

Oregon Greenhouse Gas Reduction Toolkit: Strategy Report

OREGON SUSTAINABLE TRANSPORTATION INITIATIVE



Transportation System Development Charges (SDCs)

This report outlines how system development charges (also called traffic impact fees) for transportation impacts can be used to promote more compact development, reduce single occupancy vehicle use and encourage transit use and other non-motorized travel.



What is it?

A transportation SDC is a one-time charge to new development (and sometimes redevelopment) that is typically assessed at the time a building permit is issued. The fee is intended to recover a fair share of the costs of existing and planned facilities that provide capacity to serve new growth. Transportation SDCs are usually calculated based on the number of trips the development is anticipated to generate and therefore add to the surrounding road network. Transportation SDCs can be structured in several different ways: as a single flat fee for an entire region, varying fees for different geographic areas, or varying fees for individual transportation corridors. The revenue collected from SDCs is used by the local government to maintain and improve the transportation network. By law¹, the fees gathered from SDCs may only be used for capital improvements.

SDCs can be adjusted in order to provide an incentive for certain types of desired development. For example, developments that include higher densities, support alternative modes of transportation and/or are located near transit centers can be encouraged by an SDC discount or exemption.

Metro's document Promoting Vibrant Communities² provides a comprehensive description of the various approaches to SDCs and how they can be appropriately calibrated to achieve specific funding and land use goals.

How well does it work?

The effectiveness of SDC incentives to spur the types of development that help reduce greenhouse gas emissions is difficult to determine. Many cities have implemented transportation SDC incentive programs based on the following assumptions:

- » Higher density development has less impact on the roadway system per unit
- » Compact and mixed-use development, particularly near transit, leads to reduced trip generation and shorter trips

However, measured success of an SDC incentive program at producing those types of development has not been widely documented

How can it benefit my community?

- » Transportation SDCs generate revenue to help fund transportation improvements
- » SDC discounts can be used to encourage desired development types such as transit oriented developments or higher density mixed-use buildings

- » SDC discounts can be used to encourage construction of public amenities for biking, walking and transit use

What does it cost?

Developing a transportation SDC program involves a series of steps that can be time-consuming and requires careful collection and analysis of land use, transportation system and cost data. A city's basic planning assumptions (the zoning map, for example), transportation system plan and capitol improvement plans (for addressing both existing deficiencies and future growth projects) are all elements of the technical plan that is the basis for a transportation SDC. It is also important to regularly update SDC plans to maintain an SDC that accurately reflects current and future program needs.

Political support is important to successfully implement a transportation SDC. While SDC programs are increasingly common in Oregon, there are constituents with the perception that SDC costs will discourage growth and economic development. In addition, SDC discounts for certain types of development but not others may be perceived as unfair to developers. Public support for transportation SDCs can be bolstered by "demonstrating how SDCs will fund high priority (transportation) projects, in a manner that is consistent with the community's development goals."³ Using SDC discounts to encourage desired development types is an incentive to developers that can help advance community objectives. The SDC incentive program should establish clear definitions and performance and/or site design standards for the types of projects that are eligible for discounts.

Generally speaking, a transportation SDC may take three or more years to implement. Accruing adequate funds for planned improvements also takes time, so success will vary with the scale of planned improvements and whether the local jurisdiction is paying the full cost or matching funds. A shift in development types or patterns resulting from a transportation SDC incentive program (for example, reduced SDCs for transit oriented development) will take longer to realize, depending on the relative market value of the discounts and market strength and levels of activity for the desired types of development.

Where has it been used?

- » Olympia, Washington provides a transportation impact fee discount to developments that include a Transportation Demand Management program, a Commute Trip Reduction program, and/or various design improvements such as bike lockers and transit amenities. A total fee reduction of up to 20 percent is available for qualifying developments. More information at: <http://olympiawa.gov/city-services/building-permits-and-inspections/~media/Files/CPD/Forms/ImpactFeesCurrent2013.pdf>
- » Newberg, Oregon provides a transportation SDC discount for "efficiency dwelling units" (studio or one-bedroom units less than 600 square feet). This discount also helps the city address the Affordable Housing Action Plan, which recommends fee reductions as a way to meet community housing needs. More information at: <https://www.newbergoregon.gov/citymanager/resolution-no-2011-2969>
- » In Washington County, the North Bethany Funding Strategy included a supplemental SDC intended to help fund specific transportation improvements needed for this new walk-able urban community. More information is available here: <http://www.co.washington.or.us/LUT/PlanningProjects/Bethany/Funding/>

Where can I learn more?

- » Promoting Vibrant Communities with System Development Charges. Developed for Metro by Galardi Consulting, et al. July 2007. http://library.oregonmetro.gov/files/sdc_report.pdf
- » Designing and Using Traffic Impact Fees in Oregon. Anthony Rufolo and Catherine Lawson, Center for Urban Studies, Portland State University. May 1993. <http://www.pdx.edu/sites/www.pdx.edu.cus/files/PR073.pdf>



The Toolkit is a component of the Oregon Sustainable Transportation Initiative (OSTI), which was formed to address the requirements of Senate Bill 1059 (2010).

For more information, please visit:

<http://cms.oregon.gov/ODOT/TD/TP/pages/ghgtoolkit.aspx>

