

**From:** [Greg Manning](#)  
**To:** [Council Clerk – Testimony](#)  
**Subject:** Testimony in support of Agenda Item 254 for April 5, 2023, City Council Meeting  
**Date:** Tuesday, April 4, 2023 11:38:42 AM

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Dear Mayor Wheeler and City Commissioners,

I am a longtime resident of Portland, residing at 7238 SW Capitol Highway, and offer my written testimony in support of the proposed increased deferral period for SDC fees charged to residential developers.

For two decades my career in Portland and the region has focused on financing residential and commercial real estate, both as a banker and a private consultant. Soaring development costs, including SDCs, have tabled many proposed projects in recent months. The realities of inflation, interest rates, and limited land supply threaten the City's and the Governor's broad efforts to increase our critically-short housing supply, including apartments.

The proposed increase in the deferral period for City SDCs is a small step in the right direction to reduce development costs and spur new multifamily development in Portland. Given my career background, I support this Emergency Ordinance.

Thank you for your consideration.



Greg Manning, Principal  
Cell: (503) 929-9879  
[www.pioneerprojectpartners.com](http://www.pioneerprojectpartners.com)

**From:** [Preston Korst](#)  
**To:** [Council Clerk – Testimony](#)  
**Subject:** Agenda 254, Written Testimony (Housing Coalition)  
**Date:** Tuesday, April 4, 2023 6:17:53 PM  
**Attachments:** [Housing Coalition Letter, SDC Deferral Program Testimony\\_FINAL.pdf](#)

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Hi there, please find the attached written testimony for tomorrow's Agenda Item #254, the SDC Deferral Vote.

This testimony was submitted as a collective from the following organizations:

- **Home Building Association of Greater Portland**
- **Portland Business Alliance**
- **Sightline Institute**
- **Working Waterfront Coalition**
- **Habitat for Humanity Portland Region**
- **LatinoBuilt**
- **Portland Metropolitan Association of Realtors**
- **Portland Community Reinvestment Initiatives**
- **Multifamily NW**

Please let me know if you have any questions. Understanding we submitted this a bit late in the day, I will also forward to individual council offices.

Thank you,  
Preston

**Preston Korst**

Director of Policy and Government Affairs  
Home Building Association of Greater Portland  
email: [prestonk@hbapdx.org](mailto:prestonk@hbapdx.org)  
Office: 503-684-1880 | Cell: 503-351-0910



HOME BUILDING ASSOCIATION OF GREATER PORTLAND



Habitat for Humanity® Portland Region



Portland Community Reinvestment Initiatives



April 5<sup>th</sup>, 2023

Mayor Ted Wheeler and City Commissioners  
City of Portland  
1221 SW 4th Avenue  
Portland, OR 97204

**RE: Support for proposed SDC deferral policy (Agenda Item 254 on 4/5/2023)**

Mayor Wheeler and Commissioners:

We are writing on behalf of a group of local business organizations and non-profits in support of the proposed System Development Charge (SDC) deferral amendment as presented by the Bureau of Development Services. This policy change has the power to generate substantial and much needed housing affordability in Portland across all housing types. **It would act as a key development incentive to builders, while helping lower the cost of housing for renters and buyers—all while having virtually no impact on city budgets. We urge you to vote yes.**

This emergency ordinance would enable builders to delay the payment of SDC fees for all residential construction projects through a zero-interest loan for two years, or up to the time of sale. As written, and in the interim, we support the deferral allowance as secured through a lien of first position against an applicant’s property. However, lending institutions may consider this risk prohibitive. So, we’re asking that council direct staff to review and develop an additional route that secures payment and mitigates risk while allowing applicants to defer fees until the Certificate of Occupancy or temporary certificate.

*Here’s how this program would reduce the cost of housing in Portland:*

Single Family / Middle Housing	Multifamily Housing
Average SDC Fee Per/Unit = \$35,000	Average SDC Fee Per/Unit = \$25,000
Construction Loan Interest (2022) = 10%	Construction Loan Interest (2022) = 10%
Monthly Carrying Cost = \$291.60	Monthly Carrying Cost = \$208.33
Typical Construction Timeframe = 16 mo.	Typical Construction Timeframe = 24 mo.
<b>Reduced Housing Cost = \$4,666/unit</b>	<b>Reduced Housing Cost = \$5,000/unit</b>

Technically, this tool is already in use by the city (and several others in the region), though it has been underleveraged because it extends for just 6-months, charges interest, and requires a lien of first position. We anticipate more flexible timeframes and lending requirements would be attractive to builders and significantly reduce the cost to build new housing. For smaller builders constructing about

20 homes per year, this program could reduce housing costs by \$100,000 annually. For larger multifamily developers building 200 units per year, it could cut expenses by \$1M annually. According to State of Oregon data ([per HB 4006](#)), builders produced an average of roughly 5,820 units annually from 2018-2021. If the savings from this proposed program is applied to even a fraction of those units going forward, it will reduce the cost to build new housing by tens of millions annually.

**Some looking at this policy may ask if these cost reductions will correspond to increased affordability. Our answer is unequivocally, yes.** The reduced construction costs will drive competition among builders, encouraging market-wide price reductions to attract buyers and renters from competitors. In the end, it will mean the difference between builders assuming the risk of starting new housing projects versus waiting until more financing is available down the road. The comprehensive benefit will be more capital flowing in an industry hamstrung by rising interest rates, tight labor, and supply chain constraints—ultimately benefitting consumers.

Of course, there is even stronger evidence that rising housing costs impact homeownership rates and renter stability. According to the National Home Builders Association [report](#), “Priced Out” with every \$1,000 added to the cost of buying a home in the City of Portland, an additional 143 households are priced out of the market. In just the past few years, we’ve seen the cost of a mortgage skyrocket at the same time home prices have risen by 30% due to constrained housing supply. This has resulted in thousands of Portland households being barred from buying a home—a major impediment to efforts addressing the city’s intolerable racial disparities in homeownership. **So even a few thousand dollar decrease in housing costs could potentially unlock homeownership for hundreds of Portland families.**

Going forward, we urge council to consider extending this program allowance to the farthest extent possible. We also encourage the city to assess the program’s early success to determine whether further actions would increase housing production and affordability. Early data may encourage the city to consider standardizing the practice more broadly, potentially having all residential SDC fees originate automatically in a deferral program, with an opt-out option. In the meantime, we encourage council to approve the ordinance today and spread the word to ensure that builders, developers, lenders, and title companies are familiar with the new program.

Lastly, we want to thank Council and the Bureau of Development Services leadership and staff for regularly communicating with the building community and working diligently to find ways to generate housing affordability. This ordinance represents the progress that can be achieved when a city fosters innovation and stakeholder engagement. Under Director Esau’s leadership, and with Commissioner Rubio’s backing, the city is taking important steps to address our housing crisis.

Thank you for your consideration.

***Staff Contact:***

Preston Korst  
Director of Public Policy and Government Affairs  
Home Building Association of Greater Portland  
Email: [prestonk@hbapdx.org](mailto:prestonk@hbapdx.org) | Cell: 503-351-0910

**From:** [Sean Heyworth](#)  
**To:** [Council Clerk – Testimony](#)  
**Subject:** Support for proposed SDC deferral policy (Agenda Item 254 on 4/5/2023)  
**Date:** Wednesday, April 5, 2023 10:27:52 AM  
**Attachments:** [SDC Defferal.pdf](#)

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To whom it may concern:

Please see the attached letter in support for proposed SDC deferral policy, Agenda Item 254 on 4/5/2023.

Thank you!



Sean Heyworth  
Portland Houseworks LLC  
(503) 740-8391  
[sean@portlandhouseworks.com](mailto:sean@portlandhouseworks.com)  
[portlandhouseworks.com](http://portlandhouseworks.com)



## PORTLAND HOUSEWORKS

Date: April 5<sup>th</sup>, 2023

Mayor Ted Wheeler and City Commissioners  
City of Portland  
1221 SW 4<sup>th</sup> Avenue  
Portland, OR 97204

RE: Support for proposed SDC deferral policy

Mayor Wheeler and Commissioners:

Portland Houseworks has been an advocate and pioneer for attainable housing over the past 7 years gearing 100% of our home development towards this cause. Given rising land cost, labor and material shortages and the complexity of developing and building in the City of Portland, we continue to pursue creative means to bring affordable homes to market.

I'm writing to request your support of the SDC deferral policy (Agenda Item #254) on the following basis.

It's no secret that jurisdiction System Development Charges (SDC) fees are a large contributor to the cost of a home. Currently these SDC fees get paid at time of permit issuance but, in reality, our homes don't impact the storm, sewer, water, transportation and parks system until they are sold. In other words, SDC fees are charged 1 to 2 years in advance of the impact for which the fee is being assessed. Seems appropriate and fair to assess these fees at the point of impact.

SDC fees assessed at permit issuance require additional financing capital to fund which results in more carrying cost expense. On our average home, to finance SDC expenses for 1.5 years results in approximately an additional \$5,000 in carrying costs. This burden gets added to the cost of the home and passed on to the buyer.

While deferring SDC's to home sale is not the lone silver bullet, it's one tool that will aid developers and builders in further reducing costs.

Your support of this measure to reduce housing expenses in the name of affordability would be greatly appreciated.

Sincerely,

Sean Heyworth



PORTLAND HOUSEWORKS

**From:** [Timur Tursunbaev](#)  
**To:** [Council Clerk – Testimony](#)  
**Subject:** Agenda Item 254  
**Date:** Wednesday, April 5, 2023 10:30:48 AM

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I testify in favour of the proposal: Agenda Item 254

Thank you,  
Timur Tursunbaev  
Timurland Construction, LLC




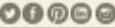
**From:** [Vic Remmers](#)  
**To:** [Council Clerk – Testimony](#)  
**Subject:** SDC Deferral Program Testimony  
**Date:** Wednesday, April 5, 2023 10:53:49 AM  
**Attachments:** [image001.png](#)  
[image002.png](#)  
[image003.png](#)  
[image004.png](#)  
[image005.png](#)  
[image006.png](#)  
[image007.png](#)  
[doc02910320230405105021.pdf](#)

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Please see attached my written testimony for the SDC Deferral Program.

Thank you

Vic

	<b>VIC REMMERS</b> <i>President</i>		
	3330 NW Yeon Ave	Portland, OR 97210	
	O: 503.726.7060	C: 503.750.6268	<a href="http://everetthomesnw.com">everetthomesnw.com</a>

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- *Mayor Wheeler and Commissioners, for the record my name is Vic Remmers and I am here on behalf of Everett Custom Homes. I was born and raised in Portland and I am currently a Portland resident. We are a local home builder and we have been building homes in Portland since 2009. We build hundreds homes in Portland each year and we build a wide array of new home types in Portland. We build single family homes, duplexes, townhomes, 6-plexes, Cottage Clusters, & Mixed use multi family apartments every year. I participated recently on the RIP-SAC committee that started the conversation and ultimately led to the current diversity of housing types allowed in single family zones in Portland.*
- *I am here today to testify in support of the City's proposed expansion to its SDC Deferral Program, as proposed by the Bureau of Development Services. This program would act as a key development incentive to builders, helping lower the cost of housing for renters and buyers—all while having virtually no impact on city budgets. SDC fees are the largest line item on any home building project by a wide margin and it the huge fee's place extreme burden on the home builder and ultimately this hurts the affordability of new homes making it so much harder for anyone to afford safe and new housing in Portland.*
- *On average, this SDC Deferral program would help lower the cost of construction by roughly \$5,000 per new home. This would create a route for builders to delay the payment of SDC fees, eliminating the need to pay expensive carrying interest costs during the length of construction.*
- *Ultimately, that cost reduction will drive competition among residential builders, helping drive desperately needed affordability to homebuyers and renters. Portland is in a housing crisis and we must find a way to build more homes that people can actually afford to live in.*
- *This proposal will also keep local capital flowing and attract national capital for housing in an industry hamstrung by rising interest rates, tight labor, and supply chain constraints—ultimately benefitting consumers.*



- *While I support this specific proposal as proposed by BDS, I also ask that you direct city staff to develop an additional route that doesn't require a lien of first position on a property, which some lenders may consider risk prohibitive. I believe there are other options that would secure payment and mitigates risk while deferring payment until the Certificate of Occupancy [such as payment agreements, 2-party contracts, etc]*
- *As a local home builder actively engaged in the residential construction industry, I strongly urge you to support this program. If we want to solve our affordable housing crisis, we must take immediate action to reduce the cost of housing at every level—this vote is a step in the right direction.*
- I would also like to bring to light another issue making building homes that are affordable in Portland nearly impossible. The new home permitting timelines in Portland are extremely long and convoluted. New home projects at a minimum take many months to navigate the approval process in Portland and most take more than 1 year to get permits approved. The Portland code book is way too complicated and nearly impossible to navigate even for a professional home builder who has been building homes in Portland for over a decade. Simplifying the code and speeding up the approval timelines would do wonders to help allow more affordable homes to be built in Portland.

Thank you for your time and consideration today.

Vic Remmers  
President  
Everett Custom Homes

**From:** [Jamison Loos](#)  
**To:** [Council Clerk – Testimony](#)  
**Cc:** [Paul Del Vecchio](#)  
**Subject:** City Council - SDC Deferral Written Testimony Submission  
**Date:** Wednesday, April 5, 2023 11:29:10 AM  
**Attachments:** [image001.png](#)  
[23-0405 - Ethos Development - Written Testimony in Support of SDC Deferral \(Final\).pdf](#)

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Hello,

I'd like to submit the attached letter as written testimony for the proposed SDC Deferral being considered by City Council.

Thanks,

Jamison

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**Jamison Loos** | Development Director

2222 NE Oregon Street | Suite 208 | Portland, OR 97232

o: 503.205.0806 | m: 323.533.2719

w: [www.ethosdevelopmentllc.com](http://www.ethosdevelopmentllc.com)



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April 5, 2023

To: Portland City Council

**Re: Testimony in Support of the Proposal to Defer System Development Charges**

As multi-family developers in the City of Portland and members of Oregon Smart Growth, we would like to voice our support for the proposed deferral of System Development Charges (SDC's). It's encouraging to see quick legislative action based on Commissioner Rubio's recent survey.

Taking this step — along with other necessary policy changes — adds results to the city's stated aspiration to be pro-housing, which hopefully starts to address the worries of Portland being anti-business or an overly-burdensome place to build.

**Financial Impact of SDC Deferral**

While the financial impact of SDC deferral on its own will not cause projects to become feasible where they were not previously, the benefit to the project comes in the form of construction interest savings.

For example, a multifamily project of 150 units might pay ~\$18,000 per unit (~\$2,700,000) in SDCs. Deferring the SDC payment until certificate of occupancy would save the project \$324,000 over a 24-month period (assuming 6% interest rate). Given the cost to build today, this \$324,000 savings would amount to 0.50 – 0.75% of the total project costs.

Despite the limited financial impact, this proposal seems to be one of several tools that the city is considering utilizing to meet local and statewide housing production goals, which signals movement in the right direction.

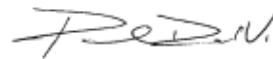
**Policy Considerations for Implementation**

- 1) *Extend the Stated Month Duration to 36 Months:* Projects are taking longer to build due to labor shortages and material delays. For larger projects in excess of 150 units we are seeing construction durations between 26 and 30 months. Aligning the SDC payment to occupancy seems to be the intended outcome. The stated month duration should operate as an outside date in scenarios that represent the exception, not the rule.
- 2) *Plan for Phased Occupancy Buildings:* Given the issue of longer construction durations, more urban projects are planning for phased occupancy—either by floor or section of the building—in order to make a portion of units available sooner. If SDC's are deferred until

occupancy, it would be ideal to either: 1) allow the SDC's to be paid by the portion of units that are becoming occupiable or 2) tie the SDC payment to Final Certificate of Occupancy on the entire building.

Thank you for actively looking for ways to encourage housing development in the city. We and other commercial real estate professionals in Oregon Smart Growth are happy to be a resource as you consider policy implications to promote housing production.

Sincerely,



**Paul Del Vecchio**  
paul@ethosdevelopmentllc.com



**Jamison Loos**  
jamison@ethosdevelopmentllc.com

**City Council Meeting - Wednesday, April 5, 2023 9:30 a.m.**

<b>Agenda No.</b>	<b>First Name</b>	<b>Last Name</b>
254-01	Christie	White
254-02	Jessy	Ledesma
254-03	Vic	Remmers
254-04	Michael	Andersen
254-05	Eric	Thompson
254-06	George	Carrillo
254-07	Eric	Hagstette