



TO: Town Council
FROM: Karen Martin, SEDCO Executive Director
DATE: November 25, 2025
SUBJECT: Housing Impact Fees

Overview:

During their September and October meetings, the Town Council Finance Committee reviewed potential impact fees based on the bond amounts that were ultimately approved by the voters in November. This memo summarized their recommendations and the supporting data.

Three items are important to note as you review the recommendations. First, impact fees must be related to the increase in capacity associated with new housing. An impact fee cannot be used to pay for existing deficiencies. Second, the impact fee cannot be used as a punitive measure to discourage growth. It must be related to the actual increase in capacity and the increase in potential growth. Third, the new release of the American Community Survey data, which is used in some of the calculations, should be available on December 11. We will want to tune this analysis up to be consistent with the data release.

Lastly, this memo details the increase in capacity and the existing housing projections based on our current rate of growth ordinance and current demographics. If implementation of LD 1829 changes the expected projection of new units in the future, the potential new fees would likely decrease, since there would be more units over which the cost of the schools could be spread. Along with impacting minimum lot sizes, 1829 also contemplates additional accessory dwelling units (ADU's) which would also affect the number of units. In addition, there may be additional expansion of the schools which would also change the amount of an impact fee.

For now, we are working with the present conditions of the current costs of the improvements approved in November and the projected growth consistent with the rate of growth ordinance.

Based on the analysis reviewed by the Finance Committee and recommended to forward to the full Council for review, the following changes could occur:

Comparison of Scenarios Based on 30-Year Payback				
Existing Impact Fee (2025)	Existing Impact Fee (2025)		DRAFT Impact Fee	
	Fee	% of SF	Fee	% of SF
Single Family	\$5,390	100%	\$ 11,391	100%
2-Family	\$2,060	38%		
Single Family Attached			\$ 5,696	50%
2 to 4 Units per Structure			\$ 5,696	50%
"Multiplex". (Multifamily 3+ units per structure)	\$1,360	25%		
5 to 9 Units per building			\$ 3,987	35%
10+ Units per Structure			\$ 1,139	10%
Mobile Home	\$1,360	25%	\$ 1,139	10%
Affordable Housing Unit	\$2,710	50%	TBD	TBD
Senior Housing Unit	\$0	0%	\$ -	0

Details and Inputs

To calculate a new impact fee, the following information is required:

- Student Capacity Increase
- Total New Capital Investment in the Schools
- Amount Associated with Growth
- Amount of New Housing Units
- Impact of New Housing Units by Type of Unit
- Projection of New Units by Type of Unit

Increase in Capacity

The first step in determining the amount of a new fee is to evaluate the increase in capacity related to the proposed building project. The following table shows the actual enrollment compared to the increase in student capacity. According to the table, 20.7% of the school investment may be assigned to new housing units. We did not assign any of the new students to existing housing units, even though, it is likely that some increase in students will be the result in existing homes turning over to new families.

K-8 2025 Scenario	
K-8 Capacity Increase for New School Investment (All New Students Assigned to New Growth)	
Actual Enrollment K-8	1,975
Increase in Students	516
Projected Enrollment Capacity	2,491
% of Increase Assigned to New Housing	100%
Actual Increase Assigned to New Housing	516
% of student Increase	20.7%
% of Capital Investment Associated with New Students	20.7%

Total Amount to Collect Over Time

The Finance Committee recommended the following amount for the calculation of a new Impact Fee

Base Bond Amount:	\$139,850,000
Finance Charge:	\$ 81,288,000
<u>Remainder of Capital Improvements from Prior Bonds:</u>	<u>\$30,000,000</u>
Total Amount for 2025:	\$251,138,000

Amount Associated with Increased Capacity

Total Capital Investment:	\$251,138,000
<u>Capacity Increase Associated with New Students:</u>	<u>20.7%</u>
Total Amount for impact Fee Recovery:	\$52,022,157*

**The actual computation used a detailed calculation of 20.71457%*

The total calculation includes \$30,000,000 left over from previous school bonds associated with capital investments. Since the Town has an existing Impact fee, this remainder was included in the calculation of a new fee.

The new capital investment assigned to the calculation of school impact fees is **\$52,022,157**.

Anticipated Increases in Housing Units & Impact on Schools

The above calculation results in the need to raise \$52 Million to repay a portion of the capital investments. Repayment is in the form of a fee assigned to new housing units build over a 30 Year period. Using an annual amount of 260 new housing units per year, for 30 years, the fee would be distributed over 7,800 units.

While we project 7,800 units, not all units generate the same number of children. Our existing impact fee varies by type of unit, with single family having the highest fees. Multifamily housing units have fewer children per household and, therefore, had a reduced fee per unit in the existing fee schedule.

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 structures. 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 above, the projected total units at 30 years will be 7,800.

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 \$52,022,157 in fees, the amount assigned to new units would be \$6,670. But if half of the units were in 2-4 unit buildings, the total fees raised we would be less than the needed \$52 million. The only way to ensure that \$52 Million is raised is to increase 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 1829. 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:

The following table puts all the pieces together, resulting in a significant increase to the existing impact fees.

The analysis is also dependent on the American Community Survey – which will be updated on December 11. This update should be incorporated into the resulting fees. The Council also needs to evaluate how affordable housing will be treated in this version of the School Impact Fees.

In Summary

The Town can reasonably assign \$52 million of the increase in the capacity of the schools, approved in November, to new growth. To raise the \$52 million over a 30-year period the fees for a single family unit would increase from \$5,390 to \$11,391, an increase of 111%. The new fee accounts for 1.5% of the current median single family unit sales for 2025 (190 sales to date in 2025). Looking at new units, instead of all sales, the average sales price was \$980,000, resulting in a fee that represented 1.2% of purchase price.