

February 6, 2024

Public Testimony – Oregon House Bill 4099 Requiring OHCS to guarantee local government’s deferral of system development charges for housing developments.

Chair Dexter and Esteemed Committee Members,

My name is Trell Anderson. I serve as the Executive Director of Northwest Housing Alternatives, a nonprofit community-based housing organization that builds and operates affordable housing properties across the state in urban, suburban, and rural communities. NHA has a portfolio of 2,000 units providing opportunity to families, seniors, and veterans; and we have 56 group homes for people living with intellectual and developmental disabilities. In 2023 and 2024 we will bring some 800 units on-line as new affordable housing opportunities.

We have properties either in development, under construction, leasing up, or in portfolio in the communities of Warrenton, Milwaukie, Gladstone, Sisters, NW Portland, and Coos Bay – all communities represented by members of this committee.

I am here in support of HB 4099 which will decrease the overall cost of affordable housing development by reducing the amount of interest payment of a construction loan incurred in project expenses. For example, Trillium House in Warrenton was completed in the Spring of 2023 now providing 40 units of affordable family housing opportunities. Payment on the construction loan at 7.75% was \$76,352 per month; or \$916,224 in total interest payments. System Development Charges were \$295,000 or 2% of construction costs.

If HB 4099 were in place, and if the City of Warrenton agreed to participation in the opt-in provision, the savings to the project would have been \$18,300. In Florence where we are completing construction of 68 units this year, the savings would have been \$33,500. In Sisters, where we have a fully-funded project of 40 units to begin construction this year, the savings will be \$17,750. In NW Portland, where we will celebrate the grand opening of 148 units at Emmons Place, the savings would have been hundreds of thousands of dollars in interest payments.

HB 4099 will allow local jurisdictions the option to support affordable housing projects like those sponsored by NHA without a direct cash commitment while demonstrating local support for projects in their communities. All the SDC fees would/will be paid at a date that better aligns with occupancy of the building, when residents have impact on the systems the fee is for.

Thank you for your time and consideration.