



TO: Town Council Finance Committee
 FROM: Karen Martin, SEDCO Executive Director
 SUBJECT: Impact Fee Updates
 DATE: October 2, 2025

Overview:

At your last Finance Committee Meeting (September 11, 2025), the members requested the following additional information and clarifications on an impact fee update for school capital improvements.

- 1) An update on the distribution of fees between single family homes and other types of units based on the actual school impact of each type of unit.
- 2) A projection of the types of units anticipated over the next 30 years – the distribution between single family and other types of units.
- 3) A revision of the fees based on expected units
- 4) Focus the fees on the amount required to pay for the base new school project, it's financing and any amount left over from previous projects.

We also revised the amount of funding left over from previous projects, revising that total amount down from \$45 million to \$30,000,000 to better reflect the remaining amount of financing related to building projects.

Update of Distribution of Fees by Type of Unit

To better reflect the impact of different types of units, we ran a special tabulation of the 2023 American Community Survey which cross tabbed the number of children in two groups (5 to 17 and under 18) with the type of units by units in structure. This special tabulation was run for the suburban area of the Portland region. Note – a special tabulation cannot be produced at the community level.

Here are the results, including the translation for the impact to fees.

Fee Distribution & Relationship to Single Family Impacts					
Type of Unit	Children per unit < 18	Children per Units 5 to 17	Relationship to SF < 18	Relationship to SF 5-17	Recommended
Single Family Detached	0.578	0.45	100%	100%	100%
Single Family Attached	0.29	0.18	50%	40%	50%
2 to 4 Units per Structure	0.28	0.23	48%	51%	50%
5 to 9 Units per Structure	0.2	0.14	35%	31%	35%
10+ units per Structure	0.05	0.03	9%	7%	10%
Mobile Homes	0.04	0.04	7%	9%	10%
Source: US Census ACS 2023 (5-year accounting)					
Special Tabulation of Public Use Micro Data for Suburban Portland Area					

This distribution of impact by units is different than the original distribution noted in the current ordinance. The following table compares the two distributions.

Proposed Ratios of Different Types of Units to Single Family		
Type of Unit	Existing	Proposed
Single Family	100%	100%
2- family	38%	NA
Multifamily 3 + Units/Structure	25%	NA
Mobile Home	25%	10%
SF Detached (TownHomes)	NA	50%
2 to 4 Units/Structure	NA	50%
5 to 9 Units/Structure	NA	35%
10+ Units/Structure	NA	10%

In the update of the proposed impacts by unit, the special tabulation showed that multifamily with lower units per structure had a higher rate of children per unit than the existing distribution. To better align with impacts, multifamily units were split out by the number of units in the structure. The higher the number of units per structure, the fewer the impact on the schools in terms of the number of children expected.

The existing distribution lumps all multifamily together, and results in a lower percentage overall.

There are two categories that are not represented in the charts above: Senior units and Affordable units. It's reasonable to expect that senior units do not have an impact on the school population and therefore their fee would be zero.

For affordable housing, the existing ordinance assigns 50% as their relationship to Single Family. A suggestion for the affordable unit is to apply a uniform discount to the appropriate fee for the type of unit. If there were single family affordable units, you could apply a 50% discount to the Single Family fee. For affordable units in units of 5 to 9 per structure, you could apply a 50% discount to that specific fee.

The use and percentage discount in fees for affordable units is a policy question for the Council. The only suggestion made as part of this memo is that the discount be applied to the type of unit.

Projection of Units by Type of Unit

The next piece of the puzzle to determine fees is the type of growth expected over the next 30 years. Please note that we focused on the 30 year payback period for this analysis.

As described in the previous memo from September 11th, the projected total units at 30 years will be 7,800.

To in order to collect a set amount of dollars, we need to know what type of units will be built. If 100% of the 7,800 units are single family and the goal is to raise \$45,808,000 (the amount assigned to new units based on the building plus financing, each unit would be \$5,873 (45,808,000 divided by 7,800 units). But if half of the units were in 2-4 unit buildings, the total fees raised we would raise on \$34.4 million. The only way to ensure that \$45.8 Million is raised is to raise the price of the base, to account for the amount needed. We also need to project a reasonable distribution between the units.

To project the potential distribution of units, we looked at building permits over the last 10 years. Approximately 37% of building permits were single family during this period. Another 2% were units under 4 units per structure, while 61% were in multifamily units of 5 or more units per structure.

Roughly based on the permits issued over the last 10 years as well as some reasonable expectations over the next 30 years, we used the following distribution of units to generate adjusted fees.

Type of Unit	% of 7,800 Units Over 30 years	Resulting Units
Single Family	40%	3,120
Single Family Attached	12%	936
2 to 4 units per structure	10%	780
5 to 9 units per structure	15%	1,170
10+ units per structure	20%	1,560
Mobile Homes	3%	234

Projecting this distribution is challenging. You can make arguments on both ends of the spectrum about the future. Much depends on the disposition of LD 1823. This suggested distribution may overestimate the denser multifamily, but overestimating the denser units does increase the starting fee for single family. The fewer single family units that are built, the higher the fees have to be to generate the total dollars desired. This results in a conservative approach to raising the fees.

Resulting Fees:

We have prepared two scenarios for your review using the distributions describe above. Scenario 1 represents the new school building project with financing. Scenario 2 represents the new school building project with financing plus remaining capital expenditure from previous projects. Each Scenario uses the same distribution of units by impact and projected unit distribution.

To demonstrate the impact of the distribution of units, the following tables use 40% of units as single family. If we change the distribution to 50% single family, the fee drops from \$10,030 per single family to \$8,858 per single family unit in Scenario1. In Scenario 2, the rate drops from \$11,391 to \$10,060.

