
Less than 700 sq. ft.		\$ 4,648
700 – 1,199 sq. ft.		6,953
1,200 – 1,699 sq. ft.		8,359
1,700 – 2,199 sq. ft.		9,491
2,200 or more sq.ft.		10,507

# SDC per Residential Unit: Non-Central City Amendment

Housing Unit	Current	Update
Single-Family	\$ 8,582	
Multi-Family	5,632	
Accessory Dwelling Unit	4,676	
Single Room Occupancy	3,877	
Less than 700 sq. ft.		\$ 5,772
700 – 1,199 sq. ft.		8,634
1,200 – 1,699 sq. ft.		10,381
1,700 – 2,199 sq. ft.		11,787
2,200 or more sq.ft.		13,049

# Persons per Dwelling Unit

## Page 6, Table 3.2

- Central City decreased 21% (smaller housing units, smaller households)
- Non-Central city increased 3%
- Reduces Central City SDC compared to Non-Central City SDC

## New Population Live and Work In Portland

### Page 8, Table 3.4

- 2008 assigned 100% to new residence, zero to new job
- 2015 assigns 2/3 to new residence, 1/3 to to new job (16 hours/day at home, 8 at work) [no change for kids, non-employed adults]
- Reduces residential SDC slightly (now 85.53%, was 87.12%)
- Increases commercial SDC slightly (now 14.47%, was 12.88%)

## Residential Cost per Person

### Page 15, Table 4.1

- Citywide increased 18%
- Central City increased 43%
- Non-Central City increased 52%
- Changes are result of other factors:
  - Population growth & location of growth (Central vs. Non)
  - Shift portion of residential to commercial: live in/work in and non-central local access
  - Investment per person level of service & costs per unit
  - Percent funded by other revenues

# Non-Residential Cost per Resident Equivalent

Page 17: Table 5.1

- Citywide increased 27%
- Central City increased 69%
- Non-Central City increased from zero
- Changes are result of other factors:
  - Employment growth & location of growth (Central vs. Non)
  - Shift portion of residential to commercial: live in/work in and non-central local access
  - Investment per person level of service & costs per unit
  - Percent funded by other revenues

