

February 11, 2019

Chair Keny-Guyer & Members of the
House Human Services and Housing Committee
Oregon State Capitol
900 Court Street NE
Salem, OR 97301

Chair Keny-Guyer and Members of the Committee:

The Special Districts Association of Oregon (SDAO) represents approximately 940 single service local government districts across the State of Oregon that provide municipal drinking water, sanitary sewer service, fire protection, parks and recreation, and libraries to name a few. We recognize the housing and homeless crisis our state is facing and support efforts to make housing affordable to all Oregonians. However, SDAO opposes one component of HB 2001. Specifically, SDAO opposes Section 6 of the bill which would delay when a service provider may charge a System Development Charge (SDC) until the issuance of a certificate of occupancy.

System development charges (SDC) are a one-time charge paid by developers who are creating new demands on water, sewer or park infrastructure. The theory behind SDCs is that growth should pay for itself rather than those who have already paid for and relied on that infrastructure. Typically, a developer pays the service provider at the time when the new customer connects to the water system or sewer system. It can also be assessed to existing customers requiring increased system capacity. Water, sewer and park providers invest in capital-related facilities such as water mains, reservoirs, pump stations, and treatment facilities as well as additional land to provide these services. Typically, these facilities are constructed in advance of new development. An SDC is intended to recover a share of the costs of both existing and planned system infrastructure that will provide the additional capacity to serve new customers over many years as they create additional demand on that infrastructure.

Section 6 of HB 2001 would bar the receipt of SDCs until the issuance of a certificate of occupancy. This would create a whole new set of challenges for service providers across the state and could result in harming the very people this bill seeks to assist. The reason for this is the Section 6 provides no guarantee that the SDC will be paid at the time the occupancy certificate is issued. Thus, if a home is sold and an encumbrance is placed on the property it will be the new owner that will be responsible for the payment of those SDCs. We believe that most homeowners would

prefer incorporating SDCs in their mortgage rather than having a lien placed on the property or receiving a substantial bill in the mail that they never anticipated.

Furthermore, the building official who issues a certificate of occupancy may not know who the service provider is. As a result, communication lines would have to be established by the building officials (whether they are city, county or state) with the local service providers.

Ultimately, Section 6 will put service providers in a very difficult position because there is no guarantee that the provider will be able to collect SDCs and could force them to go to extraordinary measures to collect them, thereby potentially hurting the homeowners this bill seeks to help.

Thank you for your consideration and SDAO urges that Section 6 be removed from the bill entirely.

Sincerely,

A handwritten signature in black ink, appearing to read 'Mark Landauer', with a long, sweeping horizontal line extending to the right.

Mark Landauer
Special Districts Association of Oregon