



March 14, 2025

Committee on Housing & Homelessness
Oregon Legislative Assembly
900 Court St NE, Salem, OR 97301

RE: Support HB 2968 to Remove One Barrier to Housing Production

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

Over recent legislative sessions there have been a variety of proposals that would waive or exempt various categories of housing from paying System Development Charges (SDCs). A detailed analysis, conducted for Oregon Housing and Community Services and released in 2022, recognized that SDCs are crucial to the ability of localities to build the infrastructure necessary to support housing development at all affordability levels. That study, available at [Oregon SDC Study FinalReport 121422.pdf](#) did note the need to adjust SDC levels based on size and impact of different housing forms, and I am happy to report that Milwaukie has adopted a tiered structure to most of our SDCs to facilitate development of middle housing. But forcing exemptions from SDCs would be catastrophic for the ability of our small city to provide the needed infrastructure to support greater housing density.

As a former mayor, Rep. Mark Gamba understands the necessity of SDCs for municipalities, and I applaud him for responding to concerns he heard about SDCs as an impediment to construction by crafting House Bill (HB) 2968. The creation of the Municipal Development Protection Fund would be an elegant response to alleviating the risk that cities would take on by allowing SDCs to be paid 180 days after the certificate of occupancy issues. To be sure, many developers are likely to pay the SDCs before or at time of the certificate of occupancy, but for those who need the added flexibility, the system set forth in HB 2968 is a fair and workable solution. By ensuring that cities will still receive SDC payments even if a developer defaults, this bill gives smaller cities like Milwaukie the confidence to defer those payments—something that would otherwise be too risky.

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While many other housing bills impose new unfunded mandates on cities, HB 2968 proposes the State become a partner with local governments in achieving our shared objectives to increase housing production and affordability. The State has tools to collect on the SDC debt that cities do not have, and thus the risk for the uncollected amounts is more appropriately borne by the State. I urge your support for HB 2968, which involves a relatively modest budget allocation that could unlock more middle housing and multifamily housing production.

If I can provide any further information, please do not hesitate to contact me at bateyl@milwaukieoregon.gov.

A handwritten signature in black ink that reads "Lisa M. Batey".

Lisa M. Batey
Mayor