



Testimony by City of Wilsonville Mayor Julie Fitzgerald Opposing HB 3040-1:

Proposed Legislation Promotes Policy to Transfer New Development Costs and Risks to Public and Ratepayers, Does Nothing to Promote Affordable Housing

Scheduled for public hearing on March 16, 2021, before the
House Committee on Economic Recovery and Prosperity

Chair Lively, Vice-Chairs Cate and Kropf, and Members of the Committee:

On behalf of the City of Wilsonville, I am testifying in strong opposition to HB 3040-1.

HB 3040-1 appears to be a bill designed to transfer new-development costs and risks from developers to the public sector and utility rate-payers. By delaying the collection of system development charges (SDCs), developers are able to use local governments as an interest-free bank to underwrite developers' costs; and to make matters worse, in those instances where a developer might not pay, new home-buyers seeking to move in could get hit for unanticipated closing costs detrimental to all parties.

The reality is that SDCs account for a small portion of the overall costs of new development. Jurisdictions can and often do offer incentives that reduce developer costs for affordable housing projects. Changing the SDCs collection date, however, results in small savings on interest for the developers and added costs to local governments that will need to be collected in future SDCs.

SDCs recover fair costs for public infrastructure capacity to serve new growth. As required currently by state law, local governments are already very transparent on the processes and methodology used to calculate SDCs that are designed to serve increase demands on public infrastructure brought on by new development.

The City could support with minor amendment HB 3040 as introduced, which directs the Legislative Revenue Office to study system development charges (SDCs) and report findings to interim committees related to local government. Specifically, the legislature should order a broader study to include other expense-drivers of housing and infrastructure costs in order to provide a more comprehensive understanding of what constitutes all housing costs.

HB 3040-1 offers no net gain in making housing more affordable; rather, the bill affords developers potentially greater profits at public expense. Oregonians settled this debate long ago that new development should pay its own way and not be subsidized by tax-payers or utility rate-payers. The City of Wilsonville respectfully urges that HB 3040-1 be tabled. Thank you.

Sincerely,

A handwritten signature in blue ink that reads "Julie Fitzgerald". The signature is written in a cursive, flowing style.

Julie Fitzgerald, Mayor
City of Wilsonville