

Date: March 15, 2021

To: The Honorable Representative John Lively, Chair
House Committee on Economic Recovery and Prosperity

From: Jessica Berry, Transportation Planning and Development Manager
Jamie Waltz, Director, Department of Community Services

Subject: HB 3040 (2021 Regular Session)

Chair Lively, Vice-Chairs Cate and Kropf, and members of the Committee,

HB 3040 directs the Legislative Review Officer to study system development charges and report findings to interim committees related to local government. Multnomah County supports studying best practices for system development charges (SDCs), however, we oppose requiring local governments to offer payment deferral plans.

We understand and support the need to foster the development of affordable housing. It appears that the purpose of the bill is to make it easier for development to be constructed by including a 'payment deferral plan' into the list of options for SDCs. While the bill references affordable housing, it also requires local governments to offer payment deferral plans for multifamily housing, condominium, industrial, and commercial developments.

The bill specifies that the required payment deferral plans must assess SDCs at the time a certificate of occupancy is issued for multifamily, condominium, industrial, and commercial developments. For single-family housing, the bill requires that the payment deferral plan must assess SDCs at the time of sale as part of closing costs.

We are concerned that requiring that SDCs be assessed when a certificate of occupancy is issued or at the point of sale would make it difficult, if not impossible, for local governments to ensure collections from non-paying developers. Furthermore, this bill does not require that developers pass on cost savings to homebuyers or reduce housing prices.

SDCs allow local governments to collect fees when new development occurs. They enable local governments to recover fair costs to provide the public infrastructure capacity necessary to serve new growth. They typically account for a small portion of the overall costs of a development.

Local governments can and often do offer incentives that reduce developer costs for affordable housing. Without the necessary local control to structure and implement SDCs effectively, local governments will face the burden of providing additional services without the ability to fund the investments needed to meet new service demands.

In Multnomah County, we see that SDCs are an important funding source for Transportation capital projects. This benefit is primarily for City services but these restrictions could impact the county's ability to provide local match funds for the capital projects we construct in those cities.

In closing, we oppose requiring local governments to offer payment deferral plans for SDCs. We support studying SDCs to identify best practices. We recommend that the study also include other cost-drivers for housing and infrastructure so that a more complete understanding of barriers to affordable housing development can be developed.

Thank you,

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