



PAYING
FOR GROWTH

SYSTEM DEVELOPMENT CHARGES

Testimony on HB 3040
with -1 amendments

HOUSE ECONOMIC RECOVERY
AND PROSPERITY
MARCH 16, 2021



SDCs account for a
small portion of
the overall costs of
a development.

SDCs recover **fair costs for**
public infrastructure capacity
to serve new growth.

Local governments are already very
transparent, as **existing statutes already**
require broad transparency on SDCs.

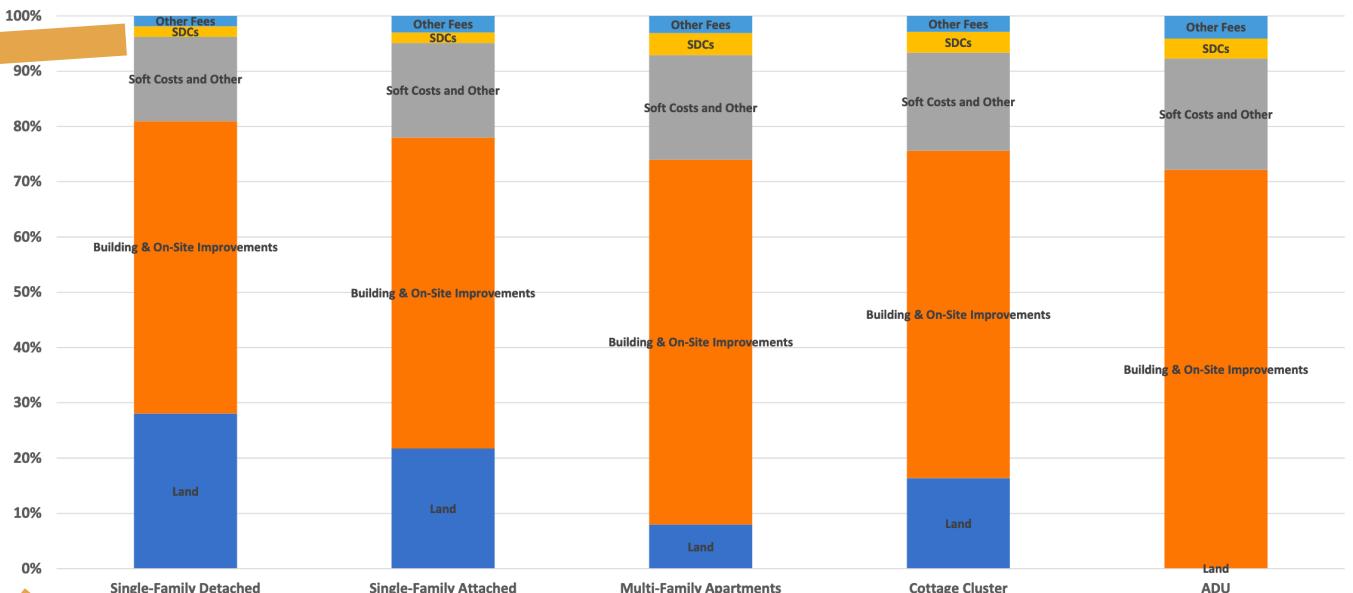
Jurisdictions can and often do offer incentives that
reduce developer costs for affordable housing.

Changing the collection date, **results in small savings on**
interest for the developers and added costs to local
governments that will need to be collected in future SDCs.

Applying multifamily housing SDC methodology to manufactured homes
will **increase SDC costs** for manufactured homes in some jurisdictions.

We support the idea of a study to look at SDCs **but it must include other potential**
cost-drivers of housing and infrastructure to provide a full picture of development
costs.

Development Costs



Sources: RS Means, 2018; Similar pro formas; City of Eugene, 2018; Strategic Economics, 2018.

SDCs are a fraction of the cost for a development project

Interest savings from delaying a SDC payment are minimal

Oregon Street Townhomes

Year: 2018

Location: Sherwood

Multifamily project: 17 units

Permits issued & projects completed:

Within 11 months

Avg. Assessed Value

per Unit: \$310,000

Water: \$58,342

Stormwater: \$1,542

Sanitary Sewer: \$95,675

Transportation: \$72,240

Parks: \$48,191

TOTAL: \$275,991*

Interest at 4.5% for 11 months is approximately \$6,030 or \$354 per unit**

That's 00.1% of the assessed value

There is no guarantee developers will pass along their savings to reduce housing prices.

*SDCs for the 3 buildings

**Calculated mimicking ratio used in powerpoint on 550 MLK project