

March 16, 2021

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

Chair Lively and Members of the Committee:

Thank you for the opportunity to provide testimony on HB 3040 with the -1 amendment.

The City of Gresham currently provides incentives which allow for the deferral of System Development Charge (SDC) payments until occupancy, or financing SDCs over a period of up to 10 years. We support the spirit of this legislation, which is to find ways to make development more cost-effective. However, the legislation as written contains a number of administrative changes that would be difficult and costly for the City to implement. For those reasons, the City opposes HB 3040.

We are concerned with the requirement to assess the system development charge at the time of closing costs for single-family housing. The City has mechanisms to track and manage permit issuance, final inspection, and issuance of certificate of occupancy. The City does not currently have any involvement with the sale of single-family home property from developer to home builder, or from home builder to homeowner. Requiring the payment deferral plan to assess at closing costs would create additional administrative burden and City involvement in a part of the process the City has thus far been removed from. This would both force the City to audit unsold properties continually until they sold and their associated SDC payments were verified, and require additional enforcement, potentially against the new homeowner, if the fees were not paid upon sale.

We also have concerns about Section 5 regarding using the same computation and fee for capital improvements for the development of manufactured homes and multifamily housing. We currently use a consistent methodology for calculating the SDCs, but that methodology is based on trip generation for Transportation SDCs. According to the Institute of Transportation Engineer's Trip Generation Manual, trip generation for multifamily is not the same as for detached residential dwellings. Accordingly, we do not (and should not be required to) charge the same fee.

Finally, the City of Gresham is transparent in its SDC administration. The City publishes its methodologies and project lists on the City website, and they are all adopted and regulated through Council Resolutions. Our 5-year capital improvement program lists projects that will be completed in the next five years. The additional requirement in Section 6 that mandates the identification of the specific capital improvement for each system development charge would be administratively challenging.

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Local governments agree that a study would help provide consistent information regarding SDCs. As an alternative to HB 3040 with the -1 amendment, we support the idea to study SDCs and their impact on the cost of development. Consideration of SDCs should be evaluated with the other costs and barriers to development in order to provide a complete picture and help identify the potential incentives that will best stimulate development.

Thank you for your consideration.

Sincerely,



Brian Monberg
Government Affairs Manager

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