

## **Parks & Recreation System Development Charges (Park SDCs)**

All Oregonians deserve access to the benefits of high-quality parks and nature, recreation facilities and trails that create healthy, resilient and economically vibrant communities. Our local park and recreation agencies assure fair and just access and provide crucial health and wellness opportunities for communities across the state.

Park SDCs help ensure that the quality of life keeps pace with changing cities and thriving communities by providing additional parks, trails and recreation facilities and access to nature needed to accommodate community growth. When a new home or commercial development is built, there is a need to expand the park and recreation system to meet the needs of the growing population. Collecting SDCs from new development helps to pay for that park, trail and recreation system growth. Without SDCs, the existing community members who have already invested in the park system would have to pay into the system again to meet the needs of new residents.

Park SDC money can only be spent on capital improvements that increase the capacity of park and recreation facilities in order to offset the impacts of new development on current outdoor and indoor park and recreation systems.

### **Unique aspects of Parks and Park SDCs**

- During the current pandemic, one of the only aspects of our communities that have remained open and accessible for public access are the parks, trails and access to nature, many of which would not be possible without Park SDCs. These facilities provide outdoor spaces where physical distancing can be safely maintained, while allowing community members to interact with and connect to nature and others. It has become evident how extremely vital this is for the mental and physical health of individuals during times of stress.
- Park and recreation facilities are a critical part of a healthy and thriving community. As cities across the state look to increase density, Park SDCs may be looked at as an obstacle when they are really a means to ensuring that all Oregonians have equitable access to high-quality parks, access to nature, trails, and recreation facilities— not just those living in certain neighborhoods or areas of a community.
- With the development of smaller lots, and the desire for more multifamily development, public parks and trails are increasingly serving as the community's "backyard". The push for density, while beneficial in many aspects, does place pressure on the existing park and trail systems to serve more people with less space. This pressure reduces services, which were funded by existing residents through prior development fees.
- Communities' urban trail systems help serve the multi-modal needs of a community in the same way as street infrastructure does. These multi-modal paths provide an alternative way to commute to schools, businesses, retail centers, and parks while helping to reduce congestion of the street systems. This method of commuting has the side benefits of health for people and the environment.
- Park and recreation facilities are seldom required as a condition of development approval. This is due to the fact that a park or recreational facility is not a critical infrastructure required to create a habitable home in the same way as water, sewer or streets (other types of SDCs). This eliminates an agency's ability to require the developer to pay for additional park and recreation facilities necessary to serve the new residents if there are no Park SDCs.
- Unlike transportation, water and sewer, developers do not typically pay additional permitting fees for parks, nor are they usually required to build (or dedicate land) for additional park, trail or recreation infrastructure or other offsite improvements as a condition of development.
- Cities and counties can and do issue revenue bonds in order to pay for water and sewer infrastructure, and then charge the rate payer for the costs of debt repayment. There is no similar method of charging park and recreation users for development costs – leaving SDCs as the primary available funding source for park and recreation facility infrastructure.
- New parks, trails and recreation facilities can be funded through general obligation bonds. If approved by voters, these bonds increase property taxes for decades on all property owners. SDCs, on the other hand, are a one-time fee for new park and trail development to serve growth, rather than an ongoing cost to all residents over time.

## **Oregon Revised Statute (ORS) on SDCs provides public involvement and agency accountability**

Oregon's SDC legislation (ORS 223.297-.314) provides for the following:

- Accounting requirements to track SDC revenues require:
  - Deposits of SDC revenues into dedicated accounts;
  - Annual accounting of revenues and expenditures, including a list of the amount spent on each project funded, in whole or in part, by SDC revenues;
  - SDC revenues may not be expended on operational or maintenance expenses, nor construction of administrative or maintenance facilities;
- The calculation and modification of SDCs, and adoption of administrative review procedures, require:
  - Local governments to prepare a capital improvement plan that includes a list of the improvements that the agency intends to fund with SDCs, and includes the estimated timing, cost and eligible portion of each improvement;
  - Creation of an administrative appeals procedure, whereby a citizen or other interested party may challenge an expenditure of SDC revenues;
  - In the event a written objection to the calculation of an SDC is received, an agency must provide information on the right to petition for review; and
- Changes to a current methodology that would increase an SDC fee require:
  - A public hearing must be held at least seven days prior to the date of the planned adoption;
  - Written notice must be provided to interested parties at least 90 days prior to the public hearing; and
  - The proposed SDC methodology must be made available for review at least 60 days prior to public hearing.

### **Park SDCs may be charged on:**

- Residential development - may be charged per unit type and/or tiered based on the on the size of the dwelling unit or number of bedrooms in the dwelling unit.
- Commercial development - may be charged per unit and/or tiered based on square footage (or number of bedrooms in the case of hotels, dormitories, etc.).

### **Credits**

- Credits reduce or eliminate the SDC fee.
- The law requires that SDC credits be allowed for the construction of any "qualified public improvement" (defined in statute) that offset the otherwise expected impact on the system.
- The credit for a qualified public improvement may only be applied against an SDC for the same type of improvement – so Park SDC credits can only be used for improvements to park and recreational facilities.
- While SDC credits are not often required as a condition of development approval, some communities allow SDC credits for facilities that are voluntarily donated or constructed by developers.

### **Exemptions / Waivers / Deferrals**

- Though not required by state law, many local governments have policies that provide for exemptions, waivers and/or deferrals of specific SDCs to address identified priorities or special needs in the community, especially those that advance a public benefit.
- Park SDCs can be exempted or reduced by local governments for community priorities or policies. This may include, but isn't limited to:
  - Waivers and/or exemptions (full or partial) for:
    - Certain types of residential development, like ADUs or certain types of affordable housing units.
    - Alterations/expansions/replacements when no additional residential dwelling units are created.
    - Skilled nursing and memory care facilities that are determined to not have an impact on the system.
  - Deferrals for:
    - Multi-family developments of a certain size or larger.
    - Relief for financial hardship.
- Restrictions are sometimes placed on waivers, exemptions and/or deferrals:
  - Limited number available during a specific time period.
  - Deed restrictions on affordable housing developments.