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April 16, 2020

Board of County Commissioners
Clackamas County

Members of the Board:

Resolution to Amend the Transportation System Development Charges
Methodology Report, Modifying the TSDC Rate Schedule to Establish New Rates
for Single Family Residential Homes and Accessory Dwelling Units

Purpose/Outcome	Amendments to the Transportation System Development Charges Methodology Report and TSDC Rate Schedule by Resolution.
Dollar Amount and Fiscal Impact	Our estimated MAXIMUM annual impact is \$25,000, which is minimal in context to the entire TSDC Revenue projections which top \$210 million over the 20-year life of the plan.
Funding Source	Clackamas Countywide TSDC Funds (Fund 223)
Duration	New TSDC methodology and rates will take effect on development applications received for review in Clackamas County beginning July 1, 2020.
Previous Board Action/Review	Board Policy Session on this topic on 11/5/2019, titled "Tiered Residential Transportation System Development Charge (TSDC) Program Proposal"
Strategic Plan Alignment	<p>The modification to existing rates that will result from aligning the TSDC rate for Single Family Detached homes with the traffic impact of home size fluctuations, will increase trust with citizens paying this fee for new development. [Building public trust through good government.]</p> <p>Ensuring our rates are aligned with resident behavior will ensure we are able to invest in capital facilities to add capacity to the county road system as new development occurs. [Build public trust through good government.]</p> <p>Charging new development the correct amount to cover added infrastructure needs, ensures we are collecting the right amount of money to build the infrastructure improvements to support our growing region. [Building strong infrastructure.]</p>
Counsel Review	Reviewed and approved by County Counsel on April 7, 2020. (NB)
Procurement Review	<ol style="list-style-type: none"> 1. Was the item processed through Procurement: Yes 2. The contract to perform the Residential TSDC Review was processed through procurement; this resolution adopts the resulting plan amendments and does not require procurement review.
Contact Person	Diedre Landon, DTD Administrative Services Manager @ 503-742-4411

BACKGROUND:

Local governments rely on System Development Charges (SDCs) to collect money for capital improvements on a variety of infrastructure systems, such as roads, water, sewer, storm drains and schools. Transportation System Development Charges (TSDCs) are one-time fees assessed to new or expanded developments to help cover the cost of adding to the capacity of transportation facilities for motorists, bicyclists and pedestrians to accommodate new trips added by the development. TSDC fees are based on the number of vehicle trips a particular land use generates, and are paid by the developer when a building permit is issued.

In January 2018, the County adopted a new Transportation System Development Charge (TSDC) plan. At that time, many regional discussions were focused on tiered residential SDC rates, and the Board of County Commissioners was interested in the concept. The original work group did not have the necessary data to decide whether actual behaviors and travel data would support a tiered residential rate. So when the new TSDC plan was adopted in 2018, the county continued having one rate per detached single-family home dwelling unit, regardless of the size of the home. However, staff was asked to revisit the concept of a tiered residential rate, and to determine whether there is a link between home size and number of transportation trips in Clackamas County.

Tiered Residential Rate Structure

In November 2018, after hiring a consultant to help analyze the data, the County brought together a group of stakeholders to consider a tiered residential TSDC rate. The group was made up of representatives from the development community, a member of the Home Builders Association (HBA), a county resident interested in developing an Accessory Dwelling Unit (ADU) on their land and County staff.

The group met three times between October 2018 and July 2019 to review the analysis and develop a recommendation, as reflected in the amendments to the Transportation System Development Charges Methodology Report, which would modify the TSDC rate schedule to establish new rates for Single Family Homes and Accessory Dwelling Units (see Attachments A, C and D).

- The data supports a tiered residential TSDC rate structure for detached single-family homes, and the work group recommends a three-tier rate structure for these units (see Attachment B).
- There is little data available for smaller homes, such as accessory dwelling units. However, the group considered the smaller home size compared existing residential rates, ultimately recommending a two-tiered rate structure for accessory dwelling units using the ITE trip rates for Condo/Townhomes as a baseline (see Attachment B).
- The group also discussed concerns with implementing the new program, like the implication of additions to single-family homes and recommends that the County exempt additions or detached units that are 199 square feet or smaller.

After extensive deliberation, the work group recommends that the County continue assessing TSDCs for multifamily residential units, without additional consideration of the size of the unit. This is based on the fact that the County ordinance has a number of potential discounts available to multifamily development projects.

Revenue Neutrality

The final step in the analysis was to explore whether the recommended TSDCs would be revenue neutral with respect to the current TSDC structure. Based on the distribution of permits since 2010, the 3-tier approach is not expected to generate revenue that is materially different than the current rate. We would expect to collect about 98% of our “detached single family home” assessments, which is one of a number of categories we assess against. Revenue projections from this category comprise approximately 16% of the total expected TSDC revenue over twenty years. Our estimated maximum annual impact is \$25,000, which is minimal in context to the entire TSDC Revenue projects, which top \$210 million over the life of the plan.

Any “balancing” to ensure no loss of revenue would require an increase in other residential rates. In the context of the County’s desire to support housing, the lost revenue does not seem significant enough to warrant an increase in these other housing categories to support the tiered Residential TSDC Rate at this time. However, there will be a formal plan update in 2021, which will allow us to reassess this policy decision as we review construction costs, project lists and the traffic impact distribution to bring all categories current.

Public Input

In accordance with state law, we published notice of our methodology update 90 days prior to the public hearing for adoption, which will take place on May 7, 2020. Notice was published online, through social media and emails were sent to interested parties.

RECOMMENDATION:

Staff recommends the Board of County Commissioners ask staff to return on May 7, 2020, for approval of the attached resolution amending the Transportation System Development Charges Methodology Report, modifying the TSDC rate schedule to establish new rates for Single Family Homes and Accessory Dwelling Units (see Attachment A) with an effective date of July 1, 2020.

Respectfully submitted,

Diedre Landon

Diedre Landon
Administrative Services Manager, Snr.

Attachments

- Attachment A: DRAFT Resolution to amend the Transportation System Development Charges Methodology Report, Modifying the TSDC Rate Schedule to establish new rates for Single Family Residential Homes and Accessory Dwelling Units.
- Attachment B: Infographic: Tiered Transportation System Development Charge (TSDC) Rates – Proposed | Detached Single-Family Homes & Accessory Dwelling Units
- Attachment C: Tiered Residential Transportation System Development Charge (TSDC) Program: Work Group Decision Overview
- Attachment D: Portland Metro Home Builders Association Testimony

**BEFORE THE BOARD OF COUNTY COMMISSIONERS
OF CLACKAMAS COUNTY, STATE OF OREGON**

A Resolution to Amend the
Transportation System Development
Charges Methodology Report,
Modifying the TSDC Rate Schedule to
Establish New Rates for Single Family
Residential Homes and Accessory
Dwelling Units



Resolution No. _____
Page 1 of 2

Whereas, on January 28, 1993, the Board of County Commissioners established a Transportation System Development Charge (TSDC) program in Clackamas County (County Code, Chapter 11.03), recognizing that development should contribute its fair share to the cost of improvements and additions to transportation facilities necessary to accommodate the capacity needs created by growth; and

Whereas, TSDC revenue is allocated to projects annually through the County's budgeting process; and

Whereas, the County prepared a February 2020 Transportation System Development Charge Methodology Report, attached to this Resolution as Exhibit A and incorporated herein by this reference, as the guiding document for formulating a transportation system development charge as authorized by state law; and

Whereas, Oregon's System Development Act (Oregon Revised Statutes 223.297 - 223.314) requires that system development charges be based on a methodology that demonstrates consideration of capital improvement costs identified in an adopted list of projects that are needed to increase capacity to serve the demands of future users (Exhibit A, Appendix A – TSDC Capital Project List); and

Whereas, using the TSDC Capital Project List, the methodology calculates the TSDC Rate Schedule (Exhibit A, Appendix B – TSDC Rate Schedule); and

Whereas, under the existing TSDC rate schedule, there is a single category for single family residential rates, regardless of traffic impact due to fluctuations in home size; and

Whereas, under the proposed TSDC fee schedule, there are three categories identified for single family homes to account for modified traffic impacts of larger and smaller homes; and

Whereas, under the existing TSDC rate schedule, there is no category identified for Accessory Dwelling Units (ADU) and historically these have been assigned the Apartment/Multi-Family Dwelling rates; and

Whereas, under the proposed TSDC fee schedule, there are two Accessory Dwelling Unit categories, using the Condo/Townhome ITE rate as a baseline, to account for modified traffic impacts of larger and smaller ADU units; and

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Page 2 of 2

Whereas, pursuant to ORS 223.304, the methodology was available for public inspection for more than 60 days prior to the first public hearing on the matter, and written notice of the proposed transportation SDC methodology was sent to people who requested such notice 90 days prior to the first public hearing; and

Whereas, the Board of County Commissioners scheduled, noticed and held a public hearing on the new transportation SDC rates and supporting documentation and accepted public testimony on the proposed new transportation SDC rate categories during a public hearing at its regular meeting on April 16, 2020, and again on May 7, 2020; and

Whereas, the new rates will take effect on July 1, 2020 to coincide with regular annual rate adjustments; and

Whereas, no changes are proposed to County Code Chapter 11.03, which will maintain all other aspects of the County's TSDC program such as those provisions related to credits and refunds.

NOW THEREFORE, the Clackamas County Board of County Commissioners resolves as follows:

1. To modify the Transportation System Development Charges Methodology Report, effective January 1, 2018, attached to this Resolution as Exhibit A, modifying the rates for single family homes and establishing new rate categories for Accessory Dwelling Units, effective July 1, 2020.

DATED this _____ day of May, 2020.

BOARD OF COUNTY COMMISSIONERS

Chair

Recording Secretary