



## **CITY OF HILLSBORO**

*Supplemental System Development Charge  
Methodology*

for

Witch Hazel Village South

**July 2024**

**Witch Hazel Village South Supplemental System Development Charge Methodology  
City of Hillsboro Parks and Recreation Department**

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## I. Introduction

### ***Background***

The City of Hillsboro (City) established its current park system development charge (SDC) program in 2010. Fees are collected on both residential and non-residential development across the City on a per-unit and average employment density basis, respectively. With the development of a new community in Witch Hazel Village South (WHVS) on the horizon, however, staff has conducted an analysis of a potential new overlay (also called a “supplemental SDC”) for the area. Any supplemental SDC in WHVS would be in addition to the existing Park SDC fee and would be used to fill gaps between revenues collected from the existing fee and the total cost of park improvements required in WHVS to meet our current level of service.

### ***Approach***

The framework of the existing methodology was used in preparing the supplemental Parks SDC and its fee structure. Staff from both the Parks and Recreation Department and Community Development Department worked together to analyze estimated population growth, development densities, infrastructure requirements, acquisition and development costs, and dwelling unit totals for WHVS. After reviewing all of the information available, it was determined that the supplemental SDC should have several key differences from our existing Park SDC:

- Unlike the current, city-wide Park SDC, the supplemental SDC will only apply to development within a defined geographic area (See Exhibit A). Additionally, any funds received from the supplemental SDC will be accounted for separately from the city-wide SDC and will only be spent on park acquisition and development within that same geographic area.
- Because the vast majority of planned development in WHVS will be residential, the supplemental SDC does not include a cost-share allocation between residential and commercial/industrial development.
- The existing Park SDC methodology includes acquisition and development cost estimates that were based on figures from 2010. As a result, staff needed to update its cost estimates to reflect not only current market values for land acquisition, but also the current cost of developing park facilities.
- Because the expected inventory of multi and single-family homes in WHVS has been well defined, the supplemental Park SDC will have a separate fee for each type of dwelling unit that is commensurate with their individual persons-per-household average. The current Park SDC fee in Hillsboro is a single fee per dwelling unit, regardless of type.

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- The level of development for Nature Parks in WHVS is expected to be similar to that of Developed Greenways. As a result, these two categories have been combined in the Supplemental SDC Methodology with one per-acre cost for acquisition and development.

## **II. Methodology**

### ***Improvement Fee Basis***

Witch Hazel Village South’s Supplemental Parks SDC is based on the costs to acquire and develop two categories of park facilities to the City’s existing parks level of service (LOS):

- neighborhood and community parks, and
- nature parks and developed greenways.

The neighborhood and community parks category includes the land associated with special use parks owned by the City – the Gordon Faber Recreation Complex, Hondo Dog Park, Shute Park Aquatic & Recreation Center, and the Glenn & Viola Walters Cultural Arts Center – but does not include undeveloped land designated for future park use. The nature parks and developed greenways category includes natural open space areas designed to provide access to unique or significant natural features for recreation but does not include undeveloped open space that is not intended for public access or recreation. Similarly, only those greenway facilities that are currently developed with trails are included.

LOS for these facilities is measured as the quantity of the facility per 1,000 residents. Hillsboro’s population was estimated at 108,154 by Portland State University’s Population Research Center as of 2021, the most recent data available. Quantities of parks (including greenways) are measured in acres, and the existing quantities and LOS for each facility category are shown in the table below.

**Table 1: Existing Supply and Level of Service of Park Facilities**

<b>Facility type</b>	<b>Units</b>	<b>Existing Supply</b>	<b>Existing LOS (per 1,000 residents)</b>
Neighborhood & Community Parks	Acres	356.59	3.30
Nature Parks & Dev. Greenways	Acres	744.02	6.88

### ***Projecting Facilities Needed Due to Growth***

The future demand for these facilities from new development in WHVS is calculated by multiplying the projected increase in Hillsboro’s population by the existing LOS. A population forecast was derived from density calculations provided by ECONW’s Hillsboro Expansion Area Yield Study Findings (February 2022), which projected the addition of 1,068 new dwelling units in WHVS: 673 single family attached/detached units and 395 multifamily units with an average of 2.62 and 1.84 persons per household, respectively.<sup>1</sup> This would result in an estimated population increase of 2,490. The quantities needed to maintain the

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<sup>1</sup> Census Bureau Tables B25024 and B25033 (1-year 2022 American Community Survey data)

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current LOS for each type of facility due to the projected demand from new development is shown in the table below.

**Table 2: Quantity of New Park Facilities Needed to Accommodate Growth**

<b>Facility type</b>	<b>Units</b>	<b>Quantity needed to accommodate growth</b>
Neighborhood & Community Parks	Acres	8.22
Nature Parks & Developed Greenways	Acres	17.13

***Estimating Costs for Future Facilities Needed for Growth***

Costs to maintain the existing LOS include acquisition costs to purchase raw land and development costs to build facilities on the land. Per-unit cost estimates used for this analysis are based on recent expenses for the acquisition and development of facilities in these categories by the Parks and Recreation Department, recent cost estimates prepared by consultants and the anticipated infrastructure costs necessary for new parks and facilities in WHVS. A list of the cost figures used for this analysis is summarized in Table 3, below.

**Table 3: Acquisition and Development Unit Cost Estimates**

<b>Facility type</b>	<b>Acquisition Cost</b>	<b>Development Cost</b>
Neighborhood & Community Parks	\$500,000 / acre	\$505,000 / acre
Nature Parks & Developed Greenways	\$196,000 / acre	\$150,000 / acre

Using the cost figures from Table 3 and the quantities needed from Table 2, we can calculate the total financial burden to accommodate growth in WHVS for Neighborhood Parks/Community Parks, and Nature Parks/Developed Greenways. Total acquisition and development costs to fund facilities required for growth are summarized in Table 4, below.

**Table 4: Acquisition and Development Costs for Growth**

<b>Facility type</b>	<b>Quantity to acquire</b>	<b>Acquisition Cost</b>	<b>Quantity to Develop</b>	<b>Development Cost</b>	<b>Total Cost</b>
Neighborhood & Community Parks	8.22 ac	\$4,110,000	8.22 ac	\$4,151,100	\$8,261,100
Nature Parks & Dev. Greenways	17.13 ac	\$3,357,480	17.13 ac	\$2,569,500	\$5,926,980
<b>Total</b>		<b>\$7,467,480</b>		<b>\$6,720,600</b>	<b>\$14,188,080</b>

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***Calculating rates per unit of development***

In order to arrive at a rate per unit of development, the total cost is divided by the projected net increase in population. The net new residents were already calculated as described above. The existing and projected future residents are summarized in Table 5.

**Table 5: Hillsboro Population Projection**

<b>Current Hillsboro Population</b>	<b>Population w/WHVS</b>	<b>Net Increase</b>
108,154	110,644	2,490

The existing Park SDC in Hillsboro is \$6,978 per residential dwelling unit. As such, the 1,068 projected dwelling units for WHVS would result in a total base SDC fee collection of \$7,452,504. Since the total acquisition and development cost to maintain our existing level of service in this area is \$14,188,080, the base SDC would leave an unfunded gap of \$6,735,576. Dividing this gap by the net increase in population (Table 5) yields the following per capita Supplemental SDC rate:

**Table 6: Per Capita Supplemental SDC Rate**

	<b>SDC Rate</b>
Per New Resident	\$2,705

Since the number of new residents associated with a new development is not known precisely at the time of development, these amounts are translated to costs per dwelling unit based on average household size. As cited above, Hillsboro’s average household size for single family dwellings is 2.62 persons per household, with the average multifamily dwelling at 1.84 persons-per-household. The Supplemental SDC fee will be differentiated for these two categories of dwelling units, resulting in the following fee calculations:

**Equation: Per-Unit Supplemental SDC Fees**

**\$2,705 per new resident x 1.84 persons per household = \$4,977 per Multi-Family Unit**

**\$2,705 per new resident x 2.62 persons per household = \$7,087 per Single-Family Unit**

***SDC Fee Adjustment***

The City’s Parks SDC fees will be adjusted annually to keep pace with inflation. The inflationary adjustment is based on measures of cost trends for land acquisition and construction. The formula for the fee adjustment will take an average of the change in the two measures that represent land and development costs.

McGraw Hill publishes an index, called the U.S. 20-City Construction Cost Index, in the Engineers News Record (ENR) that measures the annual change in construction costs in 20 metropolitan areas located throughout the United States. The annual percentage change in the ENR 20-City CCI will be used to adjust the construction cost portion of the SDC fees.

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For land acquisition costs, the analysis relies on data published each year in the Sales Ratio Report that is produced by the Washington County Assessor's office. The report includes the cost per acre of land by various categories, one of which is commonly referred to as urban tract land. These properties are located within urban growth boundaries, are unimproved, and are zoned for residential development. They are representative of the kind of properties that the Hillsboro Parks and Recreation Department seeks out for neighborhood and community parks. The report lists average cost per acre for urban tract land county-wide, not just in Hillsboro. The use of county-wide data is appropriate for indexing purposes because it is less prone to local speculative influences that tend to reflect short-term investment options rather than long-term price trends. The percentage change in the per acre price for the urban tract land category will be used to adjust the land cost portion of the SDC fees.

EXHIBIT A



WITCH HAZEL VILLAGE SOUTH

