

House Committee on Economic Recovery & Prosperity  
900 Court Street NE  
Salem, Oregon 97301

March 16, 2021

**RE: House Bill 3040 -1 Amendment Opposition**

Dear Chair Lively and Members of the Committee,



Thank you for the opportunity to comment on the -1 amendment to House Bill 3040. The Oregon Building Officials Association (OBOA) represents more than 1,000 building officials and personnel throughout the state. Its members include a wide range of building officials, both in large, metropolitan cities and counties, as well as small, rural jurisdictions and includes third-party building inspectors.

As you know, Oregon has a statewide building code, adopted by the State Building Codes Division, which establishes uniform safety and energy standards for all residential and commercial buildings throughout the state. In most jurisdictions, the statewide code is administered and enforced by local city or county building departments. In jurisdictions where neither a city, nor a county assume these responsibilities, the State Building Codes Division must do so.

As written, the -1 amendments to House Bill 3040 would do a number of things related to System Development Charges (SDC's), but most concerning for building officials is Section 4(4) proposing SDC Deferral Programs:

Section 4(4)(a) requires the establishment of a SDC Payment Deferral Plan for multifamily housing, condominium, industrial and commercial developments, which must then assess the system development charge at the time a certificate of occupancy is issued.

- As it currently stands, many local governments already allow for a deferral of SDC's for the types of construction listed above, based on their specific and unique circumstances that are tailored to fit both the needs of the builders and the local government. These locally developed systems, or "SDC Payment Deferral Plans," involve the execution of an agreement, which provides a municipality the ability to ensure there's adequate tracking and enforcement methods in place that affords assurances for local governments and builders.

Section 4(4)(b) requires the establishment of a SDC Payment Deferral Plan for attached single-family housing and detached single-family housing, which must then assess the system development charge at the time of sale as part of closing costs.

- Tying SDC payment to "time of sale" would create additional administration and local government involvement in a part of the process the local government has thus far been removed from, create a dramatic loss of efficacy because the local government would need to audit unsold properties continually until they sold and their associated SDC payments were verified, and place the local government in the "no-win" position to create additional enforcement, potentially against the new homeowner, if the fees were not paid upon sale. Such a requirement could place building officials in an unfamiliar position of regulating the collecting of SDC's. Not only would this add a new enforcement component to our building officials, it also adds a new element of tracking that could cause confusion and difficulty.

In addition to the above specific concerns surrounding the -1 amendments to HB 3040, it is our understanding that there is a work group that has been discussing this issue of SDC's more broadly and we believe that work should continue in the hopes of finding a comprehensive solution that looks at all cost-drivers associated with housing and infrastructure to ensure we have a complete picture before making any policy determinations.

Thank you again for this opportunity to comment on the -1 amendment to HB 3040.

Sincerely,



Eric Schmidt

Legislative Chair, Oregon Building Officials Association

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