

Transportation System Development Charge Program Update



D4 Coalition Land Use and Transportation Committee— Aug 26, 2026

Agenda

1. Current TSDC program
2. Program update
3. Economic context
4. Discussion



Current TSDC Program

Transportation SDC Basics

- One-time fee paid by new development
- Charges are based on the **impact** of the development on the transportation system and the total cost of improvements needed to **support growth**
- Funds pay for major transportation projects
- Dedicated revenue source for new or upgraded transportation facilities that **build new capacity** in our system
- Regulated by state law and city code

Exempt development

- Three-year waiver for residential development
- Affordable housing
- Accessory dwelling units (ADUs)
 - does not include ADUs built to be accessory short-term rentals or rented on a less-than-monthly basis
- Mass, outdoor, short-term shelters
- Certain alterations
 - Remodels that don't change the use
 - Changes of use in buildings smaller than 3,000 sqft
- Projects with a small transportation impact (less than 15% trip increase)



Supporting City goals

- TSDC-funded projects add capacity by improving our existing streets, sidewalks, and transit facilities so they can **move more people**
- Infrastructure helps **support density**
- Increasing capacity for all modes also improves **safety** and helps provide **affordable, sustainable** travel options



SW Capitol Highway



New streetcars

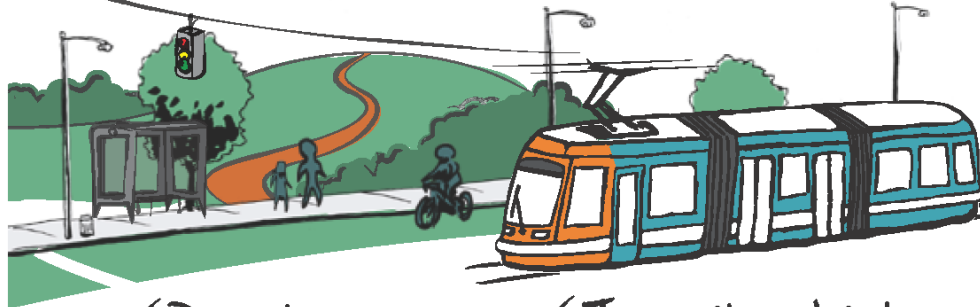
TSDC ELIGIBLE PROJECTS

Only projects that add capacity AND support new growth are eligible for TSDC funding.

ELIGIBLE

✓ New traffic signals
+ roundabouts

✓ Sidewalks
+ trails



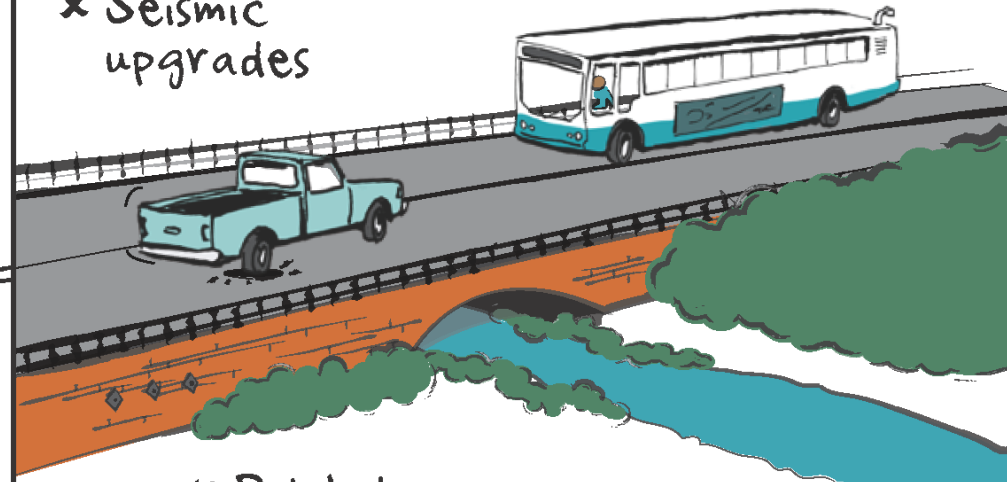
✓ Bike lanes

✓ Transit vehicles
and guideways

NOT ELIGIBLE

x Seismic
upgrades

x Transit operating costs

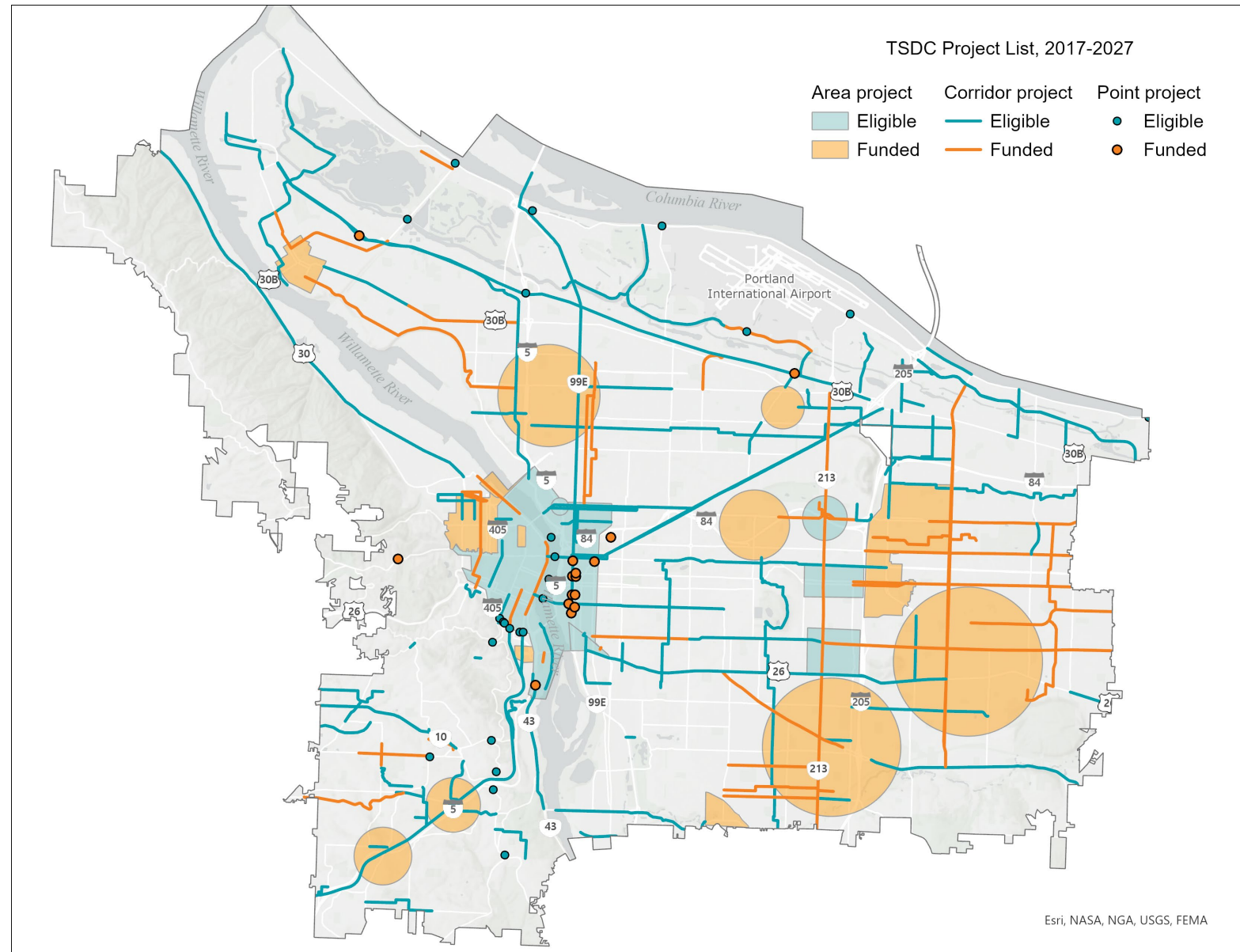


x Pot hole
repair

x Environmental
improvements
(e.g. culverts, fish passage)

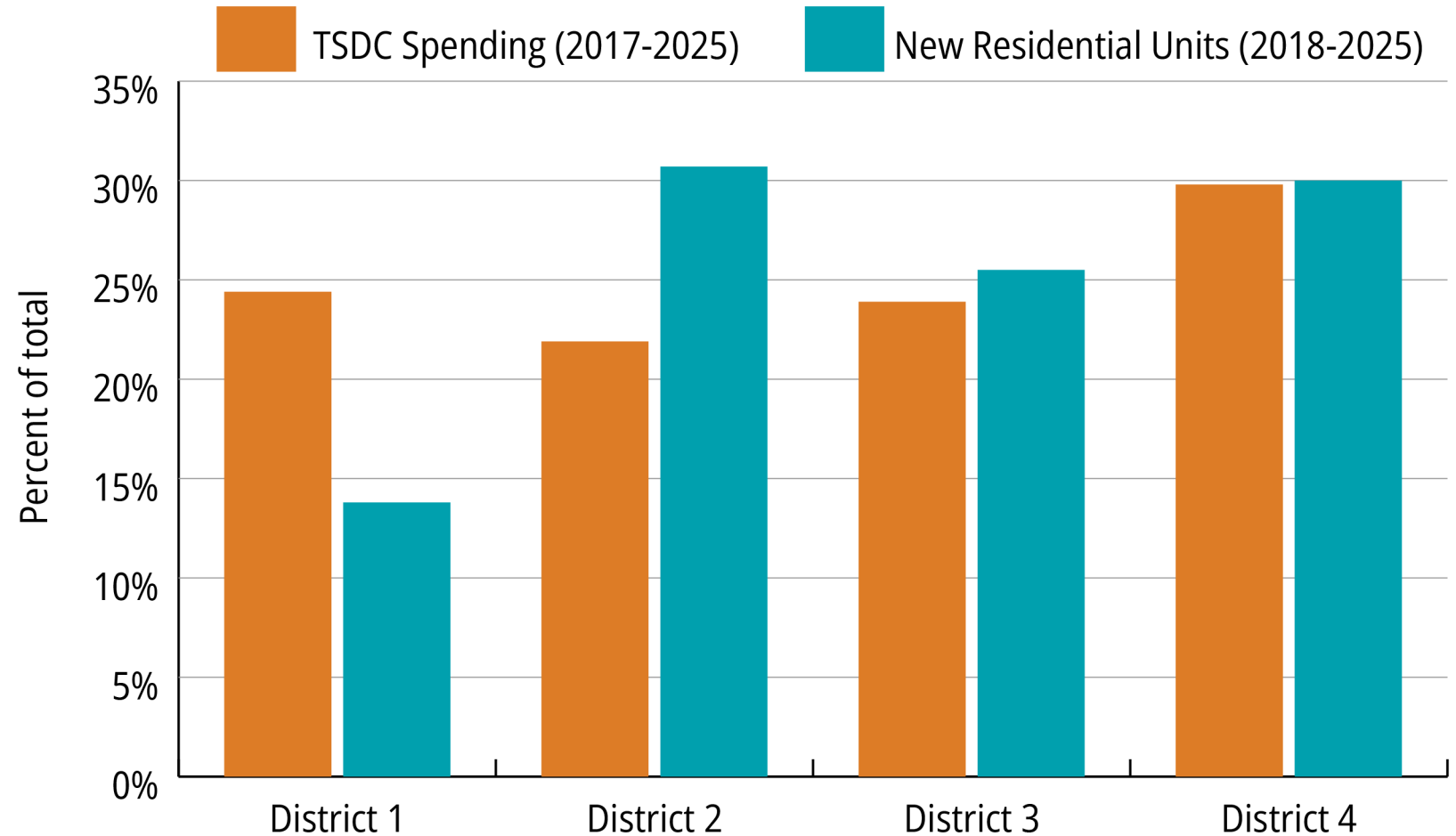
TSDC Project List 2017-2027

Most projects on the 2035 Transportation System Plan 10-year list are eligible for TSDC funding (about 75% of the list)



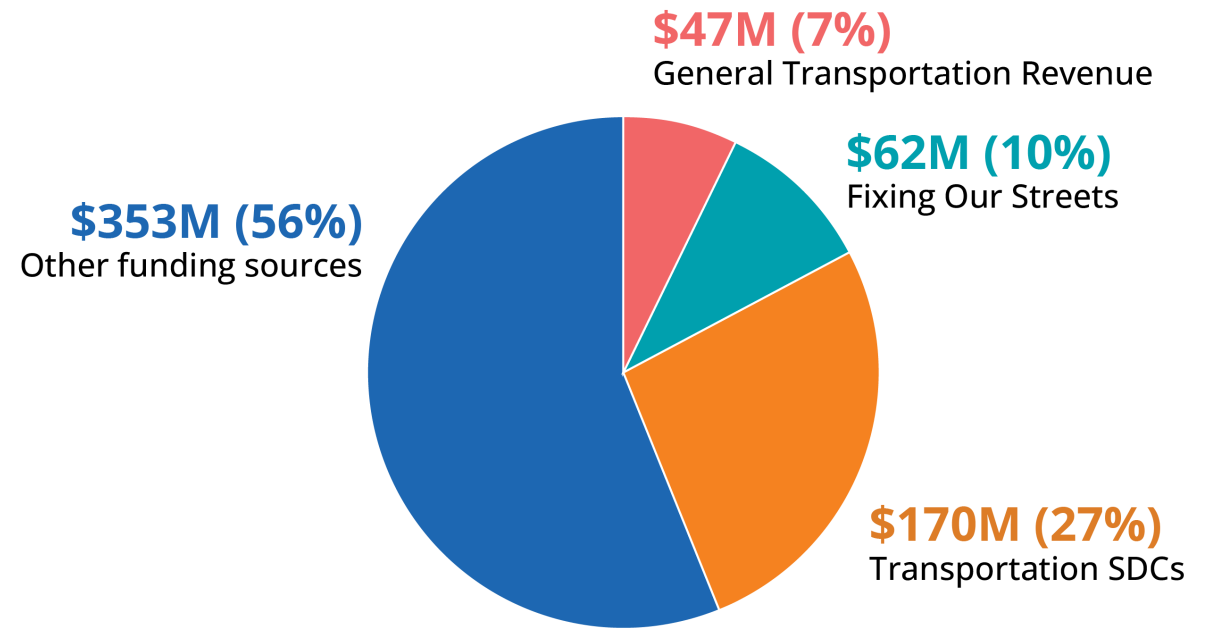
TSDC spending + growth

TSDC-funded projects since 2017 have largely aligned with where we've seen growth in Portland



Using our funds effectively

- Support public/private co-investment
- Local leverage to secure grants and other funding sources
 - On average, TSDCs cover 27% of project costs
 - \$170 million in TSDC investment has helped secure \$353 million in outside funding (e.g., federal and state grants) since 2018



Funding sources for PBOT's TSDC project list, FY 2019 - present

South Waterfront – N. Macadam TIF District

- **TSDC Invested (2004-2025):**
\$26.5 M
- **Development Activity (2004-2025):**
 - +5,000 Housing Units
 - +630K Office/Retail SF

Source: EConorthwest analysis of PortlandMaps (BPS/BDS) and CoStar data.



Conway Master Plan Area - Slabtown

TSDC Invested (2014-2025): \$2.9M
(includes \$1.9M in developer credits)

Development Activity (2014-2025):

- +1.2K Housing Units
- +36.5K Office/Retail SF
- +\$500M Real Market Value



Source: EConorthwest analysis of PortlandMaps (BPS/BDS) and CoStar data.

Division Street Corridor

- **TSDC Invested (2017-2025): \$27M**
- Combined with other local funds to support Division Transit Project
- **Development Activity (2017-2025):**
 - +1,400 Housing Units
 - +94K Office/Retail SF

Source: ECONorthwest analysis of PortlandMaps (BPS/BDS) and CoStar data.





Program Update

TSDC program ten-year update

PBOT updates the Transportation System Development Charge program every ten years

- Program first adopted in 1997 (first multi-modal TSDC in the country)
- Most recent update in 2017
- New program scheduled to be in place from 2027-2037



Scope of the TSDC update

- Update how PBOT uses TSDC funds
 - Project list vs capital maintenance
- Revise rates that development pays
- Adjust discounts, exemptions, and credit policy
- Explore options for coordinating and simplifying transportation requirements for developers
- Stakeholder engagement
 - Interviews, briefings, and workshops

Related efforts

- Transportation System Plan 2045 update
 - Project list coordination
- Temporary SDC waiver for housing (2025-2028)
- Parks SDC update – scheduled to go into effect in 2028





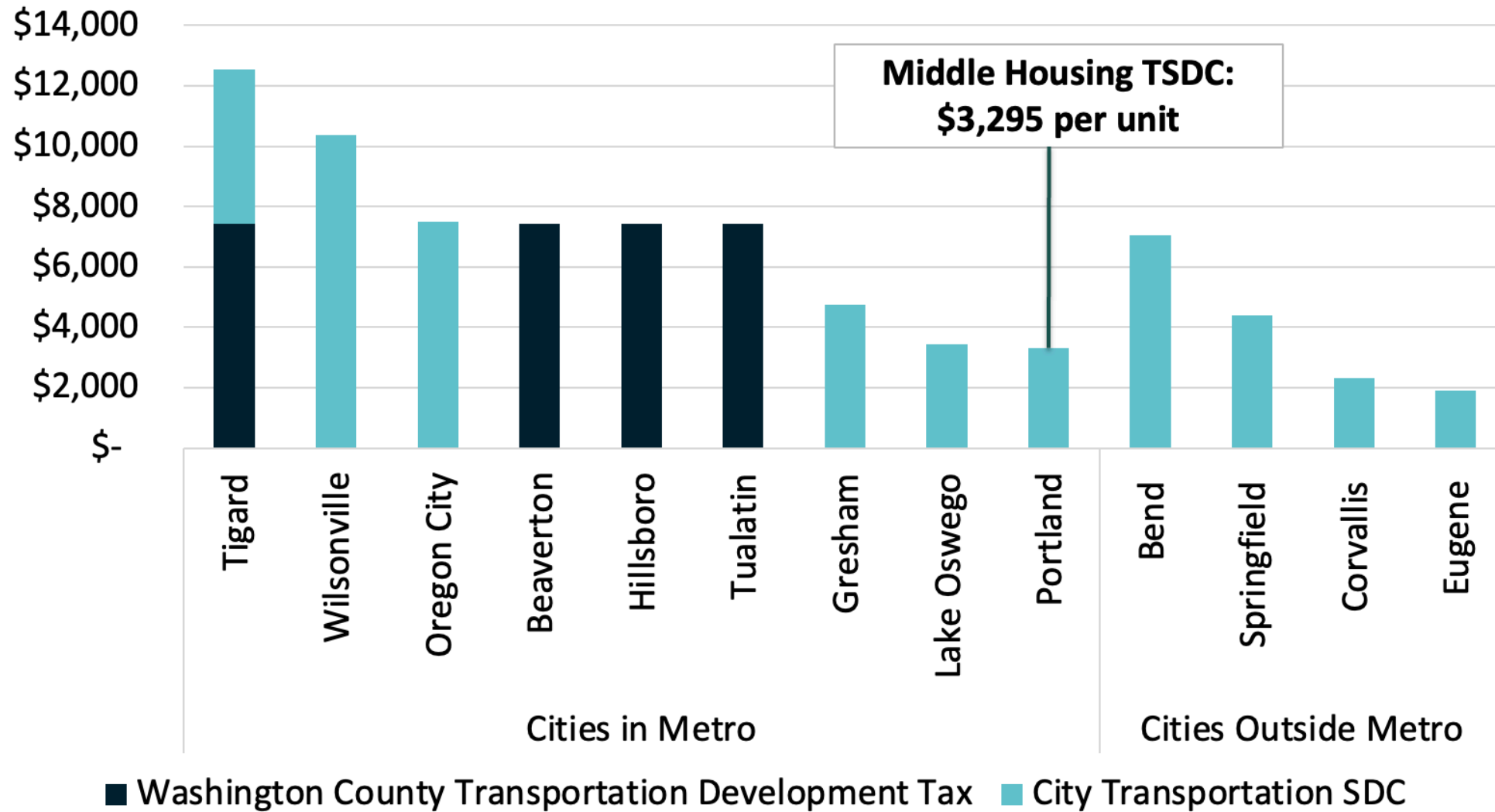
Economic Context

Development trends

- Portland has experienced a downturn in development in the past few years, particularly multi-family housing and office
- Residential infill housing with multiple units on a lot has become increasingly popular
- TSDC revenues have decreased



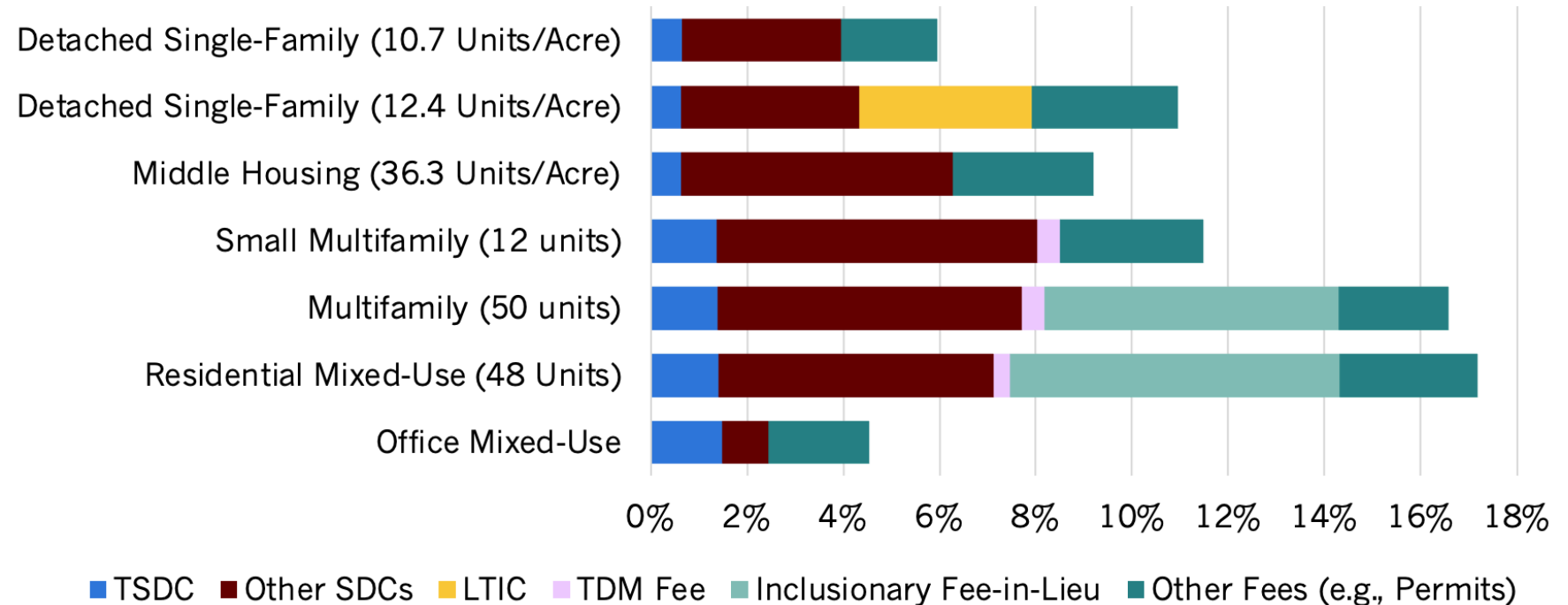
TSDC rates in Oregon



Source: Fehr & Peers analysis of 2025 city & county rate/fee schedules and forms; rates converted from per-trip fees using ITE Trip Generation Manual (12th Ed.) average daily (ADT) or PM peak hour trip rates.

Portland TSDCs and other development fees

- All SDCs (including transportation, sewer, stormwater, water, and parks) range from 2.5% to 8% of total development costs
- TSDCs are less than 2% of the total
- Total fees range from 4% to 17%



The LTIC, TDM, and Inclusionary housing fees are paid in lieu of meeting other development requirements and are not paid by every development project.

Source: ECONorthwest, PP&D

Other funding sources for transportation

- Recently created transportation utility fee will fund maintenance, operations, safety and sidewalk infill in Portland
- Major cities in other states often pay for transportation capital projects with:
 - SDCs (allowed in 34 states)
 - Local, regional, or state taxes
 - General Obligation bonds
- SDCs are common in Oregon because we don't have sales tax and property tax increases are limited

Next Steps

- Council engagement in fall 2026
- Develop recommendations on rates, discounts and exemptions
- Continue stakeholder outreach
- Updates to code, rules, rate study in 2027

Discussion

- Any questions about TSDCs or the program update?
- Thoughts on options for TSDC spending?
 - Continue to use TSDC funds only for projects on the TSP project list that add new capacity to the transportation system
 - Use part of our TSDC funds for major capital maintenance to existing assets

[Portland.gov/TSDC-Update](https://portland.gov/TSDC-Update)