



March 16, 2021

Representative John Lively
House Committee on Economic Recovery and Prosperity
Oregon State Capitol
900 Court St. NE
Salem, OR 97301

RE: Opposition to HB 3040 -1 Amendments

Dear Chair Lively and Members of the House Committee on Economic Recovery and Prosperity:

Thank you for the opportunity to provide testimony on HB 3040 with the -1 amendments. We have a number of questions and concerns related to the proposed legislation that are addressed below.

System Development Charges (SDCs) are a critical funding source that insulates the broader community from the cost of development and ensures development pays for its impacts on community infrastructure. While we are currently unclear of the problem statement and the goal of this legislation, we assume for the purposes of these comments that it's aimed at making development more affordable. As drafted, we do not see anything included in the -1 amendment that will make community infrastructure more affordable, nor do we see anything that will make the price point of any particular development more affordable for the eventual owner.

This legislation proposes to delay payment of SDCs either to closing or until the issuance of Certificate of Occupancy, depending on the type of building. We are concerned with the practicality and administrative burdens that we anticipate from either concept. Furthermore, local governments already have the authority to change the timing of payment. Local governments are well equipped and experienced in administering SDCs and other infrastructure financing programs and we're concerned with the unintended consequences of the legislature prescribing specific uniform process requirements. As stated above, we believe the underlying intent is targeted at reducing the overall cost of development – yet in the context of total development costs, SDCs remain a relatively small part of the overall equation. The risk does not seem worth the reward – especially since there is no guarantee in the language that the eventual property owner will realize any of the potential benefit.

The legislation also proposes to study SDCs. We agree that it would be useful to study SDCs and believe that process could yield a stronger collective understanding of SDCs and their value to the community. However, we urge the legislature to take a broader view of a study so that other cost impacts on development can be understood alongside SDCs. We believe this will result in a more holistic conversation about the rising cost of development and a create a better path forward.

Although we understand that a work group has been meeting for several months on this topic, we believe there is more work to be done in order to fully understand all of the cost factors of development and find a path forward to create more affordable housing in Oregon.

We encourage the legislature not to rush this process and to decline moving this legislative forward.

Sincerely,

A handwritten signature in black ink, appearing to read "Andy Smith". The signature is written in a cursive, flowing style.

Andy Smith
Government Relations Manager
City of Hillsboro