

RESEARCH



System Development Charges Survey Report

APRIL 2023

2023 System Development Charges Survey Report

April 2023

A study of system development charges (SDC) administered by League of Oregon Cities found striking differences in city SDC implementation. Differences often depended on region, as well as population. The number of cities in Oregon providing reductions and waivers over the last few years has increased dramatically. The rationale for accommodations previously related mostly to economic concerns, but are now centered on affordable housing. Fee estimates on non-residential development have increased far more than those for residential developments, likely due to the ongoing effort to increase affordable housing.

Introduction

Every three years, the League of Oregon Cities (LOC) surveys member cities about their system development charges (SDCs). SDCs are an important means for cities to finance existing and planned infrastructure development to accommodate new users. These fees are set by each city and paid through new construction. As a result, cities with more new development will have more revenue generated from SDCs. New development creates the need for a larger capacity to provide city services such as water, transportation, sewer, stormwater, and parks and recreation. A city can establish an SDC for any or all of these services. The fees can reimburse a city for extra capacity built into a system, pay for building new capacity to accommodate new development, or a combination of the two.

When setting an SDC, cities must include all planned future projects related to the service, which must be outlined in the SDC methodology. When setting the rate paid by development projects, cities can also reduce the SDC below actual costs of building the capacity. Therefore, when SDCs are set, they can balance the costs of needed infrastructure with impacts on development within cities.

The LOC surveyed its members on their utilization of SDCs, including the types charged, rates and methods. The survey also asked about waivers, deferments, or other accommodations that cities provide. The survey received responses from 66 cities, which is lower than previous iterations of this survey. The resulting data shows that like other areas of city services, larger cities have far more complex and developed SDC structures.

Example 1 – House (Residential):	Example 2 - Office Building (Non-Residential):
<i>Single-family, 3-bedroom home</i>	<i>Professional building for general office use</i>
Lot size: 9,000 sq. ft.	Lot size: 47,000 sq. ft.
Building size: 2,000 sq. ft.	Building size: 20,000 sq. ft.
Development value: \$190,000	Development value: \$960,000
Land value: \$60,000	Land value: \$180,000
Parking spaces: 2	Parking spaces: 50
Water meter size: 3/4 inch	Water meter size: 2 inches
Water flow (gallons/mo.): 6,000	Water flow (gallons/mo.): 33,000
Fixture units: 16	Fixture units: 64
Number of employees: N/A	Number of employees: 96
Impervious Square Footage: 1,000 sq. ft.	Impervious Surface Area: 50% of Lot Size
	Storage: 35% of Sq. Footage
	ITE Code #710

Figure 1: Hypothetical Residential and Commercial Properties for SDC Calculations

Cities may use different calculation methods compared to neighboring cities and may include different fee structures. This creates difficulty in assessing the size and scope of development charges. Figure 1 above provides hypothetical residential and commercial property specifications to aid cities in evaluating their charges. This allows not only for a comparable rate across cities in varying regions and populations, but it also provides opportunity for historical analysis. This hypothetical property has been used, unchanged since 2010, providing the LOC with the ability to track major trends in city revenue. While the LOC has previously conducted historical analysis in this report, it was removed from the 2022 version due to a lower response rate. The hope is that future SDC surveys will allow for the return of this analysis.

General Results

Among survey respondents, 76% of cities collect SDCs for their city, county and/or special districts. Cities with a population greater than 3,250 were more likely to have SDCs of any kind, which is higher in population than the LOC's findings in previous surveys, perhaps indicating a decline of SDC collection for other government entities in smaller cities. Cities in the North Coast, Metro, South Willamette and Central Oregon regions were also more likely to collect SDCs. This is likely due to the recent history in these regions of city growth and development.

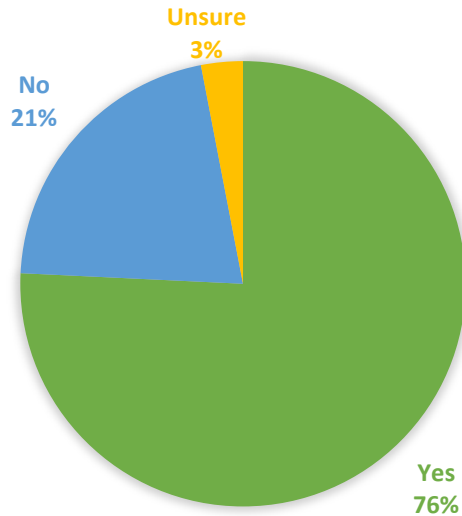


Figure 2: Does your city currently collect any System Development Charges (SDC's) for the city, county, or special district?

A similar pattern occurs when respondent cities are asked about other governmental entities, such as counties and special districts, charging SDCs. While only 18% of cities have other governments charge SDCs within their boundaries, this is more likely to occur in larger cities (in this case, those with a population greater than 10,600) and in the Metro and South Willamette regions. The significance of these regions suggests the other governments charging SDCs are likely counties, regional governments, and special districts. Amongst text answers, cities listed a variety of special districts, including parks districts (such as Chehalem Parks & Recreation District), and water and sewer services (such as Nehalem Bay Wastewater Agency).

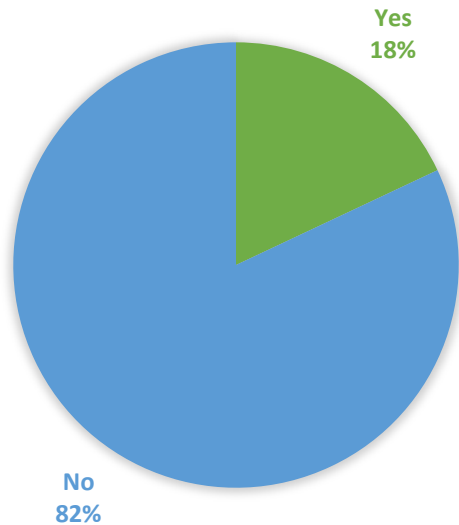


Figure 3: Do any other governmental entities levy and collect an SDC on development projects within the city?

The median year in which SDCs were last updated was 2018, which means the median has consistently increased every year by one year. Updates were far more likely to be in the recent past in larger cities. The median year in which SDCs would next be reviewed was 2023. This shows that cities are ready to review their existing SDCs in the near future. However, it should be noted that the common response of review and update in the near future was also common in the 2019 SDC Survey and also in the 2016 surveys.

There are nine respondent cities (14%) that have either a construction excise tax (CET) or an equivalent based on square footage or building valuation; far less than what was seen in the 2019 and 2016 surveys. This, however, may be due to differences in survey sample size. Two-thirds of these cities had a population greater than 10,600 residents. CETs were most common in the North Coast Metro and Willamette Valley regions. Regions that have a statistically significant “no” response to CETs were all east of the Cascade Mountains. Rates of such CETs commonly equated to 1% of the buildings valuation. Respondents note that these excise taxes are often collected on behalf of school districts, affordable housing initiatives and Metro Regional Government when the city was a Metro member.

Accommodations

The 2016 version of this survey found a significant number of cities had increased their accommodations to incentivize development, including fee reductions, etc. Many of these cities cited the need to aid local development following the Great Recession. In the last six years, the number of cities providing waivers has significantly increased from 31% to 54% in 2022. This correlates with the perception that cities are adopting incentives to advance the development of affordable housing and address the state's housing shortage. These accommodations have most often been applied to all city SDC's and are more common for residential development. Affordable housing and assistance for low-income residential development continue to be the primary reasons for such waivers and accommodations. Accommodations were most common in cities with a population greater than 3,275 and in the Metro, North Willamette and Central Oregon regions. These findings indicate accommodations for affordable housing have expanded to include smaller cities as well as more regions, especially North Willamette, which was not a significant region for these accommodations in the past.

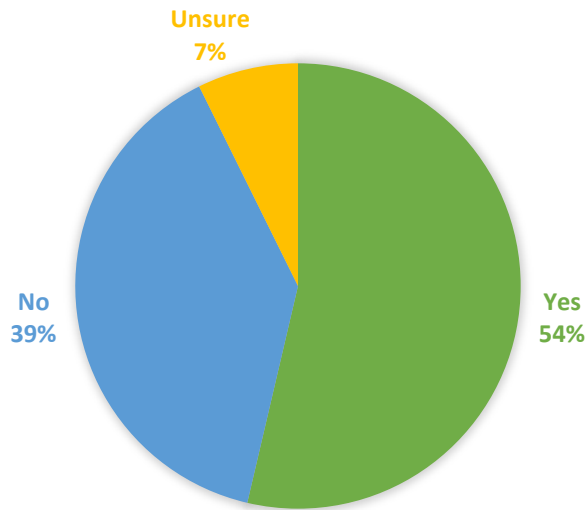


Figure 4: Has your city provided waivers and accommodation in last three years?

SDC Specific Results

Parks System Development Charges

Among respondent cities, 36 had SDCs to fund parks. This constitutes 55% of the cities surveyed, and was most common in cities with a population greater than 3,250 residents. Further, parks SDCs were most common in the Metro region, both Willamette Valley regions, and the Central Oregon region. No city in the Eastern Oregon region had parks SDCs.

Parks SDC- Average Annual Revenue 2019-2022				
Quintile	2019	2020	2021	2022
1st Quintile	NA	NA	NA	NA
2nd Quintile	\$ 18,417	\$ 284,369	\$ 547,066	\$ 683,086
3rd Quintile	\$ 2,905	\$ 4,083	\$ 25,981	\$ 10,762
4th Quintile	\$ 136,986	\$ 88,313	\$ 113,756	\$ 183,120
5th Quintile	\$ 451,472	\$ 704,167	\$ 616,863	\$ 799,210
TOTAL	\$ 239,908	\$ 361,224	\$ 363,260	\$ 445,081
Region				
N. Coast	NA	NA	NA	\$ -
Metro	\$ 445,443	\$ 635,202	\$ 505,818	\$ 753,146
N. Willamette	\$ 203,010	\$ 142,796	\$ 119,711	\$ 119,481
S. Willamette	\$ 74,144	\$ 204,514	\$ 389,814	\$ 524,762
C. Coast	NA	NA	NA	NA
S. Coast	NA	NA	NA	NA
S. Oregon	\$ 34,629	\$ 29,403	\$ 77,875	\$ 50,663
Gorge	\$ -	\$ -	\$ -	\$ -
C. Oregon	\$ 764,422	\$ 1,446,037	\$ 1,447,826	\$ 1,616,318
SC Oregon	\$ 49,752	\$ 116,060	\$ 48,693	\$ 36,103
NE Oregon	\$ 15,367	\$ 8,213	\$ 29,068	\$ 30,583
E. Oregon	NA	NA	NA	NA
TOTAL	\$ 239,908	\$ 361,224	\$ 363,260	\$ 445,081

Table 1: Average Annual Parks SDC Revenue 2019-2022

These 36 cities collected an average of \$445,081 from parks SDCs in FY2022. As would be expected, the larger the city, the more revenue was collected. While no revenue was collected from respondents for parks SDCs for cities with a population less than 470, an average of \$799,210 was collected for cities with a population greater than 10,600.

Average Estimated Parks SDCs FY2022		
	Residential	Non-Residential
1st Quintile	NA	NA
2nd Quintile	\$1,577	NA
3rd Quintile	\$843	\$10,261
4th Quintile	\$4,015	NA
5th Quintile	\$5,541	\$40,308
TOTAL	\$3,787	\$26,954
N. Coast	\$510	NA
Metro	\$6,536	\$46,859
N. Willamette	\$2,633	\$37,140
S. Willamette	\$3,794	\$7,135
C. Coast	NA	NA
S. Coast	NA	NA
S. Oregon	\$1,234	NA
Gorge	\$5,064	NA
C. Oregon	\$3,506	NA
SC Oregon	\$1,748	NA
NE Oregon	\$826	\$1,870
E. Oregon	NA	NA
TOTAL	\$3,787	\$26,954

Table 2: Average Estimated Parks SDCs for FY2022

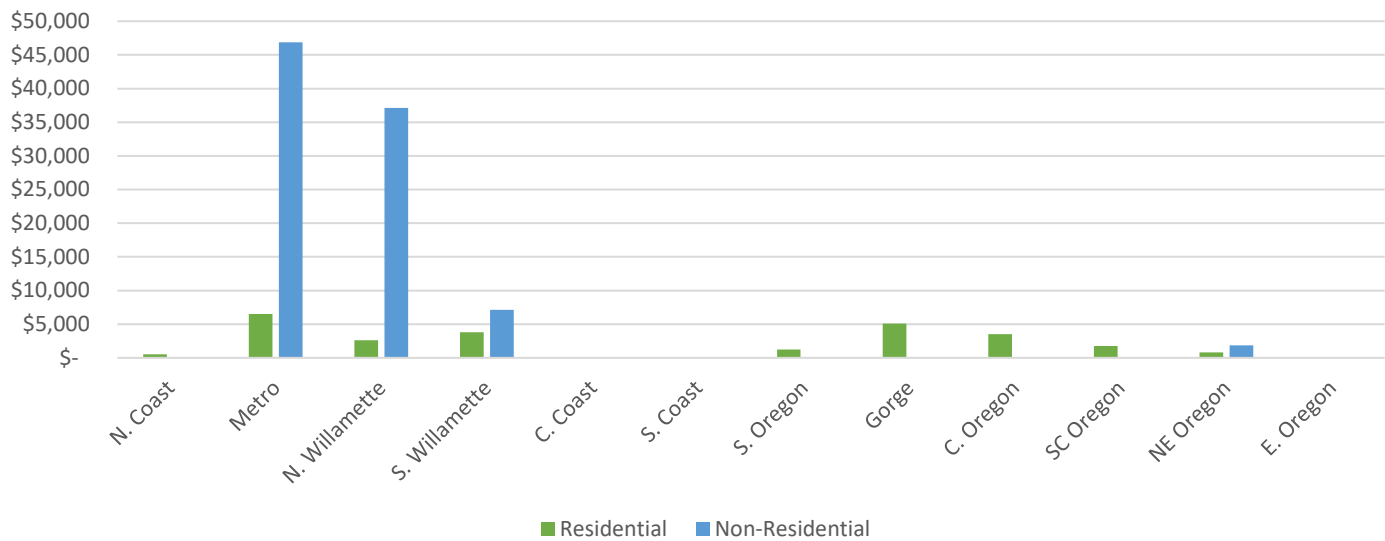


Figure 5: Average Estimated Parks SDCs for FY2018 by Region

Nineteen cities charge parks SDC for only residential development, whereas nine more charge for both residential and non-residential development. Non-residential charges are more likely in cities with a population greater than 10,000, as well as in the Metro and North Willamette Valley regions. Based on the example structures from Figure 1, parks SDC's averaged \$3,787 for residential structures and \$26,954 for non-residential development. The non-residential fees were significantly higher than the \$17,000 estimate observed in 2018. This may be due to differences in sample size, but could also speak to a significant increase in non-residential development. Compare this to the 2018 estimate for residential, which remain nearly identical. Fee calculations were most commonly assessed per unit.

Sewer System Development Charges

Forty-three cities had SDCs to fund sewers. This constitutes 65% of the cities surveyed, and was most common in cities with a population greater than 1,300. This was the most common SDC cities collected, followed closely by water SDCs. Sewer charges were most common in the South Willamette Valley, and Central Oregon regions.

Sewer SDC- Average Annual Revenue 2019-2022				
Quintile	2019	2020	2021	2022
1st Quintile	NA	NA	NA	NA
2nd Quintile	\$ 8,344	\$ 17,491	\$ 4,043	\$ 33,716
3rd Quintile	\$ 28,706	\$ 20,844	\$ 131,630	\$ 19,823
4th Quintile	\$ 134,683	\$ 131,967	\$ 234,687	\$ 192,126
5th Quintile	\$ 655,197	\$ 704,399	\$ 913,841	\$ 1,128,015
TOTAL	\$ 298,482	\$ 314,921	\$ 450,056	\$ 463,289
Region				
N. Coast	\$ 69,503	\$ 39,560	\$ 99,644	\$ 91,406
Metro	\$ 504,291	\$ 338,677	\$ 522,671	\$ 907,037
N. Willamette	\$ 620,698	\$ 496,049	\$ 1,040,372	\$ 756,443
S. Willamette	\$ 205,654	\$ 252,790	\$ 335,923	\$ 565,489
C. Coast	NA	NA	NA	NA
S. Coast	\$ -	\$ -	\$ -	\$ -
S. Oregon	\$ 5,640	\$ 2,778	\$ 33,140	\$ 27,231
Gorge	\$ 112,989	\$ 86,668	\$ 57,325	\$ 70,400
C. Oregon	\$ 622,099	\$ 948,788	\$ 950,824	\$ 832,974
SC Oregon	\$ 166,579	\$ 606,346	\$ 538,669	\$ 354,957
NE Oregon	\$ 9,666	\$ 7,721	\$ 56,593	\$ 49,936
E. Oregon	NA	NA	NA	NA
TOTAL	\$ 298,482	\$ 314,921	\$ 450,056	\$ 463,289

Table 3: Average Annual Parks SDC Revenue 2019-2022

An average of almost \$463,289 was collected from sewer SDCs in FY2022. While larger cities often collect higher rates of revenue, the amount for cities with a population greater than 10,600 is almost six times that of cities in the 4th Quintile. This is notable, as sewer SDCs are common in both these population categories. No city with a population less than 470 listed revenue for this SDC.

Average Estimated Sewer SDCs FY2022		
	Residential	Non-Residential
1st Quintile	NA	NA
2nd Quintile	\$3,973	\$4,098
3rd Quintile	\$3,954	\$22,034
4th Quintile	\$4,239	\$16,248
5th Quintile	\$5,397	\$27,723
TOTAL	\$4,564	\$20,368
N. Coast	\$4,866	\$15,435
Metro	\$7,682	\$33,414
N. Willamette	\$5,117	\$26,025
S. Willamette	\$4,842	\$15,150
C. Coast	NA	NA
S. Coast	NA	NA
S. Oregon	\$1,857	\$1,438
Gorge	\$2,118	\$11,296
C. Oregon	\$4,373	\$29,914
SC Oregon	\$6,691	NA
NE Oregon	\$2,577	\$14,580
E. Oregon	NA	NA
TOTAL	\$4,564	\$20,368

Table 4: Average Estimated Sewer SDCs for FY2022

Twenty-eight cities charge sewer SDC for residential development, and all but six charged for non-residential development. Based on the example developments from Figure 1, sewer SDC's averaged \$4,564 for residential structures, and \$20,368 for non-residential development. While non-residential averages remain similar to the 2018 estimates, residential charges in this category increased by almost \$800. Fee calculations were most commonly assessed as a flat fee per unit.

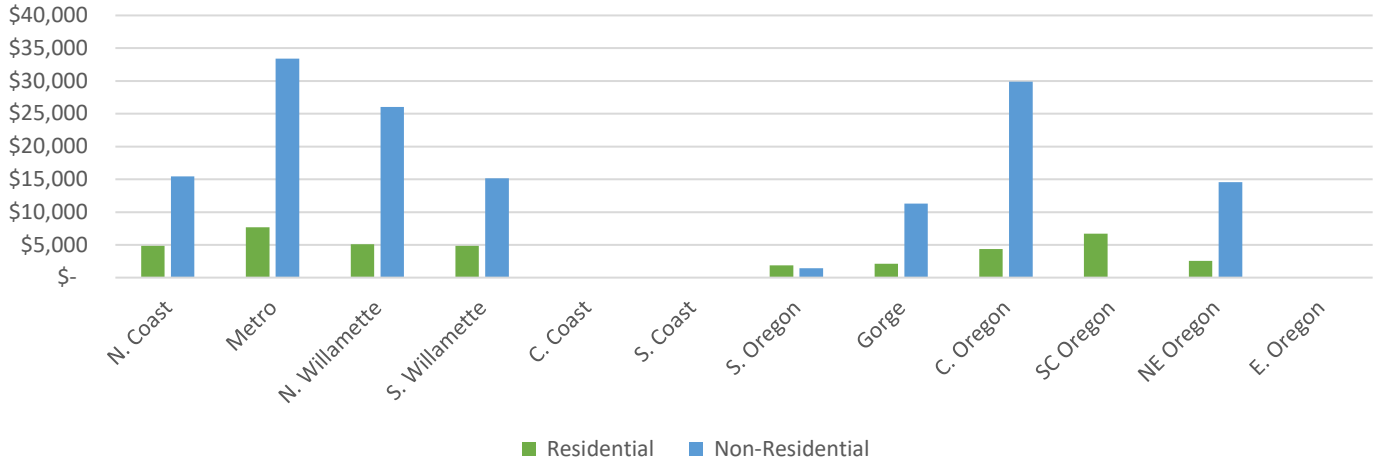


Figure 6: Average Estimated Sewer SDCs for FY2022 by Region

Stormwater System Development Charges

Among respondent cities, 46 had SDCs to fund stormwater infrastructure, which constitutes 48% of the cities surveyed and is most common in cities with a population greater than 3,000. Stormwater SDCs were most common to the Metro, North, and South Willamette Valley regions. These regions are all contained within the Willamette Drainage Basin, an area known for periodic flooding. No city with a population less than 450 or in the South-Central, Northeastern, Eastern Oregon regions had stormwater SDCs.

Stormwater SDC- Average Annual Revenue 2019-2022				
Quintile	2019	2020	2021	2022
1st Quintile	\$ 4,852	\$ -	\$ 1,213	\$ 3,639
2nd Quintile	\$ 4,642	\$ 8,688	\$ 183	\$ 378
3rd Quintile	\$ 21,481	\$ 35,473	\$ 172,790	\$ 10,518
4th Quintile	\$ 48,009	\$ 25,375	\$ 45,893	\$ 30,863
5th Quintile	\$ 106,593	\$ 71,198	\$ 168,840	\$ 138,216
TOTAL	\$ 62,417	\$ 42,271	\$ 106,554	\$ 66,105
Region				
N. Coast	\$ 6,204	\$ 3,594	\$ 7,217	\$ 5,597
Metro	\$ 118,535	\$ 70,934	\$ 193,063	\$ 101,029
N. Willamette	\$ 33,290	\$ 44,338	\$ 179,359	\$ 50,692
S. Willamette	\$ 80,756	\$ 52,426	\$ 80,843	\$ 94,420
C. Coast	NA	NA	NA	NA
S. Coast	\$ -	\$ -	\$ -	\$ -
S. Oregon	\$ 53,327	\$ 27,662	\$ 106,883	\$ 69,856
Gorge	\$ 52,738	\$ 33,780	\$ 24,186	\$ 49,889
C. Oregon	\$ 47,120	\$ 15,750	\$ 10,500	\$ 14,000
SC Oregon	NA	NA	NA	NA
NE Oregon	NA	NA	NA	NA
E. Oregon	NA	NA	NA	NA
TOTAL	\$ 62,417	\$ 42,271	\$ 106,554	\$ 66,105

Table 5: Average Annual Stormwater SDC Revenue 2019-2022

Twenty-nine cities collected an average of \$66,000 in revenue from stormwater SDCs in FY2022, the smallest average among surveyed SDCs. While “NA” applies to cities that had no SDC’s, several smaller cities in the 1st Quintile listed fee revenue as \$0. This implies that while these cities have SDC’s enacted for stormwater, there have been no new developments within city limits in the last four years. This phenomenon can also be seen in other SDCs as well.

Average Estimated Stormwater SDCs FY2022		
	Residential	Non-Residential
1st Quintile	NA	NA
2nd Quintile	\$254	\$2,540
3rd Quintile	\$1,064	\$8,775
4th Quintile	\$1,187	\$8,684
5th Quintile	\$704	\$5,162
TOTAL	\$927	\$6,503
N. Coast	\$424	\$424
Metro	\$991	\$8,775
N. Willamette	\$1,645	\$9,423
S. Willamette	\$537	\$3,186
C. Coast	NA	NA
S. Coast	NA	NA
S. Oregon	\$793	\$2,600
Gorge	\$806	NA
C. Oregon	\$1,750	\$17,500
SC Oregon	NA	NA
NE Oregon	NA	NA
E. Oregon	NA	NA
TOTAL	\$927	\$6,503

Table 6: Average Estimated Stormwater SDCs FY2022

Eighteen cities charge a stormwater SDC for residential development, and all but four charge for non-residential development. Based on the example developments from Figure 1, sewer SDCs averaged \$927 for residential development and \$6,503 for non-residential development, a decrease of several hundred dollars from 2018 for non-residential averages. Here we see those cities in the 1st Quintile that had no revenue providing estimates for both types of development. The most striking disparity between residential and non-residential development estimates are in the Willamette Valley and Metro regions. The stormwater SDC estimates for non-residential development varied dramatically from the highest (Culver at \$17,500) to the lowest (Cannon Beach at \$424). Fee calculations were most commonly assessed per square footage of the total development footprint or of total impervious area.

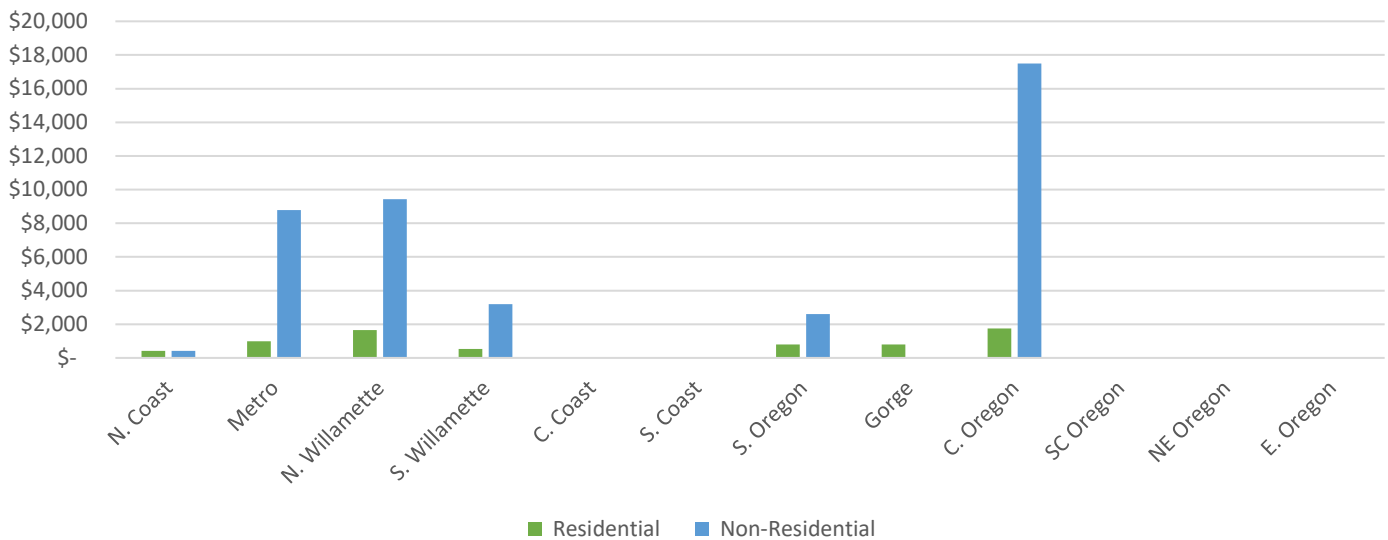


Figure 7: Average Estimated Stormwater SDCs FY2018 by Region

Transportation System Development Charges

Thirty-four cities surveyed utilized transportation SDCs. Comprising 52% of cities, this SDC was most common in cities with a population of more than 3,250. Transportation SDCs were most common in the Metro region, both Willamette Valley regions, and the Central Oregon region. These also happen to be the areas with the largest number of residents commuting daily via public transportation according to the *U.S. Census American Communities Survey*. No city respondent with less than 470 residents has a transportation SDCs.

Transportation SDC - Average Annual Revenue 2019-2022				
Quintile	2019	2020	2021	2022
1st Quintile	NA	NA	NA	NA
2nd Quintile	\$ 17,750	\$ 17,750	\$ 8,218	\$ -
3rd Quintile	\$ 5,973	\$ 10,004	\$ 91,736	\$ 7,781
4th Quintile	\$ 203,189	\$ 137,224	\$ 220,169	\$ 173,996
5th Quintile	\$ 675,107	\$ 795,385	\$ 1,050,609	\$ 989,100
TOTAL	\$ 391,109	\$ 421,717	\$ 580,478	\$ 522,478
Region	2019	2020	2021	2022
N. Coast	\$ 1,776	\$ 1,288	\$ 6,660	\$ 4,470
Metro	\$ 488,054	\$ 600,738	\$ 864,493	\$ 744,976
N. Willamette	\$ 486,062	\$ 432,518	\$ 606,989	\$ 514,485
S. Willamette	\$ 290,229	\$ 128,290	\$ 293,127	\$ 334,347
C. Coast	NA	NA	NA	NA
S. Coast	NA	NA	NA	NA
S. Oregon	\$ 73,590	\$ 71,834	\$ 166,679	\$ 224,122
Gorge	\$ 308,070	\$ 179,464	\$ 209,031	\$ 221,436
C. Oregon	\$ 1,061,878	\$ 1,749,413	\$ 1,790,599	\$ 1,814,121
SC Oregon	NA	NA	NA	\$ 3,590
NE Oregon	\$ -	\$ 1,944	\$ 58,509	\$ 7,783
E. Oregon	NA	NA	NA	NA
TOTAL	\$ 391,109	\$ 421,717	\$ 580,478	\$ 522,478

Table 7: Average Annual Transportation SDC Revenue 2019-2022

These 34 cities with transportation SDCs collected an average of \$522,478 million from these SDCs in FY2022. The larger the city, the more revenue was collected, with cities larger than 10,600 population averaging nearly \$1 million in collection. By contrast, cities with a population between 3,250 and 10,600 residents only averaged \$174,000.

Average Estimated Transportation SDCs FY2022		
	Residential	Non-Residential
1st Quintile	NA	NA
2nd Quintile	\$1,315	\$8,218
3rd Quintile	\$2,094	\$26,955
4th Quintile	\$2,869	\$37,301
5th Quintile	\$5,596	\$111,391
TOTAL	\$3,978	\$73,247
N. Coast		
Metro	\$444	NA
N. Willamette	\$6,590	\$112,751
S. Willamette	\$4,265	\$115,343
C. Coast	\$3,641	\$39,986
S. Coast	NA	NA
S. Oregon	NA	NA
Gorge	\$1,335	\$6,240
C. Oregon	\$2,219	\$2,553
SC Oregon	\$3,474	\$134,726
NE Oregon	\$3,590	NA
E. Oregon	\$1,265	\$8,440
TOTAL	NA	NA

Table 8: Average Estimated Transportation SDCs FY2022

Among the 34 cities that charge a transportation SDC, five do not charge non-residential development. Based on the example structures, transportation SDCs averaged \$3,978 for residential structures and \$73,247 for non-residential development. The average estimate for non-residential development in 2018 was more than \$97,000. While this could be due to specific respondents to either survey, it could also suggest a significant decrease in the charges leveled for transportation. Another possibility is the increase in smaller cities charging this SDC at lower rates, which would reduce the average markedly.

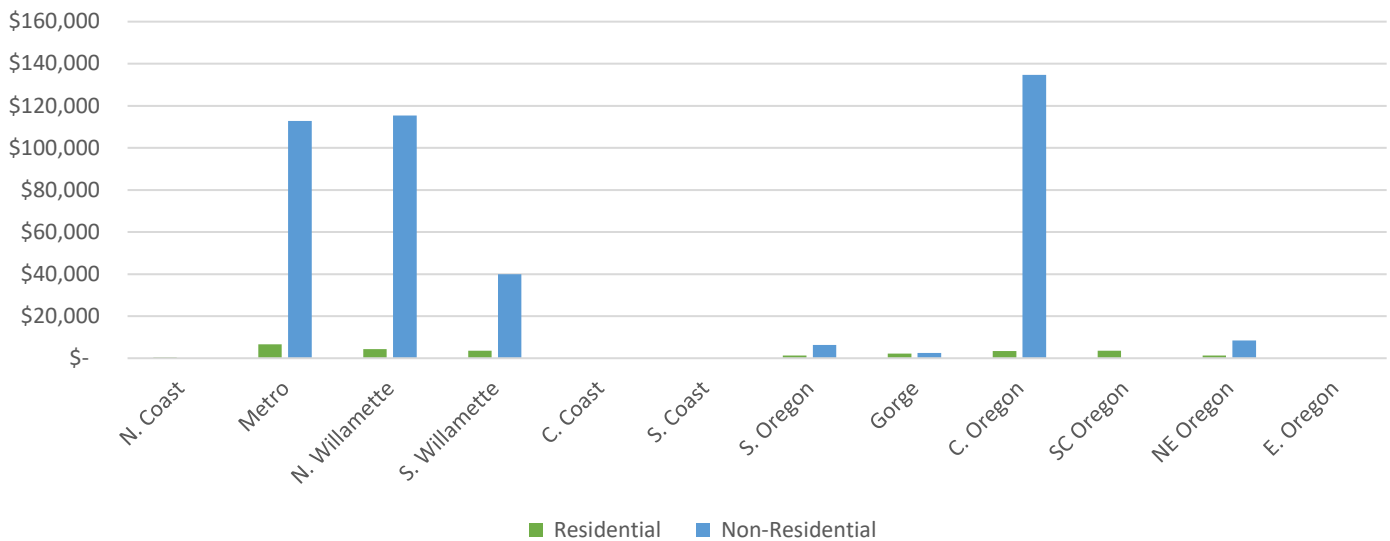


Figure 8: Average Estimated Transportation SDCs FY2018 by Region

Water System Development Charges

Forty-two cities had SDCs for water systems, which constitutes 64% of cities surveyed and was most common in cities larger than 3,250 population. This is the second most common SDC cities collected. Water SDCs were most common in the North Coast, South Willamette, and Central Oregon regions. These findings, taken with the sewer SDC results above, suggest that water and sewer charges are most often charged in tandem with one another.

Water SDC - Average Annual Revenue 2019-2022				
Quintile	2019	2020	2021	2022
1st Quintile	\$ 23,298	\$ 11,323	\$ 11,540	\$ 7,123
2nd Quintile	\$ 2,393	\$ -	\$ 4,610	\$ 53,828
3rd Quintile	\$ 20,203	\$ 16,382	\$ 95,232	\$ 44,774
4th Quintile	\$ 134,893	\$ 181,886	\$ 224,207	\$ 183,021
5th Quintile	\$ 471,258	\$ 557,814	\$ 649,475	\$ 737,227
TOTAL	\$ 241,765	\$ 291,152	\$ 341,976	\$ 338,543
Region				
N. Coast	\$ 50,470	\$ 20,905	\$ 36,662	\$ 33,779
Metro	\$ 622,274	\$ 895,374	\$ 935,418	\$ 1,078,356
N. Willamette	\$ 226,648	\$ 131,390	\$ 361,230	\$ 292,637
S. Willamette	\$ 56,122	\$ 72,748	\$ 113,503	\$ 132,731
C. Coast	NA	NA	NA	NA
S. Coast	\$ -	\$ -	\$ -	\$ -
S. Oregon	\$ 176,273	\$ 44,104	\$ 89,523	\$ 63,581
Gorge	\$ 122,322	\$ 123,311	\$ 114,950	\$ 145,147
C. Oregon	\$ 647,760	\$ 1,008,625	\$ 1,080,213	\$ 918,879
SC Oregon	\$ 139,089	\$ 259,583	\$ 222,025	\$ 298,866
NE Oregon	\$ 17,903	\$ 8,119	\$ 36,886	\$ 57,980
E. Oregon	NA	NA	NA	NA
TOTAL	\$ 241,765	\$ 291,152	\$ 341,976	\$ 338,543

Table 9: Average Annual Water SDC Revenue 2019-2022

An average of \$338,543 was collected from water SDCs in FY2022. This is slightly reduced from the revenue generated in FY2021, but higher than the previous years recorded.

Average Estimated Water SDCs FY2022		
	Residential	Non-Residential
1st Quintile	\$3,235	\$25,880
2nd Quintile	\$3,144	\$2,040
3rd Quintile	\$1,540	\$10,862
4th Quintile	\$3,765	\$15,931
5th Quintile	\$5,353	\$20,027
TOTAL	\$3,941	\$16,817
N. Coast	\$2,714	\$11,079
Metro	\$8,763	\$27,943
N. Willamette	\$4,564	\$27,232
S. Willamette	\$2,772	\$15,029
C. Coast	NA	NA
S. Coast	NA	NA
S. Oregon	\$2,257	\$2,304
Gorge	\$4,803	\$16,241
C. Oregon	\$3,165	\$23,936
SC Oregon	\$8,260	\$26,432
NE Oregon	\$1,522	\$3,120
E. Oregon	NA	NA
TOTAL	\$3,941	\$16,817

Table 10: Average Estimated Water SDCs FY2022

Among 42 cities with residential water SDCs, all but six did not charge for non-residential development. Based on the example structures, water SDCs averaged \$3,941 for residential structures and \$16,817 for non-residential development. Both averages are lower than the previous 2018 estimates by a significant amount; however, the reason for this is unclear. Fee calculations vary significantly in this SDC compared to other development charges, but are most commonly assessed by meter size.

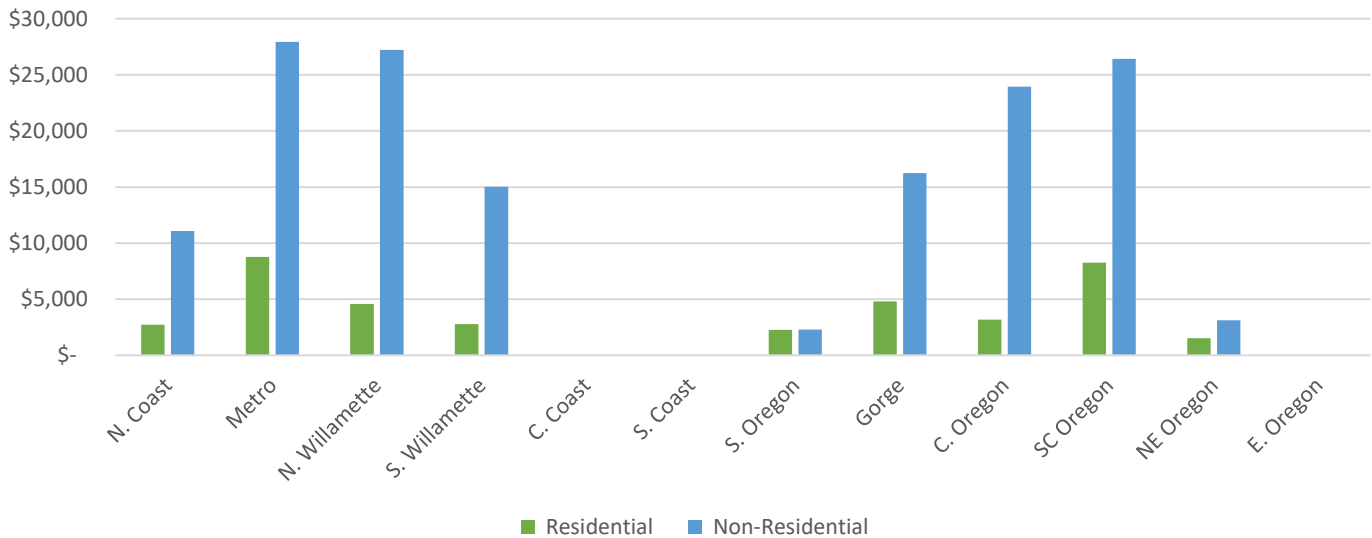


Figure 9: Average Estimated Water SDCs FY2018 by Region

Analysis

Revenue

Unsurprisingly, revenue for SDCs in FY2022 is higher for larger cities. Figure 10 below shows the rapid increase in revenue as a city increases in population. The figure also shows a rapid increase in revenue from the 1st Quintile to the 2nd (this indicates a potential increase in smaller cities adopting SDC's since 2018) and dramatically from the 3rd to the 4th Quintile. The revenue decrease between the 2nd to the 3rd Quintile is likely explained by the small sample size in the 2022 survey.

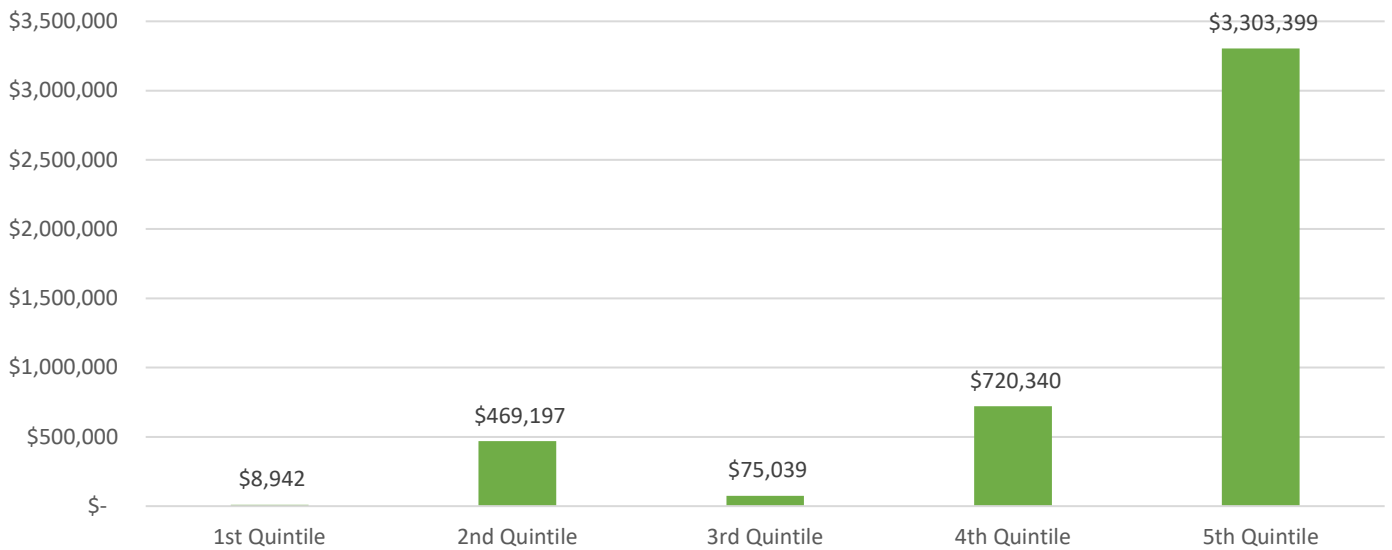


Figure 10: Average SDC Revenue for FY2022 by Population Quintile

Regionally, in Figure 11 below, we see a trend in SDC revenue that parallels the total population in each of these regions. It also speaks to the levels of growth and development currently found in these regions. Note that these regional averages are calculated without Portland as a respondent. Even with this in mind, the averages for regions such as Metro and Central Oregon remain higher than the overall state average in respondent cities. It will be interesting to see if these see significant decline with the cooling of Oregon’s recent rapid population growth.

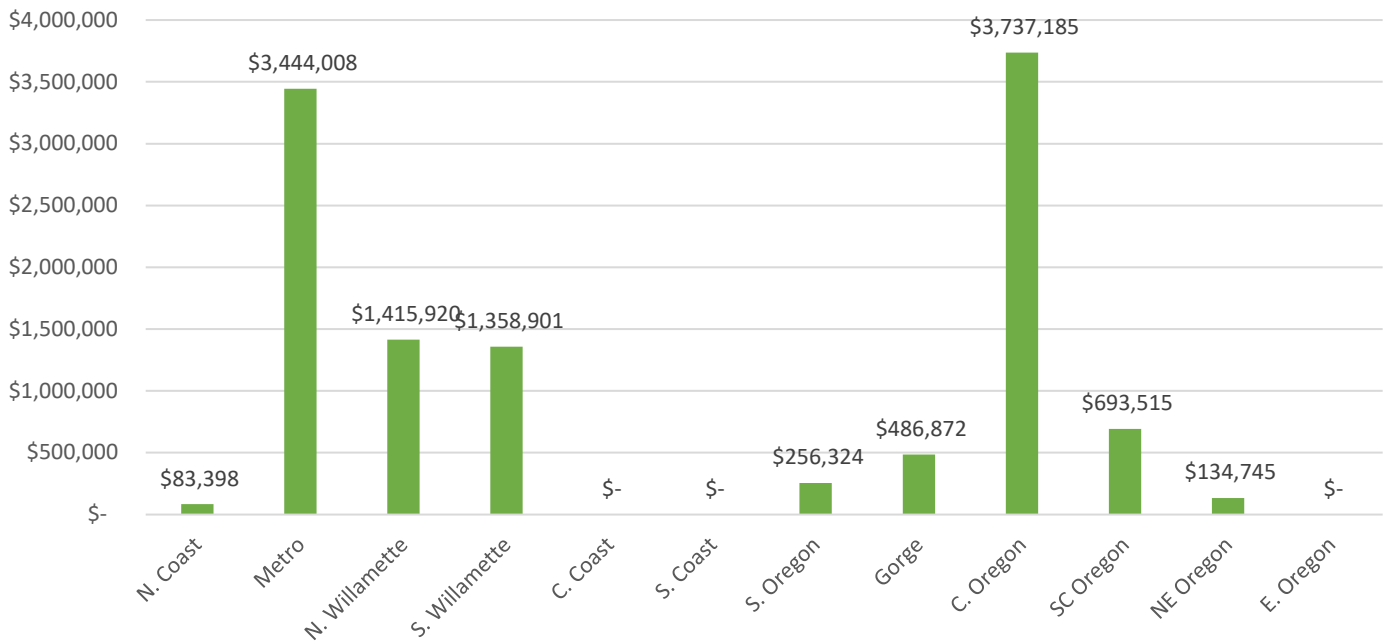


Figure 11: Average SDC Revenue for FY2022 by Region

Fee Estimates

Analysis of SDC fee estimates shows a relatively low variation in overall costs in residential fee estimates. Compared to the variation in non-residential structures, residential fee estimates show far less change in small versus large cities. Only the 2nd Quintile averages show residential being higher on average estimates than non-residential.

Combined Estimated SDC Costs FY2022		
	Residential	Non-Residential
1 st Quintile	\$1,618	\$12,940
2 nd Quintile	\$6,225	\$4,199
3 rd Quintile	\$6,289	\$44,704
4 th Quintile	\$14,140	\$47,542
5 th Quintile	\$17,514	\$135,805
TOTAL	\$9,804	\$56,800
N. Coast	\$4,813	\$16,133
Metro	\$27,628	\$184,503
N. Willamette	\$10,676	\$118,763
S. Willamette	\$11,274	\$45,941
C. Coast	NA	NA
S. Coast	NA	NA
S. Oregon	\$5,330	\$4,081
Gorge	\$15,010	\$30,090
C. Oregon	\$11,720	\$78,663
SC Oregon	\$20,289	\$26,432
NE Oregon	\$5,351	\$10,360
E. Oregon	NA	NA
TOTAL	\$9,804	\$56,800

Table 11: Combined Estimated SDC Costs for FY2022

Figure 12 shows the average estimate of combined SDC costs for FY2022. The figure shows the rate at which cities charge development increases dramatically for non-residential development as a city increases in size. As a city increases in quintile, they increase their residential charge on average \$3,970 for residential but increase \$28,907 for non-residential.

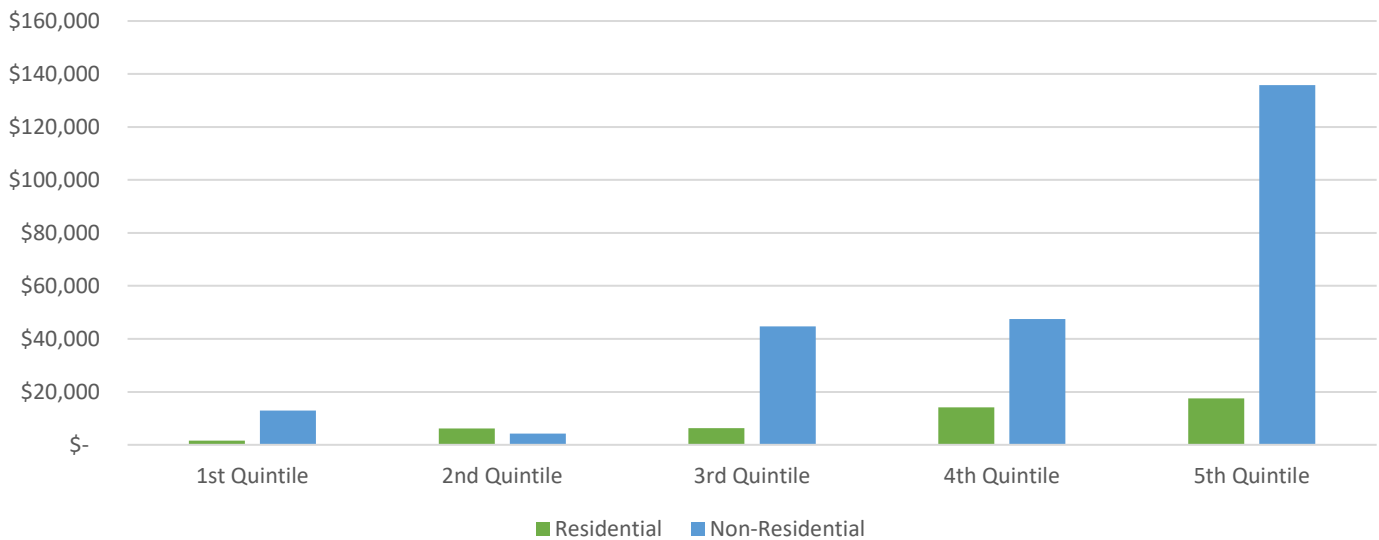


Figure 12: Combined Estimated SDC Costs for FY2018 by Quintile

The below figure shows estimates as trending across all regions. Only in Southern Oregon were residential fee estimates greater than non-residential fee estimates. Across all respondent cities, the mean non-residential estimate was 5.8 times the residential fee estimate. While many regions were close to this ratio, several differed from this average. The highest ratio difference in 2022 was in the North Willamette region with 11.1.

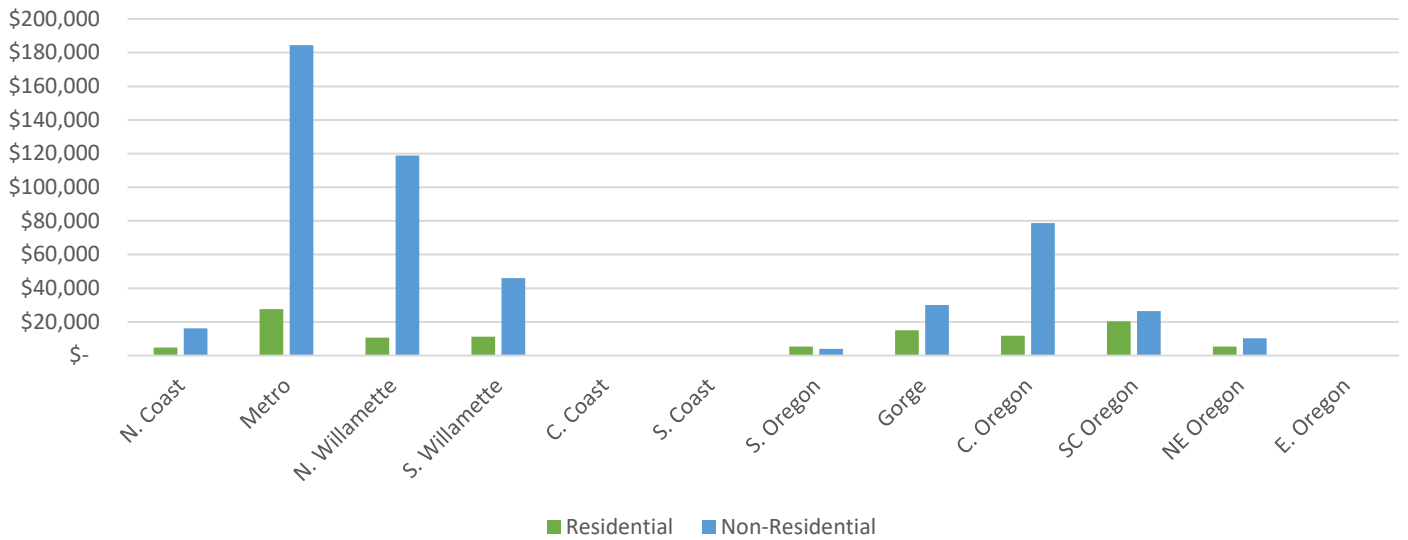
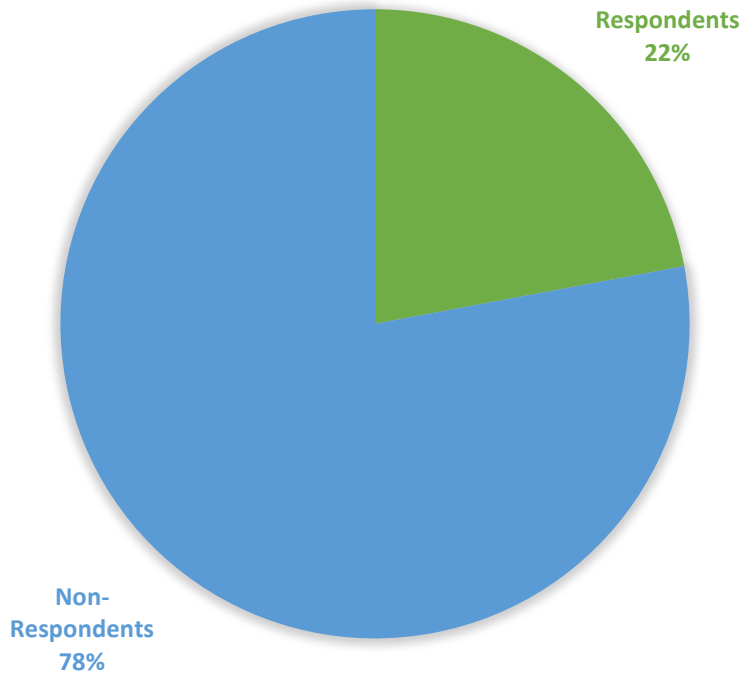


Figure 13: Combined Estimated SDC Costs for FY2022 by Quintile

Survey Methods

This survey was conducted from October 26 to November 18, 2022, and responses were received from 66 cities. These cities represent 667,146 residents, or 22% of the population residing in Oregon cities. The LOC created the survey with Qualtrics and distributed it to city managers, city recorders, and other individuals with positions equal to a city’s chief executive officer. These individuals often relied on support from relevant city staff or forwarded the survey to be completed by that individual.

Population		
	#	%
Quintile		
1 st Quintile	8	12.1%
2 nd Quintile	9	13.6%
3 rd Quintile	16	24.2%
4 th Quintile	15	22.7%
5 th Quintile	18	27.3%
TOTAL	66	
Region		
N. Coast	7	10.6%
Metro	9	13.6%
N. Willamette	8	12.1%
S. Willamette	10	15.2%
C. Coast	2	3.0%
S. Coast	3	4.5%
S. Oregon	4	6.1%
Gorge	4	6.1%
C. Oregon	4	6.1%
SC Oregon	2	3.0%
NE Oregon	10	15.2%
E. Oregon	3	4.5%
TOTAL	66	



Cities are organized into population quintiles or groups of cities representing roughly one-fifth of the 241 total cities. This is done to provide a more accurate comparison of differences among city populations. If the LOC randomly selected cities from each quintile, we would expect 20% to come from each of the five quintiles. Among respondent cities, there was overrepresentation in the North Coast, South Willamette, Central Oregon, and Northeastern Oregon regions. Further, the survey had an underrepresentation of cities in several regions, particularly North Willamette, Central Coast, Southern Oregon, and Eastern Oregon. Cities in the 5th and 3rd population quintiles were overrepresented and cities with a population less than 1,250 were underrepresented in amongst respondents.

Appendix A: Invitation to Participate

2022 System Development Charges Survey

The League needs your help—please complete the Franchise Fee Survey by **the deadline: Friday, November 18th at 5pm.**

Every three years, the League surveys cities about their System Development Charges (SDCs), and data from this survey allows cities to compare SDC rates and provides information about the decisions other cities make.

The legislature recently commissioned a statewide study on SDCs through Oregon Housing and Community Services (OHCS). [OHCS released a draft report on October 18, 2022](#) and is soliciting [public comment](#) until November 1, 2022. Additional information, including a webinar is available on the [OHCS website](#). The report studies SDC's and their role in housing costs throughout the state, provides a comprehensive history of SDC charges across the country, and looks at methodologies throughout the state. The state report is due in December 2022 to the legislature.

As the legislature continues to examine barriers to housing construction, the data gained through the League's SDC survey is more important than ever to ensure any state policy discussions are supported by accurate information.

SDCs are a critical tool for cities to pay for capacity within infrastructure to accommodate new users. These fees are set by each city and paid by new construction. The fees either reimburse a city for the capacity it built to:

- accommodate the new users;
- to pay for planned development of that capacity;
- or a combination thereof.

A city adopts an SDC using a method that considers all future city projects. The city can also reduce the SDC below the actual cost to build when it adopts the fee. For these reasons, SDCs are a complicated balance of infrastructure costs and the desire for city growth. This survey also shows the consideration that cities take when adopting these fees.

This survey should take one hour or more to complete.

Please Note: LOC surveys, unless in special cases, are always sent to the highest staff member for each member city. Please forward to the relevant staff member best suited to answer these questions.

Survey Link Below:

https://orcities.co1.qualtrics.com/jfe/form/SV_9AcDc9bDKseJZdA

Thank you in advance for your participation and quick response. If you have any questions regarding the survey, please contact:

Paul Aljets at:

research@orcities.org



Ariel Nelson, *Lobbyist*
cell: 541-646-4180
1201 Court St. NE, Suite 200, Salem, OR 97301-4194
www.orcities.org



Appendix B: Survey Instrument

2022 System Development Charges Survey

Q1 2022 System Development Charges Survey

Q2 Please fill out the following questions.

- City Name: (1) _____
- Your Name: (2) _____
- Your Title: (3) _____
- Email Address: (4) _____

Q3 Does your city currently collect any System Development Charges (SDC's) for the city, county, or special district?

- Yes (1)
- No (2)
- Unsure (3)

Skip To: Q8 If Does your city currently collect any System Development Charges (SDC's) for the city, county, or... = No

Display This Question:

If Does your city currently collect any System Development Charges (SDC's) for the city, county, or... = Yes

Q4 Please provide a link to your last annual SDC accounting (If available online)

Q5 Which of the following SDCs does your city currently collect? (Check all that Apply)

Only check if your city is collecting the revenue on behalf of your city or another governmental entity. Do not check if your city does not collect the revenue (e.g. the county collects a regional transportation SDC, or a municipal utility board collects a separate SDC).

- Parks SDC (1)
- Sewer SDC (2)
- Stormwater SDC (3)
- Transportation SDC (4)
- Water SDC (5)

Q6 Does your city receive any SDC revenue that is collected by another governmental entity (e.g. a county transportation SDC)?

- Yes (Please Specify) (1) _____
- No (2)
- Unsure (3)

Q7 Do any other governmental entities levy and collect an SDC on development projects within the city (e.g. a special district that collects sewer SDC)?

- Yes (Please Specify) (1) _____
- No (2)
- Unsure (3)

Q8 Does your city charge a construction excise tax or other construction fee based on square footage or building valuation of the structure?

- Yes (1)
- No (2)
- Unsure (3)

Display This Question:
If Does your city charge a construction excise tax or other construction fee based on square footage... = Yes

Q9 What type of projects are the fees collected from your construction excise tax used for?

Display This Question:
If Does your city charge a construction excise tax or other construction fee based on square footage... = Yes

Q10 Please list the fee rate for your Construction Excise Tax

Q11 SDC Rates -Parks

Q12 Please indicate whether the Parks SDC is retained by the city or is collected by another entity (such as a special district).

Next, please list the annual revenue collected from this SDC for the last four fiscal years.

	Total Annual Revenue (\$)			
	FY2019 (1)	FY2020 (2)	FY2021 (3)	FY 2022 (4)

City Revenue (1)				
Collected for Other Entity (Please Specify) (2)				
Other Entities Collect in the City (3)				

Q13 Parks SDC is charged for (Check all that Apply)

- Residential Development (1)
- Non-Residential Development (2)

Q14 Parks SDC is comprised of (Check all that Apply) :

- Improvement Fee (1)
- Reimbursement Fee (2)
- Other Fee (administration, land acquisition, etc.) (3)

Q16 Please provide an average Parks SDC for the above examples

	Improvement Fee (1)	Reimbursement Fee (2)	Other Fee 1 (3)	Other Fee 2 (4)
Example Residential (1)				
Example Non-Residential (2)				

Q17 Please describe the basis of your fee (e.g. square footage) and any other calculation notes:

Q18 How are your SFR charges applied?

- Uniform (1)
- Scaled (2)
- Other (Please Specify) (3) _____

Display This Question:

If How are your SFR charges applied? = Scaled

Q19 How is this scale rate determined?

- Square Footage (1)
- Fixture Units (2)
- Other (Please Specify) (3) _____

Q20 Is the adopted SDC charge less than the fee calculated using your methodology?

- Yes (1)
- No (2)
- Unsure (3)

Q21 What year was the Parks SDC fee last updated?

Q22 What year is the next planned Parks SDC Update?

Q23 SDC Rates -Sewer

Q24 Please indicate whether the Sewer SDC is retained by the city or is collected by another entity (such as a special district).

Next, please list the annual revenue collected from this SDC for the last four fiscal years.

	Total Annual Revenue (\$)			
	FY2019 (1)	FY2020 (2)	FY2021 (3)	FY2022 (4)
City Revenue (1)				
Collected for Other Entity (2)				
Other Entities Collect in the City (3)				

Q25 Sewer SDC is charged for (Check all that Apply)

- Residential Development (1)
- Non-Residential Development (2)

Q26 Sewer SDC is comprised of (Check all that Apply) :

- Improvement Fee (1)
 - Reimbursement Fee (2)
 - Other Fee (administration, land acquisition, etc.) (3)
-

Q28 Please provide an average Sewer SDC for the above examples

	Improvement Fee (1)	Reimbursement Fee (2)	Other Fee 1 (3)	Other Fee 2 (4)
Example Residential (1)				
Example Non-Residential (2)				

Q29 Please describe the basis of your fee (e.g. square footage) and any other calculation notes:

Q30 How are your SFR charges applied?

- Uniform (1)
- Scaled (2)
- Other (Please Specify) (3) _____

Display This Question:
If How are your SFR charges applied? = Scaled

Q31 How is this scale rate determined?

- Square Footage (1)
- Fixture Units (2)
- Other (Please Specify) (3) _____

Q32 Is the adopted SDC charge less than the fee calculated using your methodology?

- Yes (1)
- No (2)
- Unsure (3)

Q33 What year was the Sewer SDC fee last updated?

Q34 What year is the next planned Sewer SDC Update?

Q35 SDC Rates -Stormwater

Q36 Please indicate whether the Stormwater SDC is retained by the city or is collected by another entity (such as a special district).

Next, please list the annual revenue collected from this SDC for the last four fiscal years.

	Total Annual Revenue (\$)			
	FY2019 (1)	FY2020 (2)	FY2021 (3)	FY2022 (4)
City Revenue (1)				
Collected for Other Entity (2)				
Other Entities Collect in the City (3)				

Q37 Stormwater SDC is charged for (Check all that Apply)

- Residential Development (1)
- Non-Residential Development (2)

Q38 Stormwater SDC is comprised of (Check all that Apply) :

- Improvement Fee (1)
 - Reimbursement Fee (2)
 - Other Fee (administration, land acquisition, etc.) (3)
-

Q40 Please provide an average Stormwater SDC for the above examples

	Improvement Fee (1)	Reimbursement Fee (2)	Other Fee 1 (3)	Other Fee 2 (4)
Example Residential (1)				
Example Non-Residential (2)				

Q41 Please describe the basis of your fee (e.g. square footage) and any other calculation notes:

Q42 How are your SFR charges applied?

- Uniform (1)
- Scaled (2)
- Other (Please Specify) (3) _____

Display This Question:

If How are your SFR charges applied? = Scaled

Q43 How is this scale rate determined?

- Square Footage (1)
- Fixture Units (2)
- Other (Please Specify) (3) _____

Q44 Is the adopted SDC charge less than the fee calculated using your methodology?

- Yes (1)
- No (2)
- Unsure (3)

Q45 What year was the Stormwater SDC fee last updated?

Q46 What year is the next planned Stormwater SDC Update?

Q47 SDC Rates -Transportation

Q48 Please indicate whether the Transportation SDC is retained by the city or is collected by another entity (such as a special district).

Next, please list the annual revenue collected from this SDC for the last four fiscal years.

	Total Annual Revenue (\$)			
	FY2019 (1)	FY2020 (2)	FY2021 (3)	FY2022 (4)

City Revenue (1)				
Collected for Other Entity (2)				
Other Entities Collect in the City (3)				

Q49 Transportation SDC is charged for (Check all that Apply)

- Residential Development (1)
- Non-Residential Development (2)

Q50 Transportation SDC is comprised of (Check all that Apply) :

- Improvement Fee (1)
- Reimbursement Fee (2)
- Other Fee (administration, land acquisition, etc.) (3)

Q52 Please provide an average Transportation SDC for the above examples

	Improvement Fee (1)	Reimbursement Fee (2)	Other Fee 1 (3)	Other Fee 2 (4)
Example Residential (1)				
Example Non-Residential (2)				

Q53 Please describe the basis of your fee (e.g. square footage) and any other calculation notes:

Q54 How are your SFR charges applied?

- Uniform (1)
- Scaled (2)
- Other (Please Specify) (3) _____

Display This Question:

If How are your SFR charges applied? = Scaled

Q55 How is this scale rate determined?

- Square Footage (1)
- Fixture Units (2)
- Other (Please Specify) (3) _____

Q56 Is the adopted SDC charge less than the fee calculated using your methodology?

- Yes (1)
- No (2)
- Unsure (3)

Q57 What year was the Transportation SDC fee last updated?

Q58 What year is the next planned Transportation SDC Update?

Q59 SDC Rates -Water

Q60 Please indicate whether the Water SDC is retained by the city or is collected by another entity (such as a special district).

Next, please list the annual revenue collected from this SDC for the last four fiscal years.

	Total Annual Revenue (\$)			
	FY2019 (1)	FY2020 (2)	FY2021 (3)	FY2022 (4)
City Revenue (1)				
Collected for Other Entity (2)				
Other Entities Collect in the City (3)				

Q61 Water SDC is charged for (Check all that Apply)

Residential Development (1)

Non-Residential Development (2)

Q62 Water SDC is comprised of (Check all that Apply) :

- Improvement Fee (1)
- Reimbursement Fee (2)
- Other Fee (administration, land acquisition, etc.) (3)

Q64 Please provide an average Water SDC for the above examples

	Improvement Fee (1)	Reimbursement Fee (2)	Other Fee 1 (3)	Other Fee 2 (4)
Example Residential (1)				
Example Non-Residential (2)				

Q65 Please describe the basis of your fee (e.g. square footage) and any other calculation notes:

Q66 How are your SFR charges applied?

- Uniform (1)
- Scaled (2)
- Other (Please Specify) (3) _____

Display This Question:

If How are your SFR charges applied? = Scaled

Q67 How is this scale rate determined?

- Square Footage (1)
- Fixture Units (2)
- Other (Please Specify) (3) _____

Q68 Is the adopted SDC charge less than the fee calculated using your methodology?

- Yes (1)
- No (2)
- Unsure (3)

Q69 What year was the Water SDC fee last updated?

Q70 What year is the next planned Water SDC Update?

Q71 Does your city charge more for a Water SDC on a residential unit with a 1-inch meter?

- Yes (1)
- No (2)
- Unsure (3)

Display This Question:

If Does your city charge more for a Water SDC on a residential unit with a 1-inch meter? = Yes

Q72 Please provide an average Water SDC for the above residential example IF it had a 1" meter.

	Improvement Fee (1)	Reimbursement Fee (2)	Other Fee 1 (3)	Other Fee 2 (4)
Example Residential (with 1" Meter) (1)				

Display This Question:

If Does your city charge more for a Water SDC on a residential unit with a 1-inch meter? = Yes

Q73 Does your city waive or reduce the Water SDC if extra capacity for a 1" meter is intended for a home fire suppression sprinkler system?

- Yes (1)
- No (2)
- Unsure (3)

Display This Question:

If Does your city currently collect any System Development Charges (SDC's) for the city, county, or... = Yes

Q74 Has your city provided any SDC waivers, reductions, or other payment accommodations in the last four years?

- Yes (1)
- No (2)
- Unsure (3)

Display This Question:

If Has your city provided any SDC waivers, reductions, or other payment accommodations in the last f... = Yes

Q75 What type of waiver, reduction or accommodation has your city implemented in the last four years? (Check all that Apply)

- Temporary SDC Moratorium (SDCs not collected on all projects) (1)
 - SDC Waivers (SDCs waived on certain projects) (2)
 - SDC Reductions (Some SDC revenue is collected - partial waiver or fee amount reduction) (3)
 - SDC Payments Phased-In (SDCs are phased-in over a period of time) (4)
 - SDC Payments Delayed (SDCs delayed until a later date, such as the time of occupancy) (5)
 - SDC Repeal (repeal of SDC ordinance) (6)
 - Other Accommodation (Please Specify) (7)
-

Display This Question:

If Has your city provided any SDC waivers, reductions, or other payment accommodations in the last f... = Yes

Q76 Waivers, reductions or accommodations have been given to the following SDC types (check all that apply):

- Parks (1)
- Sewer (2)
- Transportation (3)
- Water (4)
- Stormwater (5)

Display This Question:

If Has your city provided any SDC waivers, reductions, or other payment accommodations in the last f... = Yes

Q77 Waivers, reductions or accommodations have been given to the following types of development (check all that apply):

- Residential (1)
- Commercial (2)

Display This Question:

If Has your city provided any SDC waivers, reductions, or other payment accommodations in the last f... = Yes

Q78 What was the purpose and desired goal of the waivers, reductions or accommodation?

Display This Question:

If Has your city provided any SDC waivers, reductions, or other payment accommodations in the last f... = Yes

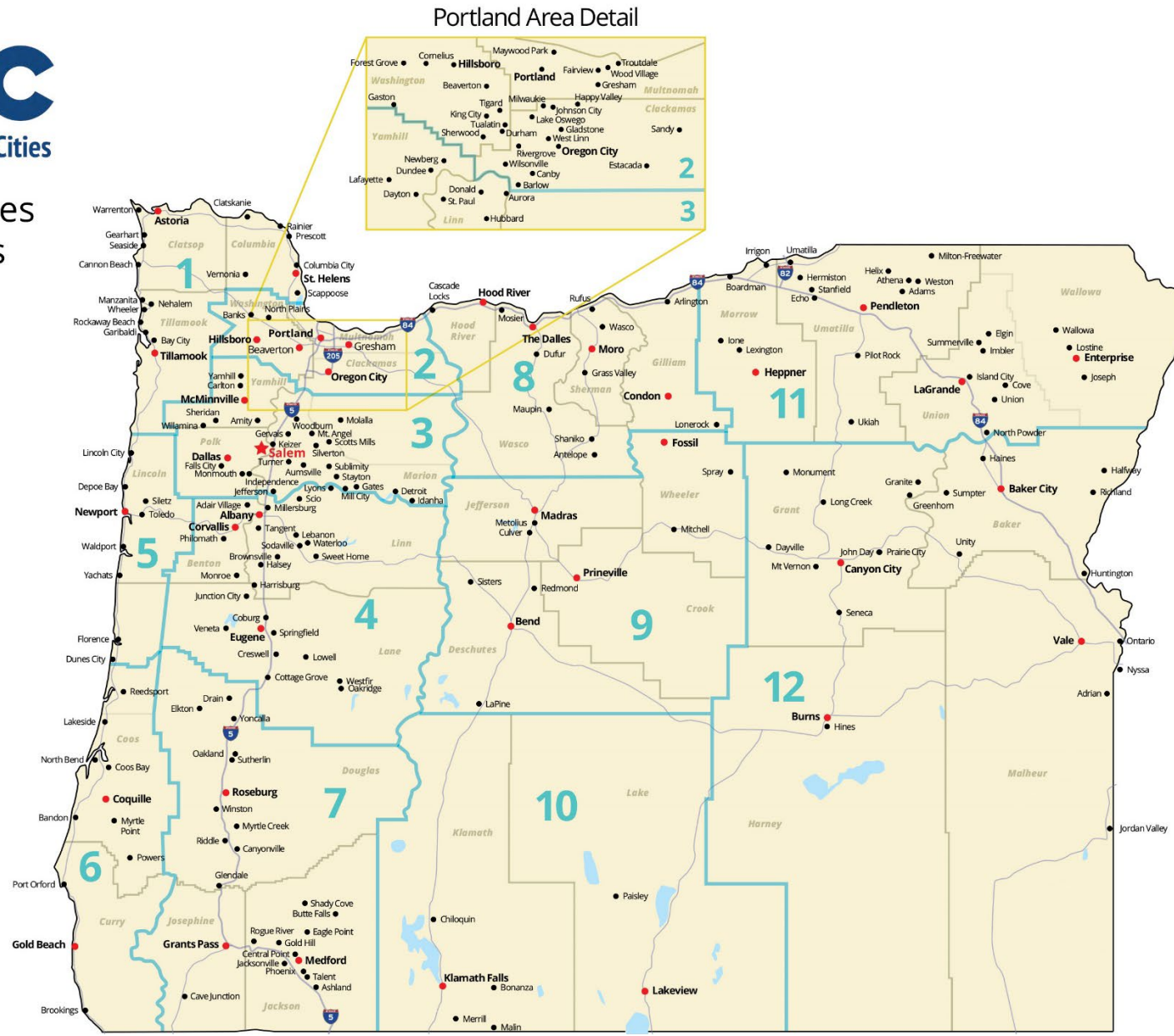
Q79 What are the qualifications for a project to receive a waiver or reduction?

Q80 This concludes the survey. Do you have any additional questions or comments?

Appendix C: Small Cities Regional Maps



Member Cities
with Regions



Appendix D: Population Quintile and Regional Breakdowns

Quintile Ranges	# Cities	% Cities
1st Quintile <470	48	19.8%
2nd Quintile 471-1300	48	19.8%
3rd Quintile 1301-3250	48	19.8%
4th Quintile 3251-10200	49	20.2%
5th Quintile >10200	48	19.8%
Small Cities <5000	165	68.2%
Top 5 % >40000	12	5.0%

	Region 1	Region 2	Region 3	Region 4	Region 5	Region 6	Region 7	Region 8	Region 9	Region 10	Region 11	Region 12	TOTALS
	N. Coast	Metro	N. Willamette	S. Willamette	C. Coast	S. Coast	S. Oregon	Gorge	C. Oregon	SC Oregon	NE Oregon	E. Oregon	
1st Quintile	3	1	4	3	0	0	2	8	2	2	9	14	48
2nd Quintile	2	4	5	7	2	2	6	4	2	3	8	3	48
3rd Quintile	8	2	8	3	3	4	5	1	3	1	6	4	48
4th Quintile	5	5	11	8	3	4	6	1	1	0	3	2	49
5th Quintile	1	19	7	5	1	1	5	1	3	1	3	1	48
TOTALS	19	31	35	26	9	11	24	15	11	7	29	24	241
	8%	13%	15%	11%	4%	5%	10%	6%	5%	3%	12%	10%	100%