



SYSTEMS DEVELOPMENT CHARGES UPDATE

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Overview

- Adjustments to Transportation SDCs for Compact Development
- Legislation Update on HB 2984 (2023)



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Overview

- City collects SDCs associated with development as allowed in ORS and Eugene Code.
- Collected to fund the construction of infrastructure required to support new development.
- For the City systems, this includes transportation, wastewater, stormwater, and parks and recreation.



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Adjustments to Transportation SDCs for Compact Development

- Adopted TSDC Methodology with adjustments for compact development in 2018
- There are four categories of compact development eligible for adjustments to their TSDCs:
 - ▣ Location-based
 - ▣ Transit Proximity
 - ▣ Transportation Demand Management
 - ▣ Accessory Dwelling Units (ADUs)



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Adjustments to Transportation SDCs for Compact Development

- City Council also adopted caps, or limits, on available compact development adjustments:
 - ▣ \$130,000 per year for combined location-based, transit proximity, and transportation demand management developments
 - ▣ \$40,000 per year for ADUs
 - ▣ Caps are adjusted for inflation each year
 - ▣ Any unallocated allowance rolls over to the following year



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Adjustments to Transportation SDCs for Compact Development

Non-ADU Compact Development Adjustment Availability (Location-Based, Transit Proximity, and Transportation Demand Management)			
Year	Available Non-ADU CDA	Eligible Adjustments Applied	Deficit (-) or Roll-Over (+) Amount
FY19	\$130,000	\$76,663	\$53,337
FY20	\$187,184	\$78,763	\$108,421
FY21	\$242,268	\$333,500	-\$91,152*
FY22	\$45,385*	\$28,558	\$17,277
FY23	\$160,000	\$160,000**	0**

*Eligible FY21 projects that exceeded available adjustment and as their timing allowed, were rolled over to FY22, thus decreasing the available FY22 available amount.

**For FY23, the inflated baseline cap = \$142,723; the eligible and projected deficit are extrapolated based on applications received for the year as of 8/16/2023 and may change based on project modifications.



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Adjustments to Transportation SDCs for Compact Development

ADU Compact Development Adjustments			
Year	Available ADU CDA	Eligible Adjustments	Deficit (-) Roll-Over (+) Amount
FY19	\$40,000	\$8,401	\$31,599
FY20	\$72,782	\$43,031	\$29,751
FY21	\$70,935	\$32,327	\$38,608
FY22	\$80,620	\$75,413	\$5,207
FY23	\$49,121	\$52,480*	-\$3,549*

*For FY23, the inflated baseline cap = \$43,914; the eligible and projected deficit are extrapolated based on applications received for the year as of 8/16/2023 and may change based on project modifications.



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Adjustments to Transportation SDCs for Compact Development

- The 2022 Housing Implementation Pipeline Workplan included two relevant goals:
 - ▣ Consider ways to support development along key transportation corridors
 - ▣ Identify opportunities to align SDC incentives with City housing goals



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Adjustments to Transportation SDCs for Compact Development

- Elimination of the caps would not change the SDC calculations or the methodology used to calculate the SDC.
- Elimination of the caps is estimated to have a relatively small (less than 1%) impact on overall transportation SDC revenues.
- Elimination of the caps on adjustments for compact development would allow all eligible projects to receive the adjustment.



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Recommendation

- Adopt the resolution in Attachment B to the AIS to eliminate the cap of compact development adjustments to transportation system development charges



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SDCs for the Conversion of a Building from Commercial Use to Residential Use – HB2984 (2023)

- SDC provisions apply to the conversion of commercial buildings to residential use in cities with populations over 10,000
- Two alternative SDC provisions:
 - ▣ Adopt a specific policy to charge SDCs for commercial to residential conversions.
 - ▣ Amend current methodologies to only charge wastewater SDCs and include an offset for wastewater SDCs paid when the building was originally constructed.
- Deadlines



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SDCs for the Conversion of a Building from Commercial Use to Residential Use

- Eugene does not have a specific SDC assessment for building conversions from commercial to residential uses.
- Eugene Code and SDC methodologies assess SDCs for commercial to residential conversions based on the residential category of the proposed new use.
- Eugene has a previous use credit that is applied to new development that offsets SDC charges with a credit for the most intensive previous use for each SDC system



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Adjustments to Transportation SDCs for Compact Development

- The 2022 Housing Implementation Pipeline Workplan included:
 - ▣ Identify opportunities to align SDC incentives with City housing goals



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City Manager Recommendations

- Adopt the resolution in Attachment B to the AIS to eliminate the cap on compact development adjustments to transportation system development charges
- Adopt the resolution in Attachment C to the AIS to adopt a policy regarding system development charges for conversion of buildings from commercial to residential use in non-industrial zones



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