



Testimony by City of Wilsonville Mayor Shawn O'Neil Supporting HB 2968:

Proposed Legislation Provides for City Opt-In for Deferral of SDCs and Makes the State a Partner to Guarantee Needed Infrastructure Support

Scheduled for public hearing on March 12, 2025, before
the House Committee on Housing and Homelessness

Chair Marsh, Vice Chairs Andersen and Breese-Iverson, and Members of the Committee:

I am testifying in support of HB 2968, which establishes a program within the Housing and Community Services Department to recover unpaid system development charges (SDCs) from developers who fail to pay after an agreed-upon deferral period by transferring debt collection responsibility to the state.

Local jurisdictions are authorized by statute to assess SDCs to help cover the incremental impact on the capital costs of infrastructure capacity upgrades made by new development on transportation; sewer, water, and stormwater systems; and/or parks. These elements of infrastructure are an essential part of making homes safe and communities livable.

The Oregon Legislature has been grappling with the rising cost of housing for over a decade. During that time, legislation has been introduced regularly that would require local governments to defer SDCs until the issuance of the certificate of occupancy in the name of housing affordability. That approach has caused deep concerns from local governments that cannot guarantee an SDC will be paid at certificate of occupancy in the way it can guarantee payment at the time a building permit is issued. **In effect, by deferring the collection of the needed SDCs, the city takes on considerable risk and loses leverage to make the developer pay the required fees that support the expansion of infrastructure to serve new development.**

HB 2968 would allow local governments to defer SDC payments for market-rate developments until 180 days after the certificate of occupancy has been issued, and for affordable-housing developers up until one year after the certificate of occupancy. **The key here is rather than preempt local control for appropriate fiscal management, the legislation is permissive and allows a city to voluntarily opt-in to participate in a new state program that reduces municipal risk for the collection of crucial SDC revenue that supports new development.**

HB 2968 appropriately proposes the State become a partner with local governments and housing developers in achieving our shared objectives to increase housing production and affordability. The bill removes the risk to local taxpayers and ratepayers by requiring the state to buy SDC debt that cannot be collected at the issuance of the certificate of occupancy. HB 2968 is a thoughtful way to mitigate risk to tax-paying residents while supporting capacity improvements to public infrastructure that are necessary to support housing production.

The City appreciates your consideration and urges a Do-Pass vote on HB 2968 with a referral to Ways and Means. Thank you for your time and consideration.

Sincerely,



Shawn O'Neil, Mayor
City of Wilsonville