



July 18, 2022

Mayor Goodman Campbell  
Bend City Councilors  
Delivery via e-mail

Mayor and Council Members,

On behalf of the Bend Chamber's 1,500 members, we appreciate the opportunity to comment on upcoming conversations surrounding System Development Charges (SDCs). The Bend Chamber has prioritized addressing the city's workforce housing challenges as a key initiative.

As such, in April 2022, the Bend Chamber hosted a housing policy workshop with over 40 attendees, including developers, bankers, local and state government officials and housing advocates to identify an actionable list of policy ideas to impact workforce housing for rental or ownership – 80-150 percent area median income (AMI).

The Chamber has since engaged with Cascadia Partners as a consultant, and the SDC issue outlined below rose to the top in terms of opportunity for immediate action:

The City currently has a program that allows for multifamily projects to apply for a deferral of SDC payments from the time of permit issuance to the issuance of a Certificate of Occupancy (CO). This deferral can delay this payment for 12-18 months or more on a typical project which can be very helpful for the financial feasibility of the project. During this 12-18-month period, projects are usually utilizing short term construction loans that have a higher interest rate than permanent financing. If the funds used to pay the SDC fees are financed, this deferral in payment can reduce interest charges—and this is all the more important in today's rising interest rate environment. **An important drawback of the current program is that it requires that developers pay SDCs based on the rates that are in place at the time of occupancy, rather than at the time of application.**

Housing production and affordability is a top priority for the City. SDC fees are a significant upfront cost for housing developers and also an important source of funding for necessary public infrastructure. **If the payment of SDCs can happen closer to the point at which home sales or rents are coming into a project, it helps**

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**to make housing development less expensive, less risky, and more feasible.** The City should modify the existing SDC payment deferral policy in the following way:

1. Allow a developer to “lock in” the current SDC rates at the time of permit issuance for 18 months and make payment when CO is issued.
  - Allow for a 1-time “hardship” extension of an additional 6 months (24 months maximum) for applicants who provide written testimony to delays beyond their control. *Supply and labor shortages have delayed many projects in our region at no fault of builders and project timelines are longer than they have ever been.*
  - If the applicant is not able to secure CO within the maximum 24 month period, then the SDC fees reset to the adopted SDC rate schedule at the time CO is issued. *This is an incentive for developers to move quickly.*

The modification suggested above to the existing City SDC deferral program should be considered for immediate implementation. Waiting to address this small but meaningful change as part of the larger SDC Methodology study will delay the real impacts of this tweak for potentially two years and could impact dozens of projects in that time period.

We thank you for consideration of this small, but meaningful change to the current process and look forward to engaging in future conversations.



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Bend Chamber of Commerce

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