

House Committee on Economic Recovery and Prosperity

Re: HB 3040

To the Chair and Committee:

Thank you for this opportunity to provide testify, and I have greatly appreciated the opportunity to participate on the SDC work group chaired by Representative Lively.

I am a lawyer who represents local government entities including the cities of Corvallis, Philomath and Harrisburg. Each of these cities pays for the infrastructure that serves their communities through a combination of utility fees and system development charges. Each has different needs, and the circumstances of their residents are unique, particularly in terms of the ability to pay for rent, mortgages, utilities, food and other necessities.

I support the bill as introduced. I do not support the Dash-one amendments. The Dash-one amendments will result in consequences that will have a negative impact on infrastructure and the cost of living, even if there is some reduction in the cost of housing. The current statutory scheme requires considerable process and public outreach and limits the costs that each development pays to that development's fair share of the costs for transportation, water supply, sanitary sewer, storm water removal and parks infrastructure. The alternative ways to provide this infrastructure are to raise the cost of the monthly utility fees, impose additional fees to support infrastructure, special assessments and local improvements districts to support infrastructure or general property taxes. A fairly common refrain from all community members whose budgets are already stretched (sometimes to the point of demonstrating that they cannot absorb an additional \$10.00 per month in water and sewer rates, because they will not be able to keep their house—personal budgets are that tight). Of course, in a college town, there is also a fairly large rental population, that often is fairly affluent, and looking for new development to rent. Any study of system development charges should include careful and holistic consideration of the direct and indirect costs to communities and individual residents and lawful economic alternatives to pay for infrastructure should changes be made in the current statutory system.

The substantive provisions of the Dash-One version of the bill have negative consequences. I want to address two that should cause the committee concern, and I want to suggest amendments to avoid the issues, should the Dash-One go forward in some form:

First, **Section 4** of the amended bill proposes the following addition to ORS 223.302:

(4) A local government that establishes a system development charge shall provide the option of a payment deferral plan as follows:

(a) For multifamily housing, condominium, industrial and commercial developments, the payment deferral plan must assess the system development charge at the time a certificate of occupancy is issued.

(b) For attached single-family housing and detached single-family housing, the payment deferral plan must assess the system development charge at the time of sale as part of closing costs.

I understand the idea behind this amendment is to allow the developer to reduce the cost of carrying money used to finance system development charges by allowing payment to be deferred until occupancy or sale of the development. The committee should be concerned that Section 4, (4)(b) provides a large loophole. In all of the communities that I represent, developers of attached single-family housing and detached single-family housing do not necessarily intend to sell single-family housing types at the end of construction, if ever. These housing types, particularly attached single-family housing types, are commonly built as investment property and rented (particularly to students, in Corvallis). The proposed amendment would prevent the local government from collecting system development charges from these investment properties even after they are occupied, rents are collected and most importantly, they are connected and using the infrastructure. I would suggest that Section 4, (4)(b) be amended to read as follows:

(b) For attached single-family housing and detached single-family housing, the payment deferral plan must assess the system development charge at the earlier of the time of occupancy by any person or at the time of sale to a buyer as part of closing costs.

Second, **Section 5** of the amended bill proposes amendments related to manufactured homes development to both ORS 223.304(1)(b) and to ORS 223.304(2). The proposed language would add the same requirement for both provisions:

Apply the same computation and assess the same fee for capital improvements associated with the development of manufactured homes and multifamily housing.

Development of manufactured homes may take a variety of forms—it be a single manufactured home being places on a single lot. It may be a manufactured home subdivision, or it may be a manufactured home park. I believe the intent behind the proposed language was to address circumstances for manufactured home parks, as for placement of manufactured homes in existing residential subdivisions or in manufactured home subdivision would also be the development of manufactured homes, but the related burden on infrastructure, and the system development charges should be the same as for other homes and subdivisions. I would suggest the following amendment:

Apply the same computation and assess the same fee for capital improvements associated with the development of manufactured home parks and multifamily housing.

Again, I thank you for time on this matter.

Respectfully,

Jim Brewer

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City of Corvallis