

## **System Development Charges (SDCs) - Frequently Asked Questions**

### **Q: What are SDCs?**

**A:** SDC stands for System Development Charge. SDCs are one-time fees assessed on new development to cover a portion of the costs of providing certain types of public capital facilities – in this case, parks and recreation facilities- to address impact created by new development. Oregon law [2017 ORS 223.297-223.314](#) provides for establishment of SDC fees for transportation, water, wastewater (sewer), stormwater, and parks and recreation facilities.

### **Q: What is the Portland Parks & Recreation SDC?**

**A:** The Portland Parks & Recreation SDCs cover a portion of the cost to provide for parks and recreation facilities that are needed to serve Portland's growing community. Parks SDC money can be spent only on capital improvements that increase the capacity of parks and recreation in order to offset the impact of new development. Per the Oregon Revised Statutes, SDC funds can't be used for operations and maintenance of park facilities. As Portland grows and development occurs, the Parks SDC fee is intended to ensure that new development pays a Parks SDC fee that is proportional to the existing park system investment per person. The current methodology allows Parks to acquire property, build new parks and facilities, and to invest in capacity increasing improvements to maximize the use of existing parks (e.g., adding lights so park users can continue use through the evening or changing ball fields to artificial surfaces to extend the play into periods of more inclement weather).

### **Q: Do other local communities have Parks SDC fees?**

**A:** Many other communities in Oregon have SDC fees. Some examples in the Portland Metro area include the cities of Canby, Durham, Gresham, Hillsboro, Lake Oswego, Oregon City, Sherwood, Tigard, Wilsonville and the Tualatin Hills Park & Recreation District.

### **Q: Why does Portland Parks & Recreation update and propose changes to its Parks SDC periodically?**

**A:** There are several reasons PP&R reviews and updates its parks SDC methodology periodically. Primarily we need to determine that sufficient money will be available to fund parks and recreation facilities that are needed to serve Portland's growing community. To accomplish this, we need to review our park level of service, update the costs of acquiring and developing parks facilities, confirm population and employment growth projections, and review the latest information about number of persons per dwelling unit.

### **Q: When was the Parks SDC methodology last updated?**

**A:** The current methodology was last updated and adopted in 2015. The changes to the Parks SDC methodology took effect July 1, 2016. The methodology can be found at [portlandoregon.gov/parks/article/520092](http://portlandoregon.gov/parks/article/520092).

### **Q: What are the Parks SDC Sub-Areas?**

**A:** The SDC sub-areas are divided into two fee categories of the Central City and the Non-Central City. A map can be found at [portland.gov/sites/default/files/2020-06/park-sdc-central-city-sub-area-map.pdf](http://portland.gov/sites/default/files/2020-06/park-sdc-central-city-sub-area-map.pdf).

**Q: How are Parks SDCs applied?**

**A:** The Parks SDC is charged for both residential, and commercial development, and credits and exemptions are available. The approach for generating fees and applying credits and exemptions is described generally below, but please reach out if you are looking for more detail about a specific development.

Parks SDCs are charged for:

- Residential development, including additions.** For dwelling units, the current methodology bases the Parks SDC on the size of the dwelling unit within 5 tiers as follows:
  - Less than 700 sq. ft.
  - 700-1,199 sq. ft.
  - 1,200-1,699 sq. ft.
  - 1,700-2,199 sq. ft.
  - 2,200 or more sq. ft.

Additions of 800 square feet or more of new residential space, that will move the dwelling unit into a new SDC size category, will be assessed based on their new size category and credited for the previous use based on the previous size category.

- Commercial development, including additions.** In the current methodology a new commercial development pays for the impact on Portland parks by determining the use and occupancy and charging accordingly based on square footage. For commercial additions, any increase in square footage (including mezzanines) that has an occupancy assigned will be assessed for a Parks SDC.

The current fee schedule listing occupancy categories and corresponding fees can be found at [https://www.portland.gov/sites/default/files/2022/parksdc\\_feeschedule\\_july2022.pdf](https://www.portland.gov/sites/default/files/2022/parksdc_feeschedule_july2022.pdf).

Demolition/Previous Use credits can be applied to reduce fees:

- Demolition/Previous use credits.** An SDC credit can be applied in the case of eligible structures that were either demolished or converted for the new construction to occur. Demolition/previous use conversions must be no older than 36 months of the application date of the new construction permit in order to be eligible. For more information please see code section 17.13.040 at [portlandoregon.gov/citycode/article/705508](http://portlandoregon.gov/citycode/article/705508).

Some types of development are exempt:

- Accessory Dwelling Units (ADUs).** ADUs are subject to Parks SDCs following the same calculations as residential development. However, Ordinance 189050 grants complete Parks SDC waivers for ADUs with a signed and notarized 10-year covenant prohibiting short term rentals anywhere on the property. More information can be found at [portlandoregon.gov/bds/77447](http://portlandoregon.gov/bds/77447).

- Residential additions adding less than 800 square feet.** More information can be found at [portlandoregon.gov/parks/article/676791](http://portlandoregon.gov/parks/article/676791).

•**Affordable housing**

Certain types of affordable housing are exempt from paying the SDC through a program under the Portland Housing Bureau. More information can be found about the SDC Exemption Program for affordable housing at [portlandoregon.gov/phb/74642](http://portlandoregon.gov/phb/74642).

•**Other**

Other exemptions also apply and are listed in Portland City Code 17.13.060 at [portlandoregon.gov/citycode/28846#cid\\_708925](http://portlandoregon.gov/citycode/28846#cid_708925)

**Q: When and how are SDC fees paid?**

**A:** The Parks SDC is assessed after a building permit application is submitted and is due upon building permit issuance. There are three options for payment:

1. Pay the fee in full when the permit is issued in the Permit Center.
2. Defer payment of the fee from six to twelve months, with interest, from the date the permit is issued. The length of the deferral is based upon the project valuation.
3. Finance the fee in monthly installments, with interest, over a period of 5, 10, or 20 years.

**Q: Are SDC credits available if my project includes park improvements?**

**A:** Yes. A credit that will reduce or eliminate the SDC fee is also available for builders who convey property or facilities to Portland Parks & Recreation. Credits are available for qualified public improvements, such as property for community parks, neighborhood parks, trails, or natural areas. Proposed public improvements are reviewed for compliance with Portland Parks & Recreation goals and standards set out in the Portland Parks & Recreation SDC ordinance and Portland City Code 17.13.070. More information at [portlandoregon.gov/citycode/article/705511](http://portlandoregon.gov/citycode/article/705511).

**Q: How will Portland pay for maintaining these new parks?**

**A:** Funding for maintenance of Portland's parks and recreation facilities currently comes from the City of Portland's general fund revenues. It is anticipated that this will continue to be the primary source for funding operations and maintenance of the City's parks system.

**Q: Other questions?**

**A:** More information may be found at [portlandoregon.gov/parks/sdc](http://portlandoregon.gov/parks/sdc) or by contacting the staff below.

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