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191243

Emergency Ordinance

*Amend System Development Charge Financing and Exemptions Code to add new deferral option for the payment of system development charges (amend Code Section 17.14.040)

Passed

Amended by Council

The City of Portland ordains:

Section 1. The Council finds:

1. System development charges are due upon issuance of a building permit, unless the applicant elects to pay the system development charges in installments.
2. The City currently authorizes deferred and installment payments of system development charges beyond the date of issuance of building permits with interest.
3. Resolution No. 37609 directed the Bureau of Development Services to develop a proposal to change, for at least a period of two years with the possibility to increase to five years, when system development charges are required to be paid for any new construction project that provides one or more dwelling units, to reduce the time that a customer needs to carry those costs, thereby making projects more financially feasible.
4. This ordinance establishes a new, 24 month, interest-free deferral of system development charges for all residential development through August 15, 2025.
5. The Code amendment contained in Exhibit A of this ordinance would satisfy the requirements of Resolution No. 37609.

NOW, THEREFORE, the Council directs:

- A. Portland City Code Section 17.14.040 is amended as set forth in Exhibit A.

Section 2. The Council declares that an emergency exists in order to make this tool available as soon as possible to support more housing production; therefore, this Ordinance shall be in full force and effect from and after its passage by the Council.

Introduced by

[Commissioner Carmen Rubio](#);

[Commissioner Dan Ryan](#);

[Commissioner Mingus Mapps](#)

Bureau

[Development Services \(BDS\)](#);

[Environmental Services](#); [Parks &](#)

[Recreation](#); [Transportation](#);

[Water](#)

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Requested Agenda Type

Regular

Date and Time Information

Requested Council Date

April 19, 2023

Changes City Code

Documents and Exhibits

 [Exhibit A](#) 87.08 KB

An ordinance when passed by the Council shall be signed by the Auditor. It shall be carefully filed and preserved in the custody of the Auditor (City Charter Chapter 2 Article 1 Section 2-122)

Passed as amended by Council
April 19, 2023

Auditor of the City of Portland
Simone Rede

Impact Statement

Purpose of Proposed Legislation and Background Information

- This legislation provides an option to defer System Development Charges for 24-months for development projects that provide new residential dwelling units in an effort to reduce carrying costs for developers and increase the production of new housing.

Financial and Budgetary Impacts

- The 24-month deferral option is a longer deferral term than currently offered by the City.
- The City currently offers deferrals for 6, 9, or 12 months. The term length is determined by project valuation.
- This is a modification of a program currently in place and may further delay the receipt of SDC funds but would not impact the final amount received by the City.
- Unlike the existing SDC deferral contracts, the 24-month deferral option is interest free.
- Based on interest collected on SDC contracts over the last five years, the 24-month interest free deferral term will approximately reduce interest annually to the following Bureaus by:
 - Portland Water Bureau - \$1,500
 - Bureau of Environmental Services - \$50,000
 - Portland Bureau of Transportation - \$25,000
 - Portland Parks and Recreation - \$60,000
- The 24-month deferral option will be available to development projects through August 15, 2025.

Community Impacts and Community Involvement

- BDS surveyed local development professionals related to Housing Regulations from February 16, 2023 to March 3, 2023. The 611 respondents to the survey identified the current timing of SDC payments as the second highest ranked issue they believed the City should consider

suspending or modifying to support increased housing production. This item had the most responses as a Priority 1 issue to address.

- The Portland Home Builders Association (HBA) was engaged as this proposal was considered and is a supporter of the change.
- This proposal was presented and discussed with the Bureau of Development Services (BDS) Development Review Advisory Committee (DRAC) and is in full support of this new financial tool.

Agenda Items

254 Time Certain in [April 5, 2023 Council Agenda](#)

Passed to second reading as amended

Motion to remove the emergency clause to allow more time for stakeholder inquiries or comments: Moved by Rubio and seconded by Ryan. (Y-4; Wheeler absent)

Passed to second reading April 19, 2023 at 9:30 a.m. as amended

305 Regular Agenda in [April 19, 2023 Council Agenda](#)

Passed As Amended

Motion to add an emergency clause to make this tool available as soon as possible to support more housing production: Moved by Rubio and seconded by Ryan. (Y-5)

Commissioner Dan Ryan Yea

Commissioner Rene Gonzalez Yea

Commissioner Mingus Mapps Yea

Commissioner Carmen Rubio Yea

Mayor Ted Wheeler Yea