



Chair Marsh, Vice-Chairs Breese-Iverson and Andersen, and members of the committee,

Sightline Institute is an independent, nonpartisan think tank working to make the Pacific Northwest a global model of sustainability. I work on our housing program, looking for ways we can affordably and efficiently house every Oregonian.

Sightline supports HB 2968 as a **graceful and targeted way to reduce the cost barriers to new homes**. Development often requires cities to spend money on infrastructure, and SDCs are an imperfect but important way to cover many of those costs. Unfortunately, they also impose regressive costs on new homes, which in turn reduces development at lower price points, which in turn drives up the price of existing homes.

In 2018, we calculated that SDC deferral would be a modest but useful way to reduce housing costs.¹ This bill offers a way to reduce interest and capital costs for developers of both market-rate and affordable housing – thus making the state a more attractive target for outside investment – while keeping jurisdictions whole and reducing the amount of Oregon money that needlessly flows to lenders and investors out of state during permit reviews, appeals, construction, and marketing.

One note of caution: This bill essentially obligates participating cities to create a new procedural step of contacting the developer to collect the fee. This might be an obstacle to cities opting into the program. **If few cities ultimately opt in, we urge future legislators to consider adding flexibility to this program** by letting cities defer collection to a point of their choosing rather than by trying to pressure cities to participate.

Though it's possible to imagine a future Oregon where SDC deferral becomes standard or maybe even mandatory, this would not be a good idea today. This program needs the benefit of time to understand, among other things, what the default rate will be and therefore how much public money is required for this purpose.

Please advance HB 2968. It is a creative idea with few downsides and the potential to save Oregonians quite a bit of money.

Michael Andersen
director, cities + towns

¹ ["What Makes Portland's New Apartments So Expensive?"](#) sightline.org, Aug. 30, 2018.