

# PORTLAND IMPACT FEE STUDY

CITY OF PORTLAND PLANNING DIVISION

September 18, 2018

# I. Study Objectives & Assumptions



DRAFT

- The City of Portland engaged Colliers to evaluate the impact of the proposed schedule of impact fees (“Fees”) upon development in Portland
- Colliers prepared financials for several typical projects types: Multifamily, office, hotel, industrial, and retail
- Colliers analyzed each projects’ return with and without the proposed impact fees
- Colliers applied the Maximum Supportable Fee as determined by TischlerBise

## II. Executive Summary



DRAFT

- The proposed fees will have minimal impact upon financial returns across a range of product types, reducing them (IRR and ROI) by less than 1%
- The fees are less than 2.5 percent of total development costs
- The proposed impact fees may be less than or greater than the actual, ad-hoc fees paid by some developments in the past
- Formalizing the fee schedule adds predictability, certainty, and may possibly shorten the permitting time for projects reducing costs
  - For example: One month of escalation of construction costs on a \$15m project is \$62,500/month
- This analysis does NOT account for costs incurred by developers related to design review, compliance with other City of Portland ordinances and/or policies (other than inclusionary zoning), or delays in the permitting process

# II. Executive Summary

## PORTLAND IMPACT FEE ANALYSIS

SUMMARY  
9/20/2018

**DRAFT**

	Multifamily Rental	Multifamily Condominium	Downtown Hotel	Suburban Airport Hotel	Office + Retail	Industrial	Shopping Center
# of Residential Units	75 Units	50 Units					
# of Hotel Room Keys			150 Keys	200 Keys			
Office GSF					50,000 GSF		
Retail GSF					7,500 GSF		105,000 GSF
Industrial GSF						50,000 GSF	
Surface Parking GSF	24,375 GSF			65,000 GSF		16,250 GSF	325,000 GSF
Structured Parking GSF		16,250 GSF					
Development GSF (ex. Parking)	67,500 GSF	55,000 GSF	52,500 GSF	70,000 GSF	57,500 GSF	50,000 GSF	105,000 GSF
<b>Total Development Cost (Without Impact Fee)</b>	\$21,133,704	\$21,703,206	\$22,765,606	\$27,256,344	\$20,132,086	\$10,171,438	\$39,873,038
<b>\$/Unit/Key/GFA (Without Impact Fee)</b>	\$281,782.72/ Unit	\$434,064.12/ Unit	\$151,770.71/ Key	\$136,281.72/ Key	\$354.55/GSF	\$205.22/GSF	\$388.81/GSF
<b>Estimated Impact Fee to Developer</b>	<b>\$163,301</b>	<b>\$118,926</b>	<b>\$522,026</b>	<b>\$685,976</b>	<b>\$254,803</b>	<b>\$89,738</b>	<b>\$952,286</b>
<b>Percent of TDC</b>	<b>0.77%</b>	<b>0.55%</b>	<b>2.29%</b>	<b>2.52%</b>	<b>1.27%</b>	<b>0.88%</b>	<b>2.39%</b>
<b>IRR (Without Impact Fee)</b>	9.55%	11.60%	10.19%	10.95%	15.31%	9.04%	10.38%
<b>IRR (With Impact Fee)</b>	9.38%	11.39%	9.63%	10.33%	14.91%	8.84%	9.83%
<b>Difference in IRR</b>	<b>0.17%</b>	<b>0.21%</b>	<b>0.56%</b>	<b>0.62%</b>	<b>0.40%</b>	<b>0.20%</b>	<b>0.55%</b>
<b>ROI (Without Impact Fee)</b>	4.18%	33.17%	5.85%	6.46%	9.72%	5.38%	6.27%
<b>ROI (With Impact Fee)</b>	4.11%	32.43%	5.50%	6.01%	9.26%	5.26%	5.86%
<b>Difference in ROI</b>	<b>0.07%</b>	<b>0.74%</b>	<b>0.35%</b>	<b>0.45%</b>	<b>0.47%</b>	<b>0.12%</b>	<b>0.41%</b>

9/20/2018