



## SDC Workgroup Issues to Consider

*SDCs apply to much more than housing (commercial, industrial plus land use, finance issues), although they have a significant impact on what housing is developed and how. A work group should look comprehensively at all the issues.*

### Scope: Issues to include

- Purpose of an SDC/impact fee—there is agreement on need for infrastructure development and impact fees related to that development, but there need to be clearer parameters for use and nexus (impact/expenditures.)
- Methodology for calculating SDC—current the largely per-unit methodology for residential discourages smart growth development; per-developable-square-foot is better. Commercial development methodologies often are at odds with the location and type of development desired by a city's comprehensive plan policies.
- Transparency in SDC rate setting and adjustments—what is the SDC need based on the impact of development? How are increases factored beyond inflation? It's often a mystery, and the process is sometimes public only at the end of the process, making changes difficult and frustration high.
- Accountability/Audits—this is critical for confidence and effectiveness; the Secretary of State doing random audits on methodology, rates, nexus/appropriateness would be a good source of data and ongoing improvement.
- Parks—this particular SDC repeatedly comes up in the problematic examples column, so maybe it needs more specific state guidance on use. Jurisdictions are supposed to invest Parks SDCs within 10 years or return the dollars...but it's very hard to track/verify what expenditures go where, when, and parks are often developed far from the site that paid the fee. Although these fees are often substantial, developers are willing to pay in order to ensure open-space amenities nearby; when that doesn't happen the neighborhood and developers alike are frustrated. Efforts have been made in some cities to add seasonal performance space and programming support to allowable SDC expenditures, which moves dangerously close to using SDCs as general fund and not as a fee tied to an infrastructure impact that was intended.
- Timing of SDC payment—while there are certainly some SDCs that likely need to be paid early/up front as they are initial infrastructure for development (water, sewer, stormwater), some are not. Certainly, Parks and transportation SDCs can be paid when the certificate of occupancy is issued and the impacts are about to incur without undue burden to local jurisdictions and it would ease the upfront costs to a development.
- Credits – Cities increasingly require private development to build nearby public works, as well as pay all SDCs. Historically, if this occurred an SDC credit was given to prevent double charging. However, cities are increasingly simply refusing to do so, adding considerable costs and/or delays to the production of new homes or employment development.